

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 programme 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.

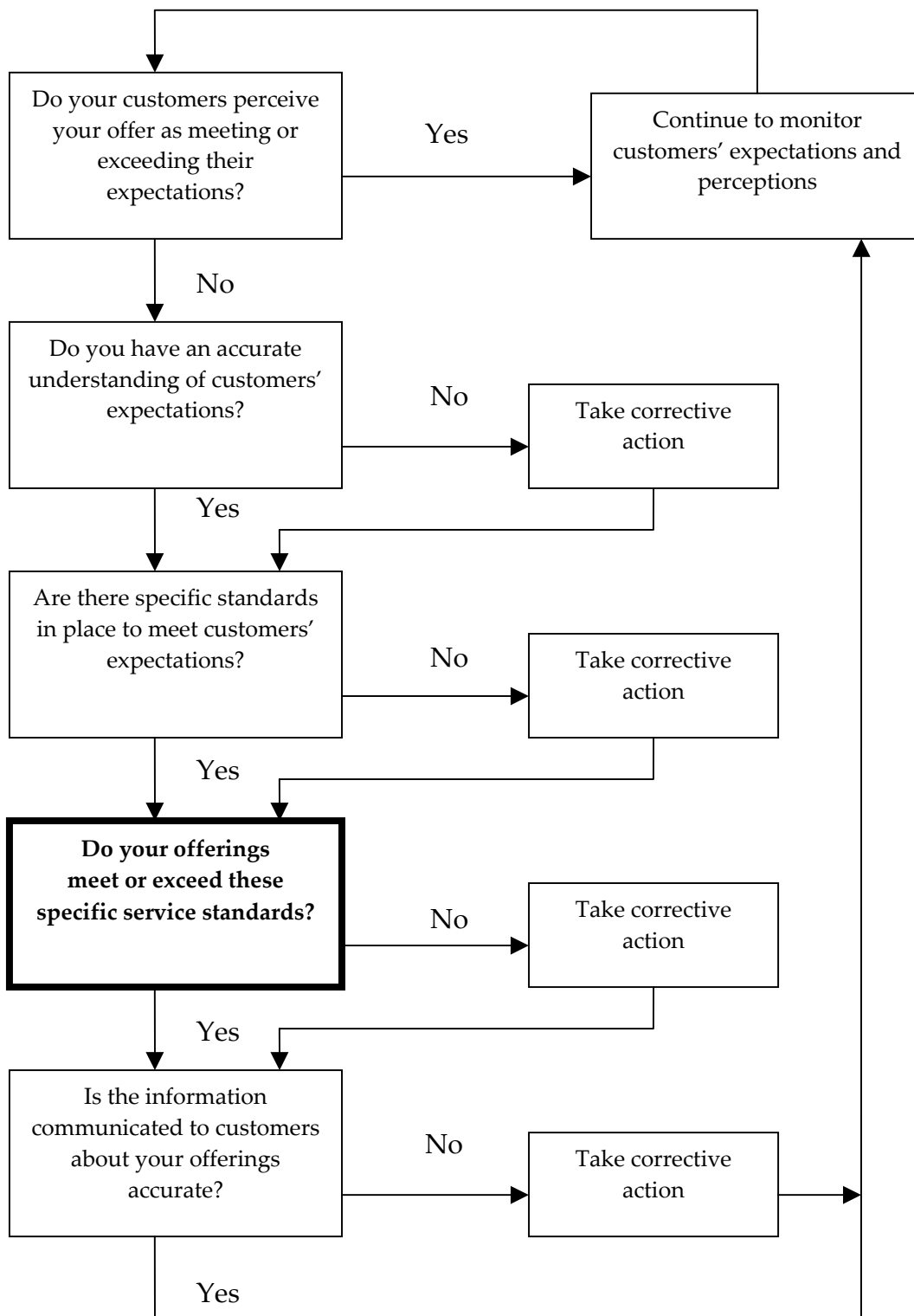
Services are also heterogeneous: the quality of the interactions between customers and customer-facing staff can rarely be standardised to ensure uniformity - in the way, for example, the quality of goods produced in a factory can. The level of interaction, and of customer involvement, makes it difficult 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 centre or in a restaurant it's high).

In order for any organisation to deliver quality service the following must be recognised 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 organisation. 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 organisation interested in delivering a quality service must:

- 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 customer-facing staff:

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

Measuring factors such as quality, cost, and asset utilisation 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 necessarily subjective.

How NOP Can Help Measure Performance?

NOP 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 face-to-face, telephone, postal, Internet, and video assessments.

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

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

In particular, we focus on:

- Survey 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 – ensuring that our clients receive value-for-money.
- 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 survey.
- Reporting – we monitor survey progress in real time– so ensuring that reports are published to agreed timescales.
- Quality Control – from assessor recruitment, through selection and training, fieldwork monitoring, data checking, and report publication, QC procedures are rigorous and detailed.

NOP Cybershop

Much of the above is based on the investment NOP has made in 'Cybershop', an Internet-based utility for communicating with assessors and monitoring survey progress on a step-by-step basis at the level of the individual assessor and individual client location.

Principle Cybershop design objectives included:

- Maximising Quality
- Minimising Cost for the Client
- Approaching Real Time Assessment

Cybershop features include:

- Internet-enabled panel of over 4,000 assessors
- On-line training and testing (generic and specific) for assessors

- On-line help for assessors
- Alert messages for changes in client requirements
- Automated survey tracking
- On-line reporting – with automated validation and quality control
- Continuous monitoring of assessor performance

Cybershop benefits include:

- Providing clients with savings of £3-5 per assessment
- Achieving and maintaining high quality standards
- Taking up to 5 days out of the assessment cycle
- Spanning markets from one location
- Providing global coverage

Cybershop provides high-quality, timely assessments and reporting at a competitive cost

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.