



# The Private

## Finding, Hiring and Using Mystery Shoppers

**H**ow many times have you thought to yourself, “I wish I could be a fly on the wall” to view your restaurant operations without being seen or heard? Outside of, perhaps, surveillance cameras (and they present some limitations), mystery shopping is a way to be that “fly.”

I am not talking about spying on your staff so you can catch someone doing something wrong; I am referring to using mystery shopping to get a true and objective glimpse of your customer’s experience so that you can use the information you get to build better and stronger relationships with your guests, solve operational problems, improve quality, root out a bad employee, and, in general, have a better business.





# Eye

By Emily Durham

Studies show that customer satisfaction, and the relationships you and your team build with your customers, are the most important measures for success, if not survival. So while there is a lot to keep an eye on in our fast-paced industry, keeping your finger on the pulse of the customer's perception of your restaurant is critical. Keeping guests happy and loyal is the name of the game in a

competitive marketplace where maybe now patrons have even fewer dining dollars to spend. Restaurant operators need to make sure the customer relationships are strong and that they secure the loyalty they've earned. Mystery shopping can help you do that and is one of the only ways to get a truly unbiased and objective view from the customer's standpoint.

## Mystery Shopping Defined

Mystery shopping is a service in which an evaluator appointed by the contracted mystery shopping company anonymously visits your restaurant, typically for a meal, and observes and reports on different elements of the customer experience — the various steps of service, product quality, cleanliness, safety, cash handling, etc. The criteria are predetermined by the client and the mystery shopping company and the evaluator is prepared before going with instructions to assign a rating or score to each line item in the evaluation, also predetermined by you. Scoring measurable items throughout the experience helps to keep things objective and gives you data you can easily work with and compare. The employees do not know the mystery shopper, as they do not come with their reports in hand but rather complete the evaluations after they leave, so there is no special treatment or best behavior.

Like many other businesses and industries, mystery shopping has evolved and expanded in various ways over time. While it used to be that a mystery shopping company would offer a canned template that it applied to all restaurants, now you can expect to have your evaluations customized for your business and for what you want to know. Further, technology has advanced mystery shopping to the point of being able to execute simultaneous shops in multiple locations, report the data across many different areas, and do it all in a matter of a day or so.

Now is a good time to make sure you are doing as well as you can, perhaps finding ways to do better and rewarding those who make it happen. If you think mystery shopping is an unnecessary expense at a time when restaurants are trying to trim costs, consider this: Jon Kasman, managing partner with Satisfaction Services Inc., a 20-year-old nationwide provider of quality and service evaluations, says that when times get tough, his business heats up.

Why? Kasman says that operators know that the key to keeping loyal customers is, above all else, quality service. Mystery shopping provides a look at “the true customer experience from an unbiased view,” he says, and that mystery shopping is “like having another set of eyes” and who wouldn’t benefit from that?

He says that many people associate mystery shopping with finding problems. While often used for that purpose,

mystery shopping is equally valuable identifying top-notch performers in your absence. These are the people you want to acknowledge and reward and, in so doing, ensure that the performance continues.

There are several models that show that customer satisfaction is directly linked to employee satisfaction and that the lower the employee turnover rate, the stronger the customer relationships and the more successful you will be. It’s a powerful tool if used correctly as part of your overall strategy.

## A Broad or Targeted Assessment

Ideally, mystery shopping is an unbiased quality check from the guest’s point of view. It can, and most often is, used as a broad measurement of all aspects that comprise your business; however, it can also be used to target a problem.

Regardless, before engaging the process, you and your managers should decide the most important aspects of your service to measure. Moreover, what is the most useful metric? You should only include those things that are truly important for their effect on your business and your customers and that you will act upon once you receive feedback. This may include operating standards relating to cleanliness and service or product quality, they may come from customer comments or staff concerns, they may be in response to suspicion of theft or waste, or they may simply be to ensure that the staff is providing the level of service they were trained to do. All of these areas can be broken down further and that is just what we recommend; break an important area down far enough so that the feedback you receive is meaningful and actionable and the area being evaluated is distinctly measurable.

For example, the question, “Was the outside of the restaurant clean?” does not tell you as much as breaking that down by outside component. A better set of questions might be:

How clean was each of the following?

- ✓ Parking lot.
- ✓ Sidewalk in front of the door.
- ✓ Windows and doors.

While you want to be sure to be specific and to the point, there is a lot you can work with. (See “Sample Evaluation Questions” on Page 37, for examples by category.)

Most mystery shopping evaluations are structured such that each line item has a maximum number of points you could earn and then a total number of points for the section. Your task would be to determine how to weigh each item or category. Naturally, you’d assign more weight, or points, to those things that are more important to you and your business, and maybe that take more of an effort to do well. A good mystery shopping company should help you through this exercise. Again, see “Sample Evaluation Questions” as a guide.



Mystery shopping does not have to be limited to service and facility upkeep, though they could certainly be your important areas. Restaurants use mystery shopping to look at the quality of bar and takeout service, delivery, telephone interaction, catering transactions, and so on.

Multi-unit operators and franchises use this service to determine the consistency between stores and to confirm that all units are advertising and featuring current in-store promotions the way they are supposed to. Other operators use the service to monitor servers' up-selling behavior. This is especially useful when there has been a directive to upselling certain products or a category of product like drinks or desserts. There will be times when mystery shopping is a useful tool in researching a specific problem, too. There may be an employee suspected of theft and a targeted mystery shop would be helpful in seeing what happens when the employee thinks nobody is looking.

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You may have a concern with product consistency and can do some mystery shops in which the evaluator orders the same product across different variables until you get to the root of the problem. Some operators do a remedial shop after an unfavorable report to try and determine if the bad mark was a "one off," is something that's been fixed or is truly an issue. Another interesting application for mystery shopping is what you could call a competitive shop. You could ask your mystery shoppers to take the same evaluation they use for you and shop a competitor so that you can use the results to compare your performance against others in your competitive set. So, as you can see, mystery shopping can tackle lots of different goals to achieve the overall objective of optimizing the customer experience.

## How to Use the Results

As noted, mystery shopping does not have to be a vehicle for reprimands but can and should be used for positive reinforcement and reward as well. Mystery shops of aspects of your restaurant such as upselling effort can lead to a reward for the person with the highest score over time. The same could be done for employees who consistently follow the

## Incorporating Mystery Shopping Into Your Bonus Program

All too often, restaurant managers are measured solely on the financial results. While the "bottom line" needs to be a key component of your bonus plan, it should not be the exclusive measure. It makes sense to include mystery shopping results in the pool of metrics that make up managers' incentive and compensation programs since the management team directly affects the quality of operations evaluated in a mystery shopping report. Providing incentives to staff on mystery shopping scores does not have to be exclusive to management and can and should be done all the way down ranks.

right steps of service. Overall, mystery shopping reports should be used as much for the positive as the negative, if not more.

"Identifying the positive things employees are doing helps build morale and does not make employees feel apprehensive about being evaluated," Kasman says. "Instead, they are more likely to do a better job and will treat each customer like a mystery shopper." This leads to one of the most important things you should do with your mystery shopping reports; *share the results with your staff*. This is a great first rule to follow. Many mystery shopping experts recommend letting the staff know before the mystery shoppers come, too. It does not have to be a surprise attack to uncover wrongdoing. You should begin by letting them know your intentions for your mystery shopping program and that it is not simply a tool to check on them but rather a way to retain a competitive advantage and to reward those who continually do well.

## Gauge Your Level of Commitment

Before you begin a mystery shopping program you must ask yourself if you are truly committed to using the results, otherwise there is probably not a lot of reason to spend the money on it. Kasman says that clients who use the results will reap improvement.

Among the biggest challenges of evaluating a mystery shopping report is to determine if a problem is a one-time occurrence or systemic to the operation. How do you make that distinction? You need to perform regular mystery shops, and analyze trends in the results. A pattern of problems indicate more than a temporary lapse.

Another challenge is determining the root cause of problems. For example, let's say you determine a pattern of mistakes in orders. Does the problem lie with the front

## ✓ Checklist Finding the Right Provider

Like many other services, a reliable way to find a company is through referrals from other satisfied operators; ask your industry colleagues who they use. Another resource could be your city or state's restaurant association. Almost all have some sort of directory with member companies and may even be able to refer you to other member clients of those companies. You could also research companies through trade associations like the Mystery Shopping Providers Association. No matter how you arrive at potential service providers, remember to always check some references.

The price of mystery shopping is based on the time it takes to complete it. It could cost you as little as \$35 per shop for a quick-service operation and upward of \$100 for full-service shops with several components. All the more reason to make sure your evaluation only has what you need and what is meaningful for your business. Typically, the operator is expected to reimburse the cost of the evaluator's meal up to a certain dollar amount. Some mystery shopping providers charge a set-up fee and some do not.

As with any vendor, nail down the terms before agreeing to hiring a mystery shopping business. Insist on a formal written agreement that spells out all terms, including fees and number of shops per month.

Below is a list of some of the things to have on your checklist so you have a good chance of finding the best provider for your operation:

- ✓ Does the company have restaurant industry experience? Some shopper providers serve a variety of retail and service businesses. It would obviously be better to hire a provider who knows restaurants helping to create your evaluation.
- ✓ Can the provider customize evaluations and reports for you? You don't want a "one size fits all" evaluation. As noted in the main article, you want one tailored to your needs and your business strategy.
- ✓ Does the provider have a sufficient number of evaluators in every area in which you have a unit? They need to have enough people to shop so that a return shopper would not be recognized by your staff.
- ✓ How are the evaluators trained? Ask the provider to furnish a mock evaluation so you can see the quality of the report and the evaluator. You might even ask to talk with one or two of them.
- ✓ What is the reporting format? Does the provider offer Web-based reporting? The best companies have Web-based reporting that allows you to look at data across different metrics and also means faster turnaround times. Can it consolidate reports companywide or by territory? Can it tally and average results?
- ✓ How quickly will the provider furnish a report?
- ✓ What is included in the fees? Purchase only the services you need and do not pay for "extras" that you do not. Avoid getting roped into a "package" that provides marginally useful services.

of the house or the back of the house? Is it due to an ineffective system for communication between the two sides of the house, or an equipment problem? As you review the results of regular mystery shopping reports, you can make adjustments to reduce the variables that could cause the problems, and eventually isolate its cause.

## Frequency

As noted, to detect trends you have to have enough data to uncover a trend, if one exists. This begs the question, How often should you conduct a mystery shop? As a rule of thumb, you cannot easily see a trend from data collected twice a year, or even quarterly; nevertheless, there is no magic formula for how many mystery shops to conduct per year. The answer is a function of your volume, your number of day parts, and your revenue centers. Your goal should be to get a significant sample so that the data tells you something meaningful. For example, if you offer only breakfast or you sell the same limited menu all day and night with similar customers and check averages, you could probably get by on two visits per month. If you serve multiple day parts and have a bar and a takeout function or delivery and/or other variables at play, you will want to make sure that, to the extent they are important to your business, you shop them all and often enough to get a large enough and wide enough sample to see trends in your data and to illuminate anomalies. If you are on site every day during lunch but don't have as good of a handle on what goes on during dinner then you might want to consider limiting mystery shops to that day part. It could be useful to have shops done during rush periods and also during slow times to ensure that service standards stay consistent. If you have multiple units you want to shop them all and compare the results. This is a great asset to a multi-unit operator.

Jay Goldstein of Advanced Consulting in Dallas recounts his time as

a multi-unit supervisor with the 240-unit, California-based, El Torito chain. The company shopped all the units throughout the year and averaged the results at year end to reward the multi-unit supervisor with the best score for their territory. It meant a great deal to him when he won and also meant that he and the other supervisors had great information to manage their territories with, a double bonus. This is an important way in which you can use your data, as a compensation/incentive measure for management, down through the hourly staff, while it simultaneously helps you keep an eye on multiple units at once. The program created an ongoing incentive as the El Torito team anticipated the year-end competition. Goldstein, like many other operators who have used mystery shopping programs successfully, acknowledges “scores and being No. 1 are meaningful and great for morale and the trend analysis is critical. The trends provide great information for getting to the heart of a problem so that you can take specific actions to remedy the issue for the long term.” He also says, “The problem may be rooted in training, facility layout, adequate supply levels, faulty equipment, etc. Getting to the root of the problem enables you to solve it more quickly and permanently.”

## Just One of the Tools in Your Arsenal

Mystery shopping should be just one of the tools employed as part of your overall strategy to optimize your performance while keeping employees and customers happy; however, it is more effective than you might think. As noted, mystery shopping offers a great deal of important information at a relatively low cost, and can assist you in managing the restaurant when you cannot be on the premises.

Again, be clear about what you want to watch and record data on. Focus on those aspects of your business that define the customer experience and level of satisfaction and loyalty.

**RS&G**

## Sample Evaluation Questions

SAMPLE EVALUATION QUESTIONS				
	Item	Possible Points	Points Earned	Notes
<b>Exterior</b>				
	No debris in the parking lot	20		
	Sidewalk in front of the front door clean and free from debris	20		
	Front door is clean	20		
	<b>Total Possible Category Score</b>	<b>60</b>		
<b>Host/Hostess Stand</b>				
	Guest was greeted within 30 seconds	20		
	Host/hostess smiled and welcomed the guest at the door	10		
	Host/hostess said goodbye and thanked the guest when leaving	10		
	Host/hostess quoted a wait time (if applicable)	20		
	Seated guest within time quoted	15		
	If a wait, host/hostess invited guest to wait at the bar	20		
	<b>Total Possible Category Score</b>	<b>95</b>		
<b>Restrooms</b>				
	Restrooms were clean and free from debris on the floor	20		
	Counters were dry and clean	15		
	There was ample supply of toilet paper, paper towels, and soap	20		
	<b>Total Possible Category Score</b>	<b>55</b>		
<b>Food Quality</b>				
	Food served at appropriate temperature	15		
	Food arrived as ordered	20		
	Presentation was good (no spills along rim, etc)	10		
	<b>Total Possible Category Score</b>	<b>45</b>		
<b>Bar</b>				
	Greeted within 30 seconds	15		
	Order taken within two minutes	20		
	All drink orders rung up	25		
	Drinks made to order	20		
	Good drink presentation	15		
	Transaction completed in register and change given or credit card voucher presented	25		
	<b>Total Possible Category Score</b>	<b>120</b>		
<b>Takeout</b>				
	Phone answered within two rings	20		
	Placed on the phone with order taker immediately or within one minute	20		
	Order taker courteous and polite	15		
	Order taker knowledgeable about menu items	15		
	Order repeated back to customer	20		
	Total quoted to customer	20		
	Time to ready order quoted	15		
	Order was accurate	20		
	<b>Total Possible Category Score</b>	<b>145</b>		

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