

# Mystery Shopping for Consumer Contentment, Reliance, and Adhesion in the Retail Industry: A Descriptive Study

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## Abstract

Mystery shopping plays a crucial role in ascertaining service standards in the organized retail industry. At the present juncture, when products are same, discount rates are same on the same prices across formats; hence, service standards act as the biggest differentiator for positioning a retail brand. Department stores like Pantaloon, Westside, Saks Fifth Avenue, Zara, H & M are bringing in more and more value additions in the service quality chain of the customer; whereas, the hypermarkets and cash & carry stores like Star India Bazaar, Shoprite Hyper, Metro AG, Bharti-Walmart have found that price and variety are no longer the greatest differentiators; rather, service standards are playing as the greatest differentiators. Under these circumstances, through independent, impartial mystery researchers, mystery shopping can play as the greatest differentiator. Through extensive literature review, this paper attempted to understand the different nuances of mystery shopping and how its advantages can be exploited to the fullest extent for retail companies.

**Keywords:** mystery shopping, training, competition, visual merchandising, service quality, customer research, memory, customer behavior, benchmarking, service delivery

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Most retailers have realized that in the hyper competitive world of retail, service can act as the most powerful differentiator. That is why retailers around the world and across formats are bringing modifications in their business models to provide more and more value added services to the customers. The customer currently is not the King, but the God. Customers can create giants like Walmart or Carrefour out of their patronage. They can also kill giants like K-Mart, or injure giants like Sainsbury and Marks & Spencer simply by transferring their favor to another retailer. So, when products are same, vendors are providing the same deals to all the retailers, more and more stores are coming up, more forms of retailing are evolving like e-retailing, catalog retailing, mail retailing, then customer service only acts as the most powerful weapon in the hands of the retailers to combat competition.

As such, retailers have taken numerous initiatives to improve service standards in their organizations. The biggest emphasis has been put on training. Numerous training modules have been created to enhance the service standards of the employees. The training modules have been targeted mainly to develop the skills of the employees. The training modules include the following soft-skills like:

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- (1) Communication skills
- (2) Grooming skills,
- (3) Interpersonal skills,
- (4) Self motivational skills,
- (5) Time management,
- (6) Product knowledge,
- (7) Retail selling skills

In order to understand and study whether the services are being delivered as per customers' expectations, the retailers have resorted to mystery shopping.

Mystery shopping or a mystery consumer or a mystery shopper is a tool used internally by different services sector companies in the fields of retail, hotels, motels, airlines, banking, and market research with the objective of service quality measurement, standard operating procedure compliance, and collecting competitor-related information. Generally, the mystery shopper's identity and objective are not known by the organization or employees being evaluated. The pattern of the mystery shopper's behavior is in the form of purchasing a product or service, asking product-related queries, and finally presenting feedback in the form of a report called the "Mystery Shopping Report". Through extensive literature review, this paper will explore the various aspects of mystery shopping so as to create a great value addition for the retail industry.

## Literature Review

When voluntary observants are involved in studying, monitoring, and reporting a service experience, then they are called mystery shoppers (Wilson, 1998). According to Mystery Shoppers Providers Association, mystery shopping is "the practice of using trained shoppers to anonymously evaluate customer service, operations, employee integrity, merchandising, and product quality" (Michelson, 2007). A number of service sector industries like retail, banking, and hospitality utilize the benefits of mystery shopping with the objective of maintaining quality standards (Beck & Miao, 2003 ; Erstad, 1998), market research (Czepiec, 1983), training (Erstad, 1998), and competitive analysis (Hillier & Dawson, 1995).

Based on cultural anthropology, the researcher carries out his/her study. It means that the researcher will get drowned in an environment. For example, as per this discipline, the researcher can get immersed in studying daily tribal life to have a better understanding of human behavior (Wilson & Gutmann, 1998). In fact, organizations can be seen as tribes complete with their own culture and traditions (Vinten, 1994). The mystery shopper posing himself/herself as a primary researcher can have the right to see, feel, hear, experience the reality just like guests (Marshall & Rossman, 2006). When cultural anthropology depends on the immersion of a researcher in the environment to be studied, mystery shopping, with the help of hidden participant observers, deceives the subjects regarding the real purpose of the visit (Wilson, 2001). Mystery shopping is important as an evaluative tool because for a customer, varied areas ranging from merchandise quality, variety, style to brand, service, and price play a very important role in patronizing a store (Gupta & Hiremath, 2011).

Individuals who are conducting mystery shopping are called mystery shoppers having the same demographic features like the original customer base of the service organization. The mystery shoppers can be from different backgrounds. They can be present consumers, students, housewives, retirees, market research professionals, and several other social groups (Beck & Miao, 2003 ; Erstad, 1998), all having the motivation both at an individual level or at a group level to perform the mystery shopping service. Generally, the above-mentioned people carry out mystery shopping. However, for sectors which require specialized skills, people with specialized skills are recruited (Goodwin Hospitality, n.d.).

Mystery shopping is also used as a research tool. Cobb (1997) brain stormed and jotted down the following objectives for using mystery shopping as a research tool :

- ✍ To know whether the requirements of the existing consumers are met.
- ✍ To estimate and develop the impact of staff training.
- ✍ To know whether promotions, new arrivals, campaigns planned out centrally are being followed at the branch level or not. Also, the required communication can be verified.
- ✍ It is also a part of the incentive of staff and managers.
- ✍ To study whether the service is being delivered consistently across branches or not.
- ✍ To adopt the service standards and processes of a competitor as a benchmark.

Wilson (1998) posited that mystery shopping is carried out to study not only the service outcome, but the process of service delivery. Now, let us delve into the advantages and disadvantages of mystery shopping.

## Advantages

- [1] It leads to the evaluation of the service delivery process and not the outcome. There lies its cruciality, that is, evaluating the service delivery process when it is just taking place (Wilson, 1998).
- [2] It tries to identify the genuine intention of an employee in providing the best customer service (Erstad, 1998).
- [3] It collects objective facts and not perceptions or images. The mystery shopper, armed with the right questions, gets into the depth of each transaction. Thus, data related to each transaction is recorded and maintained and not a overall impression of the store (Wilson, 1998).
- [4] It provides both subjective and objective data (Hesselink & Van der Wiele, 2003).
- [5] It can be utilized to identify training needs, thus acting as a tool of training (Bromage, 2000).
- [6] It can also act as a tool for motivating employees in providing the best customer service (Erstad, 1998 ; Zeldis, 1988 ).
- [7] Last, but not the least, it can bring a situation in which service improvement will immediately take place with potential for more service improvement (CORIU, 2010).

## Disadvantages

- [1] Employees can see it as a threat to their job. They may also perceive mystery shopping as tool of management to police on their service delivery. They may totally overlook the training aspect of mystery shopping (Erstad, 1998).
- [2] Mystery shopping evaluates the service delivery processes rather than the outcome, which may pose problems in complicated service deliveries. For example, in the case of a restaurant, a situation may arise in which even if the service delivery has been excellent, but the food quality is bad. Now, in this case, how will the mystery shopper evaluate the tangible and intangible aspects of service delivery (Wilson, 1998) ?
- [3] In the case of employees, the novelty and resultant advantages can quickly vanish off (Wilson, 1998).
- [4] The demand placed on the memory of the assessors in understanding service delivery can have an overall impact on the mystery shopping report (Morrison, Colman & Preston, 1997).
- [5] It provides a bird's eye view of the service delivery process, which may or may not represent the actual scenario (CORIU, 2010).

## Mystery Shopping : Motivation and Cognitive Process

Allison, Severt, and Dickson (2010) carried out a detailed study on mystery shopping motivation. Their study emphasized on the need for more research in the study of motivations behind mystery shopping. In their study, they compared quantitative data with grounded theories to get insights about the motivation of mystery shoppers. To them, motivation of mystery shoppers was very necessary as a motivated mystery shopper or a motivated employee can only carry out the best service delivery. For this, firstly, with the help of literature review, they made guidelines for employees and mystery shopper motivation. Through an interview of mystery shoppers, their study found 14 aspects of motivations of mystery shoppers like mystery shopping company benefit, client benefit, prestige, exclusivity, pride, in-discretionary compensation, discretionary compensation, learning opportunity, personal development, impact, undercover aspect, escapism, excitement, and enjoyment. Finally, through a model, these motivators were shown as variables which influenced motivation of a mystery shopper to perform his/her job.

Morrison et al. (1997) carried out research in cognitive psychology, which showed a few threats to reliability and validity of collected mystery shopping data. In fact, factors related to encoding, storage, and retrieval of data by mystery shoppers can impact the accuracy of the results. They also pointed out the difference of personal opinion of mystery shoppers with regard to the same service organization.

## A Mystery Shopping Report

A mystery shopping report consists of mainly five parts. They are as follows :

**(1) Part I - Detailed Summary :** This part provides a detailed summary of the visit in terms of percentage of score being given to the departments and sub-departments. This part begins with the overall score of the store. Then, the appearance of subsequent breakups based on the score in service and visual merchandising in the store and different departments and sub - departments take place.

**(2) Part II - Atmospherics and Areas :** Under this part, the mystery shopper will evaluate the following:

- (i) Window & Store Entrance:** Attractiveness and cleanliness of this area.
- (ii) Baggage Counter and Entrance Security:** Grooming, greeting style, and courteousness of the security guard.
- (iii) Inner Areas:** Store music, cleanliness, and maintenance. Jha and Singh (2013) in their study showed the great impact of music along with salesperson affability on consumer behavior.
- (iv) Trial and Rest Rooms:** Neatness, location of stool, merchandise (if available).

**(3) Part III - Value Added Departments :** Value added services include the below areas:

- (i) Loyalty Cards Section :** Style of greeting and information provided by the staff.
- (ii) Exchanges and Alterations :** Proper alteration information - whether provided by the staff.
- (iii) Point of Sale (POS) Counter :** Whether proper standard operating procedure is being followed by the POS personnel (as described ) : Cleanliness and maintenance of the POS point, proper greeting to the customers, membership enquiry of the customers, mode of payment by customer, procedure of return of small change, final thanks to the customer by POS personnel, identification of service champion by mystery shopper.

**(4) Part IV - Store Departments :** A lifestyle category store is that retail format which deals with lifestyle

categories. It has different sections as mentioned. The mystery shopper will have to analyze the store based on the following factors : Placement of merchandise and lighting in the department ; neatness of the department ; duration of closing of sale ; proper greeting and acknowledgment of customers ; informing the customers about new product arrivals, discounts, schemes and offers ; up selling and cross selling by staff ; grooming and attitude of staff ; time taken in closing the sale.

**(5) Part V - Final Opinion of the Evaluator :** In this part, the evaluator or the mystery shopper provides an overall opinion on his/her visit to the store. These can be enumerated as follows : Identification of a service champion, reasons for selection of that particular staff member as a service champion, theme of visual merchandising, volume and level of music being played in the store, and attitude of the staff.

It is to be noted that a mystery shopper evaluates a store mainly based on service and visual merchandising. For visual merchandising (VM) only lighting and cleanliness are considered. However, for service, 13 factors are considered.

## **Ethical and Reliability Aspects of Mystery Shopping**

Studies have pointed towards the ethical and reliability aspects of mystery shopping with regard to competitive intelligence gathering. Competitive intelligence gathering means when a mystery shopper is present in a competitor's store to gather information about its best sharing practices. Shing and Spence (2002) conducted an interesting study in this regard. Their study found few insights in this regard, which are discussed below :

**(1)** Often, the mystery shopper is provided with documents/ publicity material by the competitor's store assuming him/her as a regular shopper. Accepting documents of competitor stores under a false pretense is an unethical activity.

**(2)** Many a time, mystery shoppers use deceit and misrepresentation of facts to collect competitor information, which is unethical.

**(3)** In case of private label products of retailers, often, the company sales staff provide technical details to the mystery shopper thinking of him/her as a customer. If the staff knew that the mystery shopper is from a competitor's stable, he/she would not disclose the technical information of the private label product. Thus, the mystery shopper transfers the obtained technical information to the R&D team of his/her employer.

Dawes and Sharp (2000) showed in their study that the process of mystery shopping requires some thorough introspection. Often, based on mystery shopping, a store is considered to be superior or inferior. However, in reality, it is not a store, but individual service delivery that gets a store a good mystery shopping score or a bad mystery shopping score. So, generalization should not be done as is the general practice in mystery shopping parlance. They also suggested that instead of focusing on individual service providers and comparison of rank/score changes, mystery shoppers could concentrate on aggregate scores based on regions, zones, countries, and even continents.

In his study, Finn (2001) tried to study the number of mystery shopping visits required in order to bring reliability. He found that generally, the number of visits to study personal selling should be twice more than the visits required to study the store environment. Mystery shoppers should carry out more than two-three visits to study service standards in durable goods retail stores.

## **Crucial Areas for Successful Mystery Shopping**

Though mystery shopping provides many benefits to the retailers, but there are a lot of areas for improvement. A



number of studies have pointed out the crucial areas for successful mystery shopping. Through literature review, the below points have been combined from the studies of Morrison et al. (1997) and Hillier and Dawson (1995) :

**(1) Training:** Retail is a very specialized business relying on merchandise and customer service. In order to assess the services, the mystery shopper must be trained about the crucial aspects of customer service, the standard operating procedures maintained by the retailers in their dealings with the customers, product knowledge, and the different schemes available in the store. Unless the mystery shopper has a good understanding about the above points, he/she cannot assess the standards of service of a store.

**(2) Attitude:** As nobody is introspecting the attitude or approach of the mystery shopper, so a big question remains unanswered about the attitude of the mystery shopper. The mystery shopper himself/herself can have a very casual attitude, taking his/her assignment as nothing but another shopping trip. This casual approach may not give a proper feedback regarding the service of the concerned store. On the other hand, the mystery shopper should not be overly critical in his/her approach. The retailer only needs an unbiased feedback.

**(3) Region/Community/Religion:** If a mystery shopper has affinity towards a certain community, religion, or region, there is a very big chance that his/her feedback will be biased.

**(4) Size of a Store:** If the mystery shopper is alone and he/she has to review the services of a store spread out in 50000 sq feet, then chances are very much there that he/she will not be able to provide a proper feedback.

**(5) Memory:** Generally, the mystery shopper cannot make entries of all observations/records in a notebook as it would draw the attention of the store staff. Hence, most of the time, he/she has to memorize the facts. Practically, what happens if he/she describes the physical features of Mr. A, but it is Mr. B who has actually served him/her (both of them are working in the same department) ? In this case, the feedback would not be accurate.

## **Managerial Implications**

**(1) Mystery Shopping and Retailing :** Ramesh (2010) carried out a study on consumer durable retail chains at different locations in the city of Hyderabad. The main parameters of comparison were telephonic evaluation, store information, merchandising, and sales staff evaluation. As the study was carried out in one category, the author covered almost eight category killer stores in electronics. The researcher pointed out the lackadaisical attitude of the sales staff. They were not informing the customers of the new arrivals or promotions/offers that were being offered by the stores. The staff did not attempt to build a relation with the customers as they did not maintain a database with the contact details of the customers. This led to loss of sales for the stores. His study showed how mystery shopping can be of great use to assess employees' attitude towards the customers.

**(2) Mystery Shopping and Employee Performance:** Douglas, Douglas, and Davies (2007) showed in their study that 84% of the 73 interviewed staff was aware that their store had employed mystery shoppers. Not only that, 68% of the staff was aware regarding the criteria of judgement of their performance. However, 84% of the staff was of the opinion that the use of mystery shoppers was a source of anxiety and tension for them. The store had rewarded 85% of its staff who received good feedback from the mystery shoppers. So, mystery shopping can influence overall employee performance.

**(3) Mystery Shopping and Customer Intelligence Management :** Singh and Verma (2014) described how mystery shopping can be of great help with regard to customer intelligence management. They focused their research specifically on two aspects : merchandise requirements and customer need assessment. Regarding

merchandise requirement, they showed that through mystery shopping, retailers can know the different aspects like brand, price, design, color, style through which customer footfalls can be converted into effective sales. Mystery shopping can also lead to superb insights into the smallest details of consumer behavior.

**(4) Mystery Shopping and Service Delivery :** Wilson (1998) propounded that irrespective of sectors, mystery shopping can lead to proper and efficient flow of service delivery. Mystery shopping can help briefly in three ways. Firstly, mystery shopping acts as a tool of diagnosis for identifying the strong and weak areas of service delivery. Secondly, mystery shopping can be used to charge, encourage, and motivate employees by linking its score with their appraisal, increment, and promotion. Thirdly, it can be used to assess the competitiveness of a service provider in comparison to the offerings of other players in the industry.

**(5) Mystery Shopping to Measure Service Quality in Lodging Properties :** Beck and Miao (2003) discussed the extensive use of mystery shopping in assessing service quality in the U.S. lodging industry. They discussed how mystery shopping was being used to keep an eye on and also to copy the strategies of competitors. They showed the high preference given by senior managers of mystery shopping. However, they also mentioned that the time between service gap detection and taking the right measures needed to be reduced.

## Conclusion

Irrespective of criticism and minus points, nobody can deny the advantages of mystery shopping. Mystery shopping is here to stay. Mystery shopping is nothing but a mirror for the retailers and service companies to improve their customer service standards. In the future, the retail sector will become more competitive. In such a scenario, service will be the only way to be in the top of the mind recall of the customers. Omissions and distortions can happen in all the stages, but innovations will be the key to take the level of customer satisfaction to the level of customer delight. For example, in the retail company Nordstrom, the company hierarchy is set in a manner where the sales staff is kept at the top, and the top management is kept at the bottom. It stands in this manner that the sales staff will help/assist the customers at all times. On the other hand, the top management provides all the facilities and resources to the sales staff to satisfy the customers. Thus, in this world of cut throat competition, service delivery through mystery shopping can act as a great tool in the hands of the retailers.

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