



ISSN: 0976-3031

Available Online at <http://www.recentscientific.com>

CODEN: IJRSFP (USA)

International Journal of Recent Scientific Research
Vol. 8, Issue, 9, pp. 19828-19831, September, 2017

**International Journal of
Recent Scientific
Research**

DOI: 10.24327/IJRSR

Research Article

A CASE STUDY ANALYSIS USING MYSTERY SHOPPING IN THE RETAIL SECTOR

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DOI: <http://dx.doi.org/10.24327/ijrsr.2017.0809.0768>

ARTICLE INFO

Article History:

Received 17th June, 2017
Received in revised form 12th
July, 2017
Accepted 04th August, 2017
Published online 28th September, 2017

Key Words:

Mystery shoppers, Service quality,
solution for success

ABSTRACT

Retail industry is one of the most dynamic and fastest growing industries. Vibrant market leaders have proved their best and have sustained successful in the retail scenario. But a few lack in service delivery as they don't give much importance to customer satisfaction and customer loyalty. Employees should maintain a friendly approach and make sure the customer is comfortable. This friendly approach contributes indirectly to the success of the organisation. Management and managers cannot be watchdogs all the time and hence when they appoint mystery shoppers to evaluate the store and store activities. The mysterious blue gets exposed when mystery shoppers are used. Any problem which needs a solution is a case. This case is all about a retail store which lacks in service quality in Chennai. Since due to data protection act 1998 and MSPA rules and regulations, name of the store is not mentioned. Various problems were identified and solutions were given to the top management. The main objective of the case is to highlight the role of mystery shopping in retail industry. Various examples with citation are mentioned along with the case study to understand the use and application of mystery shopping in various industries. Without change there is no innovation and creativity, and one such tool to enhance innovation and enduring perfect business function is mystery shopping. The case ends with valid discussion, recommendations and questions.

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INTRODUCTION

Mystery shopping in simple words is an observational tool to measure various dimensions of SERVQUAL. The observed details are converted into written records and the same is submitted to the top management for decision making. Mystery Shopping (MS) method is employed in marketing research to support the measurement of consumer provision levels and may contain both quantitative and qualitative components. Mystery shopping is an effective instrument to gather quantitative as well as qualitative data and also gives importance to subjective and objective data. It becomes very difficult for a manager of any organization to keep an eye all the time on how the customers are being treated by their employees. Mystery shopping has showed tremendous growth in various fields such as high-end cafeterias, guesthouses, resorts, credit institutions, financial provision providers, flats, suitability stores, chain and specialty shops, home constructors, self-storage facilities, healthcare establishments and grocery stores. The managers cannot personally measure the quality of service being rendered to the customers and hence they use this spy tool to know what is happening in their absence.

Mystery shopping dynamics

With competition heating up in all the sectors, the feedback on customer experience, perception and expectations are becoming crucial, because the customers expect the best from the sellers and service providers. To analyse what the customers are looking for, this unique tool is being employed in various fields such as finance, banking, medical, science, entertainment, tourism, infrastructure, and services and in the retail scenario. A growing tribe in the country popularly known as mystery shopping companies were helping banks and other industries for betterment during the early 1990's and that was the original start of mystery shopping in the Indian scenario. The role of mystery shoppers is seen almost in every industry says various researchers. According to them mystery shopping is popularly used in service providing firms such as banks says Calvert (2005). It is seen in the airline and travel industry says Eser, Pinar, Birkan, Crouch (2006). Even the health care sector has witnessed, mystery shopping says Borfritz (2001), and Pullman (2007). Mystery shopping though has left a remarkable footprint in various industries; the retail sector is the most witnessed says Bromage (2000). Though mystery shopping is used in various industries it has a strong hold in the retail sector to measure customer satisfaction and adding to this

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Wilson (2002), found that mystery shopping is commonly used in the retail sector to measure customer satisfaction. These firms undertake covert audits on employees and branches to ensure that they strictly adhere to the rule book to prevent money laundering, and to improve customer services. A few researches say that about 20% of the total mystery audits are conducted by banks. These banks shell out anywhere between Rs 2,500 and Rs 7,000 per audit to mystery shopping companies. Big banks such as ICICI Bank, Axis Bank and HDFC Bank hire mystery shoppers to undertake thousands of audits every year. Axis Bank conducted over 4,000 audits to improve customer experience and ambiance of branches and ensured on the regulatory requirement of the bank. Public sector banks like State Bank of India (SBI) also undertook and are still using this unique tool to perform audits in-house to track customer satisfaction, complaints received and the redressal zone to improve the quality of services. The rest of the audits are directed at improving branch ambiance, feel of ATM, behaviour of staff, AML, and overall services. ICICI Bank used mystery shopping initially in Pune to check the services offered by one of its branches say Karia, P.M (2005) . The IRDA (Insurance Advertisement & Disclosure), with regard to remedial action and complaint cases, is backed up by mystery shopping. IDBI Bank roped in a market research agency for mystery shopping. IDBI bank gets customer feedback through the grievance handling unit to understand expectations, problems and even suggestion for new services or products. Reserve Bank of India (RBI) (2011), says that unidentified shopping is a significant marketing research tool used for susceptibility assessment. Dealings are introduced in live situations to test the effectiveness of controls. The Great Britan, National Audit office (2005-2006), in its publication, has stated that mystery shopping has also been used by the Tax revenue department to diagnose the quality problems. Adding to this is a reality case by IRS which recognized the data quality problems and proposed a strategy to address them. But after conducting mystery shopping, the committee was not satisfied with the mystery shopping results. Thus it can be said that mystery shopping though being used in different sectors, only a few sectors are benefitted out of it. Apart from the banking and insurance sector the efforts of using ghost shopping have been taken by some retail houses like Titan, Arrow and Reliance communications. The aviation industry has made the best use of ghost shopping to measure the service quality which is being rendered to its customers. Aviation industry plays an important role in the field of transportation and those who travel in flights expect ample services to be provided because they pay huge amount to travel. India's most famous airways which is ranked in the superior position by its market share, Jet airways and Indigo 6E, have been using secret shopping on a non-stop basis. These shoppers nit-pick on every aspect of the airlines services right from ticket booking, greeting when they get into the flight, food services and take bountiful notes with clear explanation including the conversation which took place with the employees, click pictures, record conversations and even shoot videos as a part of their mystery shopping assignment. IndiGo's flights have also started to use spy tool to measure the services being rendered to the passengers. Worldwide famous e-commerce Concern Amazon.com Inc. is said to be eyeing an entry into India involved in a mystery check for a rigorous market survey

to study the e-commerce market in the country. Fast-food chain Donuts has been using mystery shopping across its 32 outlets for 18 months during the year 2011.

Case 1: Hawk-Eye on a huge business establishment

Executive Summary: Famous departmental store in Chennai, it has branches in various parts of Chennai and popularly known for its affordable pricing strategy and cascade of various products. The speciality of the departmental store is that it functions very energetic. It is always filled with crowd of people. For most of the public it is a good place to entertain as it has good cafeterias and food courts. Mystery shopping was taken up as the store top authorities wanted to know about their employees and the way in which they provided their services to the customers. As mentioned above it is a huge establishment with many employees working and it becomes very difficult for the manager to be a watch-dog all the time. Various branches have a silent observation. A Checklist was framed with a set of questions and after the field work a detailed report was submitted to the top management through the marketing research firm. The details of the marketing research agency and the details of the store is not let out as according to the data protection act, mystery shopping related components and individuals have to be maintained under high confidentiality.

Purpose of the case study

The purpose of the case study is to make it very clear on the mystery shopping process, the nature of spy tool in assessing the service standards and an open display of facts about the reality of using mystery shopping tool in one of the established retail chain. Due to the data protection act 1998 published sources of the case is not mentioned here.

Field of research

The research work intends to explore the problem which exists in a retail scenario. In the mystery shopping domain the, experiences which consumers face with a retailer can usually be drafted to be a case, as case refers to a problem. The background information of the study is made very clear and the recommendation is quite strong. Similar corporates, institutions facing these types of problems with regard to customer satisfaction due to lacking standards can ensure they take up mystery shopping and work for the benefit of the firm by framing good and strong strategies.

Outline of the issues and findings of the case study

Since the Hawk eye methodology deals deep into observational traits, mystery shoppers have observed on various aspects such as ambiance of the store, staff interaction, price deals, availability of the products, shelf space, billing counter activities and maintenance of the store. The store has a variety of consumers entering in some with the intention to purchase and some for a window shopping. Some consumers with no intention to purchase are showed a rude face by the employees. Is this rude act accepted? Where is the space for the consumers to choose and analyse various products? Certain questions have to be addressed by the management to make sure the consumers are satisfied.

Findings

By taking up the mystery shopping assignment it is found that the store lacks in customer service. Most of the employees

working there are not serious enough at their work. Some employees don't even look into the face of the consumer to give a reply. Customers are not provided with a valid reply if they enquire about a product or service. If this is going to be the scenario then the business has to wind up and exit from the market. Such a popular establishment must make sure that the services are properly provided if not the standards of the firm would decrease and will pave way

DISCUSSION

After several days of having a customer comment week at the store, I wanted to know what was exactly happening in the store. I had a good opinion on the store as it holds a good brand name but realised it later that yes! It just has a brand name and very poor customer service. A check list was drawn by me before I started the mystery shopping field work. In consultation with the management the spy work took place and a detailed report was submitted. A detailed report after the visit was submitted to the top management. The reports detail all aspects of the trip including presentation, availability, cleanliness and customer service.

Alternative solutions

There are various other factors related to this, since the report had a clear-cut picture on the entire store scenario some corrective actions can be carried out to make sure that the employees contribute better as per the requirements of the management. At the same time management can come out with new strategies to make sure that each and every individual employee connects their individual goals with the overall goal of the organisation.

Questions

1. What steps should be taken by the top management to streamline the service standards?
2. Will poor service standards spoil the stores brand image?
3. Did mystery shopping do a great task in identifying the loop holes?
4. What are the five aspects mystery shopping looks for?
5. If mystery shopping is introduced what will be the added advantages which the store will enjoy?
6. Can the affected consumer sue a case in the courts of Law?
7. Will the law favour the discriminated consumer?
8. Well established retail store being so immoral; is this accepted?
9. Should the management take steps to be more transparent with the consumers?
10. Can a friendly approach be applied to be customer centric?

CONCLUSION

MSPA has estimated the value of the mystery shopping market in 2006 on one billion dollar while annual growth was estimated on 8% in USA and EU and 15% in Central and East Europe. In upcoming years following trends and challenges at mystery shopping industry are expected: saving the quality and the integrity of mystery shoppers, faster reporting to clients without decrease in quality, education of mystery shoppers, regular and potential users and providers of the mystery

shopping service about the truths and trends in mystery shopping industry increase of mystery shopping providers and the number of services they offer. Mystery shopping survey details after 2006 are not available but sure it would have grown and contributed in leaps and bounds. Mystery shopping is the best tool which can be used to monitor the service quality details and to make sure the employees are treating the customers in a friendly manner which may intern increase the firm's reputation.

Recommendations

Firms of various kinds must start to use mystery shopping, to analyse all the aspects related to the business. Using the results of mystery shopping strategic plans has to be formulated and implemented. Observations may look simple but it has a very good impact.

E-commerce and SERVQUAL (future research areas)

Online shopping has increased significantly worldwide in the last few years. India is no exception, but although this country has experienced an increase in online shopping, it seems to lag behind the rest of the world where this development is concerned. Research into the factors which influence customer online shopping satisfaction is thus imperative in order for Indian retailers to develop the correct strategies for online sales. With this information, they can convert potential customers into real customers and retain them. Many old measuring metrics have been practiced till date but the most promising metric is "Mystery shopping" which is done using mystery shoppers, who are also known as ghost shoppers. The researchers, **Dr. R. Angayarkanni & Anand Shankar Raja M**, have worked on a research paper entitled "brands are status symbols; understanding reality using mystery shopping" where they have clearly mentioned that, brands marketers attract customers by judging their status and have concluded saying that the golden tomorrow has various areas to be explored by the future researchers, this unique tool "mystery shopping" can be used to improve SERVQUAL and can be used to as an index to measure brand performance, and hence this gap has to be fulfilled by future researchers who work on any mystery shopping case related to online service quality.

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How to cite this article:

Anand Shankar Raja M .2017, A Case Study Analysis Using Mystery Shopping In The Retail Sector. *Int J Recent Sci Res.* 8(9), pp. 19828-19831. DOI: <http://dx.doi.org/10.24327/ijrsr.2017.0809.0768>
