

# Mystery Shopping As A Method of Customer Survey In India

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**Abstract-** *This paper specifies proposition of mystery shopping as a complimentary method along with customer surveys. It focuses on the antecedent of mystery shopping- observational methods. This paper addresses the gap in the existing research on mystery shopping. It covers customer surveys and observational methods of research. It also covers the existing academic research on mystery shopping and the application of mystery shopping by corporates. Subsequently, drawing on the existing literature, it discusses the validation of mystery shopping.*

## I. INTRODUCTION

For long ‘Service Quality’ and ‘Customer Satisfaction’ has been a favored area in academic as well as corporate research. However, most of the research has been done in developed economies. With rapid growth and innumerable opportunities, customer satisfaction and service quality has now become the core concern of every service institution in India. The motive can be due to apparent competition among institutions offering the same service (Goodsell, C. T., 1981). It is well known that it is very difficult to evaluate service quality and customer satisfaction and most famous method of the classical approach is the inquisition which uses a questionnaire to investigate after the event (Yang, 2002).

To overcome the shortcomings of customer surveys, companies started using Mystery Shopping as a complementary method. Mystery shopping originated as a technique used by private investigators to identify and prevent employee theft and subsequently has been adapted by the marketing department to measure their customer service processes. Over a period of time, businesses stopped hiring individuals to evaluate their businesses and instead turned to market research companies for the service. Market research companies began cornering the market in terms of mystery shopping.

Economic Times states that in India, the mystery shopping business is in its infancy but quickly picking up speed. The industry is estimated to be worth around 700

million and employs over 0.2 million people on a part-time basis. The world market of mystery shopping’s service is estimated to be about 2 billion dollars.

This paper examines the concept of mystery shopping along with customer surveys and observational methods. While existing research has focused mostly on mystery shopping practices but nothing much has been written on the antecedents of mystery shopping. This paper addresses this gap in the existing research on mystery shopping. It first compares mystery shopping with customer surveys. It then digs into the rudiments of mystery shopping i.e. observational methods of research. Next it reviews the existing academic research on mystery shopping. It then reviews the adoption and application of mystery shopping by corporates. Subsequently, drawing on the existing literature, it discusses the validation of mystery shopping. Finally, it describes the limitations of this paper and its implications for future research and practice.

## II. LITERATURE REVIEW

According to Wilson, A. M., and Gutmann.J (1998), Mystery shopping is the art of obtaining information on customer service, it is designed to capture the experience of customers and staff, and measure their satisfaction level and performance. It helps to gain insights into their experience at various points of interaction in a particular service environment. According to Dawes, John G. and Byron Sharp (2000), the importance of providing acceptable levels of customer service have doubtless been appreciated by businesspeople for as long as trading has occurred. Managers can monitor the levels of service quality in several ways, by surveying customer subjective perceptions of service quality or by using trained research personnel to pose as shoppers and objectively score various aspects of the service experience as objectively as possible. This method is often referred to as “mystery shopping”.

Poisant (2002) suggests that an approach “to analyze customer, or citizen experiences, an organization must put itself in citizens shoes and ask questions about how they are

greeted, the appearance of frontline staff, and the aesthetics of the office place”, is usually achieved by “Mystery Shopping”. Mystery shopper, or secret shopper, is an independent contractor who visits your establishment unannounced, interacting as a customer to provide objective quantitative and qualitative feedback about the experience.

Activities similar to that of Mystery shopping can be found in history, famous being that of Emperor Akbar, who used to disguise as commoner and used to move around his kingdom during nights to know the real status of subjects. However, the term “Mystery Shopping” was coined in the 1940s by WilMark (Zikmund&Babin, 2010). Mystery shopping originated as a technique used by private investigators to identify and prevent employee theft—primarily at banks and retail stores. By posing as workers, mystery employees could become part of the organization and observe the operation and employee behavior, including identifying opportunities for theft and workers that might be stealing.

In 70’s, electronic goods manufacturers like Sony, Philips, Panasonic and Bose started using Mystery shoppers to appraise the level of sales personnel’s technical and functional knowledge of the electronic products. Mystery shoppers helped the companies to identify the inadequacies and thus helped in improving the technical skills of their sales personnel.

### III. MYSTERY SHOPPING AND CUSTOMER SURVEY

Customer survey and mystery shopping are two methods by which a company can gather information about the way its products and services are delivered to its customers. “What gets measured gets done.” A phrase heard so often these days it has almost become cliché. However, at face value, it has particular meaning to the topic of this research.

Mystery shopping is different from customer satisfaction surveys in that it explores the actual customer experience at a snapshot in time (rather asking customers for their views retrospectively) and records specific details of that particular experience. As such, it can be a very powerful tool for service managers and help to highlight clear action points for improving service delivery.

Customer feedback programs gather data in the form of recalled impression. For instance a questionnaire is designed based upon specific data points companies want to gather. After receiving the service or product, the customer is

asked a number of questions, typically around satisfaction levels. When enough samples have been gathered, analyses are required to ferret out the meaning and validity of the results which will result in giving an understanding of how customers view a particular product or service. Unlike customer satisfaction research that measures what customers perceives or remembers, mystery shopping captures information at a moment in time when the employee is serving the consumer. It takes into account customers and potential customers. It profiles the customer-employee interaction and tells whether it is consistent and of a nature that adheres to standards.

### IV. MYSTERY SHOPPING IN INDIA

Mystery shopping adds value and mystery shopping is emerging as an important tool for retailers to get an ‘outside-in’ view of their stores. Fashion retailers and department stores state they conduct mystery shopping studies at least half-yearly. This is done both store-wise and region-wise.

The mystery shoppers supplement the ‘Voice of Customers’ gathered through feedback in-store, online or SMS, visitor book comments and through social networks like Facebook and Twitter. A measure that most retailers are planning to institutionalise these days is mystery shopping which is evident by the fact that 88% of retailers have created and formalized processes to obtain feedback on their stores via these initiatives (TCS study on retail, 2013 report).

Fabindia has Mystery Shopper Program to gauge the customer satisfaction level. Mystery shoppers posing as normal customers perform specific tasks such as purchasing a product, asking questions, registering complaints and then provide detailed reports or feedback on their shopping experiences to the management. Marico’s Kaya Skin Clinic gets mystery shoppers to visit its 43 clinics once a month, and depending on the reports of these shoppers, employees either get a bonus or suffer salary cuts. Pramod Kulkarni, group general manager at The Fern Hotels & Resorts, says mystery shoppers have helped his group identify flaws and improve service standards. Chief operating officer at PVR Cinemas, says the theatre conducts at least 12 mystery audits per cinema per year. The audits have helped improve upon the standards of maintenance of the washrooms. Ford India Pvt. Ltd, Samsung Electronics Co. Ltd and Citibank NA, businesses are using mystery audits across different points of sales to track consumer experience. Ford claims to have got tangible results from mystery shopping audits in the last two years. Global ecommerce company Amazon.com Inc. is said to be engaged in a mystery audit for an intensive market survey to study the e-commerce

market in the country. TOI reported that many brands such as Titan, Arrow, McDonalds, Reliance, Tata, Blue dart, Kimaya Fashions, Samsung, Shoppers Stop, ICICI and Axis Bank among a mounting list of other Indian brands that are hiring mystery shopping services as a feedback and strategy development mechanism.

## V. DISCUSSION

This paper has covered four aspects of mystery shopping i.e. comparison of mystery shopping method with customer survey method, foundations of mystery shopping method being from observational method, academic research on mystery shopping and existing practices of mystery shopping in India.

First, the paper focused on the short comings of customer surveys and found that mystery shopping can help in overcoming those shortfalls. The shortcomings being that customer surveys rely on the respondent's memory of previous service encounters and customer perceptions are by definition subjective i.e. two customers can perceive the experience of the same level of service in different ways. Second, the paper concentrated on relationship between mystery shopping and observational method of research. The study found that the foundations of mystery shopping lie with observational methods of research, thus validating the mystery shopping method. Third, the paper discussed the existing academic research on mystery shopping. The study found that even though some research has been done on mystery shopping but hardly anyone has concentrated on the reliability and validity of mystery shopping method except for the research by Finn and Kayande. Finally, the paper covered the adoption and application of mystery shopping by Indian corporates. The study found that many corporates have institutionalized mystery shopping and there are many companies who are providing mystery shopping services. However the study found that the corporates have not disclosed the procedures of mystery shopping.

The discussion in this paper suggests certain directions for future research. First, future research can carry out empirical studies to examine empirical support for the propositions specified in this paper. For instance an empirical study can be done for comparison between mystery shopping data and customer survey data. Similarly, studies can be done on the performance of mystery shopping audits i.e. whether there is any change in footfalls or sales after implementation of mystery shopping audits. Further empirical studies can be done to assess the reliability and validity of mystery shopping method.

## VI. CONCLUSION

The Indian retail scenario is witnessing a noticeable shift with modern retail formats slowly replacing traditional forms of retailing. Competition is increasing with various Indian and International marketers fighting for a share of wallet of the Indian shopper. With growth in retail, the concept of Mystery Shopping is growing in India and very little has been written on how mystery shopping is undertaken and the steps taken by users and providers to ensure that a true measure of service performance is obtained. This paper points out propositions which may provide a comprehensive solution for understanding consumer behavior.

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