

The Case for Mystery Shopping

Customers don't buy products or services – they buy results.

This paper looks at why the service delivery process is a key influence on customer satisfaction. It suggests that measuring factors such as quality, cost, and asset utilization is straightforward – and objective measures can be used effectively to monitor performance. But measuring the performance of the service delivery process can be done effectively only through the eyes of the customer.

The paper illustrates how a properly designed and focused mystery shopping program can aid management in its efforts to increase customer satisfaction and loyalty.

The Case for Mystery Shopping

Customers don't buy products or services – they buy results. In any business activity today the most important competitive advantage is service process performance. Excellent service differentiates otherwise similar competitors in a way that is important to customers.

But services are intangible: they cannot be measured, tested and verified in advance of sale to ensure quality because the production and consumption of services are inseparable. Thus services differ from products in that quality occurs during service delivery. And, unlike manufacturers, service providers do not have a factory to act as a buffer between production and consumption – making the service delivery process especially critical.

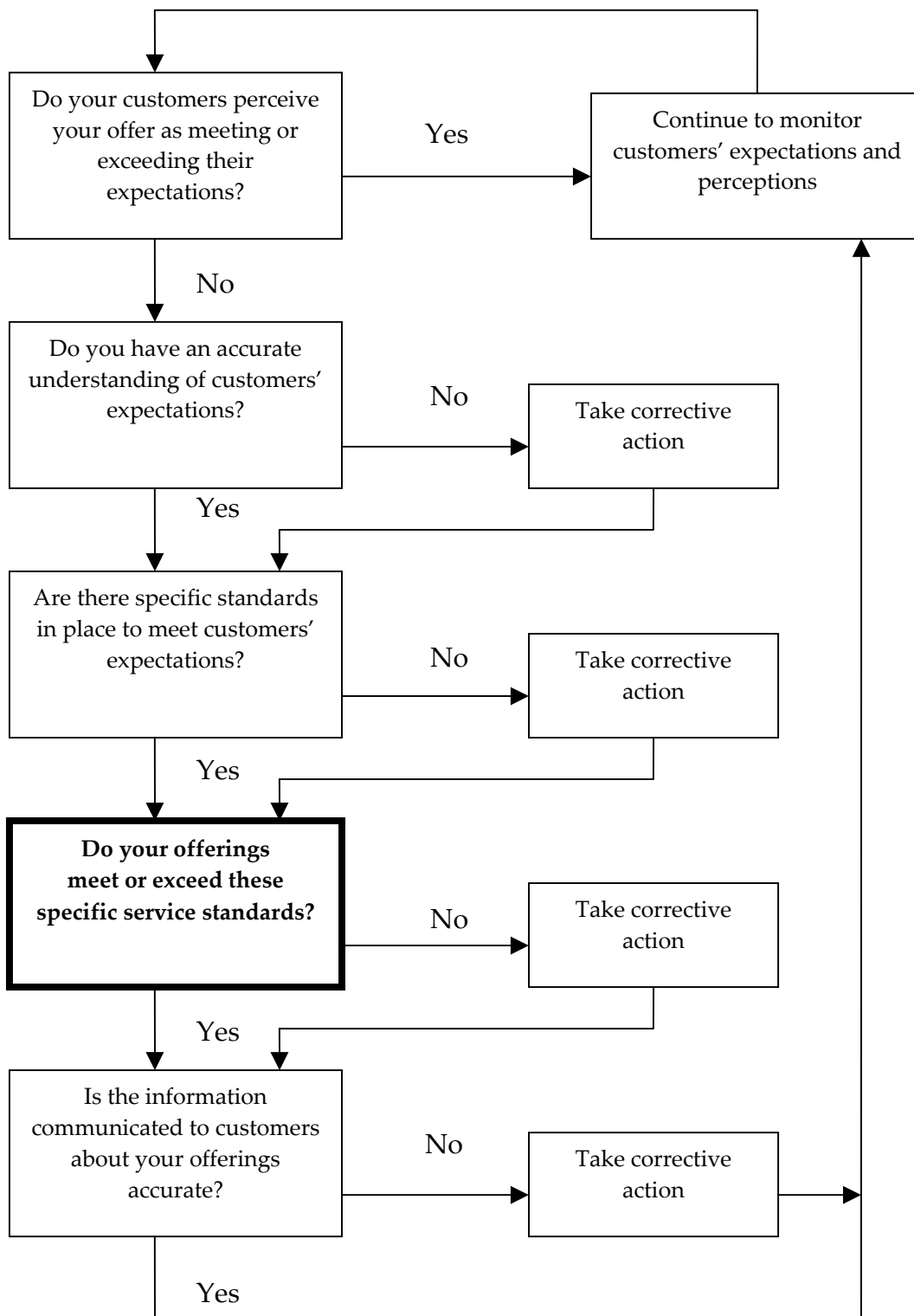
Services are also heterogeneous: the quality of the interactions between customers and front-line employees can rarely be standardized to ensure uniformity - in the way, for example, the quality of goods produced in a factory can. The level of interaction, and of customer involvement, makes it difficult to control service quality, while the higher the level of customer interaction, the greater the impact on customer satisfaction (in a supermarket the level of interaction is low, in a call center or in a restaurant it's high).

In order for any organization to deliver quality service the following must be recognized and accepted:

- Customers do not evaluate the quality of a service based only on results (outcomes). They also consider the process of service delivery; the way in which a product or service is delivered (impact) is often more important than outcomes.
- The criteria customers use to evaluate service quality are difficult to identify and differ from customer to customer and from service to service.
- Because it is customers who judge quality, the only criteria that count in evaluating service quality are those defined by customers. Service quality perceptions stem from how well a provider performs against customers' expectations about how the provider should perform. Several factors influence expectations, including:
 - Word-of-mouth – what customers hear from other customers.
 - Personal needs – the circumstances in which a customer is experiencing service delivery will moderate expectations.
 - Past experiences – which are not confined to the same or similar services.
 - External communications from service providers – such as promises of superior service, guarantees of reliability, price, etc.

It is the processes that touch the customer (over the counter, on the phone) that are the main contributors to what customers value most and that lead to satisfaction. But the service delivery process is like a service chain – only as good as the weakest link. Management must focus on finding the weakest link and uncovering those activities that inhibit the perceived, as well as the actual, performance of the organization. But this can't be achieved without input from the person most affected by the processes that touch the customer – the customer! The voice of the customer will identify which activities affect customer satisfaction and add value in the eyes of the customer.

Below is a process model for the continuous measurement and improvement of service quality (see 'Delivering Quality Service' – Zeithaml, Parasuraman & Berry, pp47).



As the model illustrates, any organization interested in delivering a quality service must:

- Regularly monitor customers' perceptions of service quality
- Identify the causes of service quality failures
- Take appropriate action to correct failures

The criteria used by customers in judging service quality include:

- Credibility – trustworthiness, honesty, believability
- Security – freedom from danger, risk or doubt
- Tangibles – appearance of premises and staff, etc.
- Access – approachability and ease of contact
- Courtesy – politeness, consideration, friendliness, and respect
- Communication – listening to customers and keeping them informed in a language they understand
- Understanding the customer – making the effort to know customers and their needs.
- Responsiveness – willingness to help customers
- Competence – possession of the skills and knowledge required to perform the promised service
- Reliability – dependable and accurate performance of the service promise

These criteria are overlaid with certain core values that influence customer perceptions of the service delivery process when it involves direct contact with front-line employees:

- Tone of voice
- Facial expression
- Body posture
- Grooming
- Teamwork
- Empowerment

Measuring factors such as quality, cost, and asset utilization is straightforward – and objective measures can be used effectively to monitor performance.

Measuring the performance of the delivery channel can be done effectively only through the eyes of the customer – which is generally subjective.

How RoperNOP Can Help Measure Performance?

RoperNOP Mystery Shopping is the performance measurement division of NOP World. We are specialists in mystery shopping and other forms of performance measurement. Our mystery shopping techniques include in-person, telephone, mail and Internet assessments.

Our mystery shopping programs are designed to bring customer understanding into the organization, turn information into management insight, and share customer understanding across the whole organization

Our belief is that effective mystery shopping requires having appropriately screened, profiled, highly trained, tested and certified assessors visit the correct locations, then taking their findings and reporting them via the Internet to various levels of client personnel in a user-friendly, informative, and timely manner.

In particular, we focus on:

- Program Design – so that the criteria used by customers to judge service quality are the focus of questionnaire design, ensuring that subjective, as well as objective, issues are assessed in a way that is useful to all levels of client personnel.
- Cost Effectiveness– ensuring that our clients receive the best value-for-their investment.
- Assessor Selection and Briefing – we closely match assessors to survey requirements and always provide tailored, as well as generic, training for each and every assessor, and for each and every client program.
- Reporting – we monitor survey progress in real time– so ensuring that reports are delivered on agreed timelines.
- Quality Control – from assessor recruitment, through selection and training, fieldwork monitoring, data checking, and report publication, QC procedures are rigorous and detailed.

Cybershop

Much of the above is based on the investment RoperNOP has made in 'Cybershop', a powerful Internet-based mystery shopping operating system for managing all aspects of the mystery shopping process – recruiting, screening, training, testing, certification, assignment and reporting results.

Principle Cybershop design objectives included:

- Maximizing Quality
- Minimizing Cost for the Client
- Approaching Real Time Assessment

Cybershop features include:

- Internet-enabled panel of over 50,000 assessors
- Assessor on-line training, testing (generic and client-specific) and certification.
- On-line help for assessors
- Alert messages for changes in client requirements
- Automated program tracking On-line reporting with automated validation and quality control
- On-line Issue/Resolution tool.
- Continuous monitoring of assessor performance (Shopper Report Card)

Cybershop benefits include:

- Providing clients with the most cost efficient system in the marketplace.
- Highly accurate data that builds program credibility.
- Local/matched shoppers close to your site location reduces errors.
- 24/7 on-line access to information when you need it.
- On-time delivery of results according to your specifications
- Powerful reporting quickly pinpoints positive and negative trends.
- User-friendly graphical reporting that drives performance improvement.
- Providing global mystery shopping capability.

In Summary

Customer satisfaction is based, fundamentally, on getting close to customers and understanding their expectations and requirements. Customer expectations and requirements are used to design the service delivery process and to develop service standards. Measuring the performance of the service delivery process – through the eyes of the customer – is a critical step in creating and maintaining customer satisfaction and competitive advantage.

Excellent service differentiates otherwise similar competitors in a way that is important to customers.