

## Bringing marketing research to life via secret shopping

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### ABSTRACT

A key challenge in marketing courses is to stimulate student curiosity and interest in marketing research. Depending on how the material is presented, student perceptions are often favorably or unfavorably polarized on this subject. That is, research can be perceived as either intriguing and intellectually stimulating or uninteresting and uninspiring. Understanding and appreciating marketing research is an essential part of learning about consumer behavior, service quality, market segmentation, targeting, and positioning, marketing strategy, and other important marketing concepts. Many of today's marketing managers appreciate the inherent value of quality research in making better decisions. Students also need to understand the critical role that marketing research plays in the decision-making process.

To help students gain a greater understanding and appreciation of marketing research methods, the author has effectively utilized students as secret shoppers in numerous client-based, class projects. This observational research method is a great way to involve students in the subject matter. It also ensures a high level of student participation throughout the course.

An online survey was conducted among 102 students who participated in secret shopping research in two different marketing courses. Key results reveal that the secret shopping method increased students' interest in marketing research. The students found the research to be fun and relatively easy to conduct. Most importantly, using this observational research technique increased students' understanding of marketing research.

Keywords: marketing research, observation, secret shopping, participation

## **INTRODUCTION**

Involving students with the subject matter is a great way to create positive impressions of marketing research methods, analysis, and interpretation (Peterson, 2006; Geissler, 2002). Over the years, the author has involved his students in numerous client-based, marketing research projects using various methods, including online surveys, phone surveys, in-store interviews, observation, focus groups, and in-depth interviews.

Observational research has been generally defined as “any research which collects empirical data not by questioning respondents, but by observing behavior and/or other forms of activity” (Lee and Broderick, 2007, p. 125). Observation can be disguised or undisguised and conducted mechanically (e.g., via optical scanners or video) or by people (e.g., Smith and Fisher, 2006).

As the name implies, secret shopping or mystery shopping involves disguised observation of people by other people, often (but not always) in a retail setting (Newhouse, 2004). It has been used primarily in numerous service industries, such as hospitality and tourism, banking, restaurants, airlines, and healthcare. In addition to its use in the US, mystery shopping has been used worldwide in Asia, Australia, New Zealand, Canada, the UK, and in many other countries. As such, secret shopping has been an integral part of countless efforts to measure and improve service quality, and ultimately, customer satisfaction (e.g., Pinar, Eser, and Strasser, 2010; Beck and Miao, 2003; Hesslink and Van Der Wiele, 2003; Moriarty, McLeod, and Dowell, 2003; Wilson, 2001).

## **TEACHING OBJECTIVES**

Having students serve as secret shoppers helps accomplish several teaching objectives and results in numerous, associated benefits for students (and for the clients and instructor) including:

- 1) creating greater interest in marketing research.
- 2) involving students with the subject matter, which leads to better understanding.
- 3) making research more fun for students.
- 4) facilitating class participation among all students.
- 5) exposing students to real business situations and settings.
- 6) discussing ethical issues in marketing research.

## **TEACHING METHOD DESCRIPTION**

The process begins by teaching the fundamentals of observational research, in general, and of secret shopping, in particular. For example, an instructor should cover the various observational methods in detail, reasons for using each method, advantages and disadvantages of each, and ethical considerations. Students should also study examples and examine case studies involving mystery shopping.

Next, the instructor should select a client who is willing to work with students. There is no shortage of retailers and other businesses that can use assistance in conducting observational research. Many of the author’s clients have sought help from his College’s Small Business Development Center. In some cases, the clients have already decided that they would like to

conduct a mystery shopping project. Consultation with other clients has led to recommending the research method to address their objectives. The author and his students have conducted secret shopping research for numerous clients, including restaurants, retail stores, and tutoring services.

After selecting a client, the next step is to meet with the client at their business or in class. The primary purposes of the initial meeting are to learn more about the business and their objectives and to discuss how secret shopping research can help to achieve those objectives. Then, the specific details are discussed either in the same meeting or in subsequent discussions. Although client objectives vary, most fall into two categories: 1) to improve customer service and reward outstanding employees; or 2) to analyze key competitors. Occasionally, employees are reprimanded or even fired for poor service or behavior, based (in part) on the research results. Thus, the importance of properly training students and conducting multiple observations cannot be overemphasized.

It is critical to work with the client to develop a list of the client's service attributes or those of competitors that the students should observe. A recording form is also developed to assess performance and to categorize and record observations. The recording form helps ensure focused and consistent observations (see Figure 1). Before sending the students to the field, it is very helpful to role play and practice observing and recording behavior and interactions.

The next step is to break the class into smaller groups of students who will conduct the actual secret shopping. Then, it is important to coordinate with the client and student teams to schedule agreeable days and times throughout the semester when the various groups can conduct separate observations. In the case of restaurants, the author's clients have been more than willing to pay for the students' meals, often by supplying gift certificates in advance.

When the observations have been completed, each student team is required to turn in their observation forms, along with a summary report of their research. The students are also encouraged to informally share their observations throughout the semester with the class and the client. Toward the end of the semester, the instructor should work with students to create a comprehensive research report.

## **SECRET SHOPPING EXAMPLES**

A couple of examples of mystery shopping research conducted in the author's classes serve to illustrate the process. The first example involves local outlets of a national restaurant chain. The owner had recently opened a second restaurant and was quite concerned about not being able to be in both places at the same time. He decided that he wanted to conduct mystery shopping research to help monitor the quality of his customer service and sought our help. The students and professor worked closely with the client, and he paid for the students' lunches. The observations began as soon as each student team entered the restaurants. That is, employees were trained to verbally greet customers when they opened the front door. Some student teams unobtrusively ordered their meals and observed and recorded their observations and ratings of the customer service and restaurant atmosphere throughout their dining experience. Other teams were given a scenario, such as one team member posing as a disgruntled customer, to observe how employees handled the situation. The client was very happy with the research. In fact, the author and his students have completed similar, follow-up research for him.

Another example involves a local math tutoring service. The owner was interested in gathering more information about his competitors. In this case, the secret shopping research simply involved having student group members call different tutoring services to inquire about

their hours of operation, length of sessions, types of services provided, service contracts, pricing, etc. As a cross-check, more than one group member called the same business to make sure that they were providing consistent information. The students compiled the observational research results as part of a larger competitor analysis and condensed much of it in charts comparing different aspects of the competitors' marketing mixes, such as types of tutoring sessions offered and associated prices.

## **TEACHING METHOD ASSESSMENT**

To date, the author has successfully used the secret shopping teaching method in several marketing courses, including Marketing Research, Consumer Behavior, and Marketing Strategy. These courses seem most appropriate to address the teaching objectives above via secret shopping, although the method could also be used in other courses, such as Principles of Marketing. The benefits of having students serve as secret shoppers are quite evident in class discussions, test results, teaching evaluations, and student comments to the professor, the clients, and others. Very positive feedback from students and clients alike has been received with regard to employing students as secret shoppers.

To provide further "proof" or empirical evidence of the teaching method's effectiveness, the author conducted an online survey among students in his Marketing Research and Consumer Behavior classes. These students had completed secret shopping research at two locations of a local café that specializes in smoothies, wraps, sandwiches, and salads, and for another restaurant, specializing in Cajun cuisine with several regional locations. The total sample size was 102 students.

As shown in Table 1, the overall results clearly show that marketing students are overwhelmingly favorably disposed to the secret shopping teaching method. Virtually all of the respondents agreed or somewhat agreed that secret shopping was fun (96%) and easy to conduct (96%). The vast majority of students (94%) also agreed or somewhat agreed that they became more interested in marketing research and service quality and that they had a better understanding of observational research (96%), after their secret shopping experiences.

The students also seemed to truly appreciate the real world experience—nearly all (98%) agreed or somewhat agreed that secret shopping was a good way to be exposed to a real business situation, and they (96%) enjoyed their interaction with the client. Most students (90%) felt that the secret shopper method was helpful in facilitating discussion of ethical issues in marketing research. Finally, the majority of respondents (84%) thought that the secret shopping method could be effectively applied in other marketing courses. A caveat is that the client paid for the students' lunches during their investigation, which may have upwardly influenced their survey ratings.

## **DISCUSSION**

No discussion of secret shopping, or any other type of disguised observation, would be complete without addressing the inherent ethical considerations. One might question whether secret shopping constitutes an invasion of privacy or whether it is wise to have students conduct this type of observational research. Realistically though, consumer, competitor, and employee behavior is already observed on a regular basis by marketing research companies, optical scanning devices, security and other video cameras, employers, and other parties. The author

contends that using well-trained and objective observers is far preferable to relying on potentially biased observations or hearsay to evaluate customer service, employee performance, and competitors.

In accordance, it is very important to go to great lengths to make sure that the observational research is objective and fair. First, this is serious business, and the instructor should insist that students treat it as such. Second, students should be thoroughly trained and drilled on the correct way to observe, record, and interpret the observations. Third, multiple observations should be gathered on different days and times to establish patterns of behavior. Fourth, while clients should be provided with objective observational data and analysis, the client ultimately decides how to use that data (e.g., to reward or reprimand employees or to modify their product/service mix in response to competitive offerings). Fifth, clients should be discouraged from using the research results in isolation. Rather, in the case of evaluating customer service and employee performance, the secret shopping observations should be used in combination with other personal and mechanical observations, customer feedback, peer evaluations, and other performance measures.

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**Figure 1 – Condensed Version of a Secret Shopper Recording Form**

Shopper ID \_\_\_\_\_ Restaurant Location \_\_\_\_\_ # in Party \_\_\_\_\_

Date \_\_\_\_\_ Arrival Time \_\_\_\_\_ Departure Time \_\_\_\_\_

Server Name \_\_\_\_\_ If no name tag, please describe \_\_\_\_\_

Cashier Name \_\_\_\_\_ If no name tag, please describe \_\_\_\_\_

1. Did you receive a friendly greeting when you entered the café?
2. Was the café...? Extremely Busy \_\_\_ Moderately Busy \_\_\_ Slow \_\_\_
3. Were employees neatly dressed? Well groomed?
4. Was the staff friendly? Helpful? Knowledgeable?
5. What did you order?
6. If a meal was ordered, were you offered a side item? If so, what were the choices?
7. How long did it take for you to receive your order?
8. Was your order presented accurately by name? With a description?
9. Please describe the food quality.
10. Was the dining area clean?
11. Was music playing in the café during your visit? Which type of music? Volume level?
12. Was the TV turned on? Which program?
13. Please describe the overall atmosphere in the dining area.
14. Was the chip rack well-maintained? Well-stocked?
15. Was the soft drink station well-maintained? Fully functional?
16. Condition of the trash receptacles?
17. Was the restroom well-maintained?
18. Were employees attentive to all customers?
19. Miscellaneous comments about the staff.
20. Did there appear to be a manager on duty?
21. Upon exiting the café, were you thanked and asked to return?
22. Please list and describe any other positive or negative observations.
23. Using a 5-point scale where “1” means “not at all satisfied” and “5” means “very satisfied,” please rate your overall satisfaction or dissatisfaction with your café visit.
24. Why did you rate the café as you did?
25. Would you recommend the café to others? Why or why not?
26. What suggestions, if any, do you have to improve the overall experience?

**Note:** This is a condensed version of the recording form. The actual form used provided more space to record detailed observations.

**Table 1 – Student Survey Results  
(n = 102)**

<b>Teaching Method Assessment</b>	<b>Disagree (%)</b>	<b>Somewhat Disagree (%)</b>	<b>Neutral (%)</b>	<b>Somewhat Agree (%)</b>	<b>Agree (%)</b>
It was easy to conduct secret shopping research.	2	2	0	10	86
It was fun to conduct secret shopping research.	0	0	4	6	90
I am more interested in marketing research after secret shopping.	0	0	6	6	88
I am more interested in service quality after secret shopping.	0	0	6	2	92
After secret shopping, I have a better understanding of observational research methods.	0	2	2	2	94
Secret shopping was a good way to gain firsthand marketing research experience.	0	0	2	8	90
Secret shopping was a good way to be exposed to a real business situation.	0	0	2	8	90
I enjoyed working with our client.	0	0	4	12	84
Conducting secret shopper research helped facilitate discussion of ethical issues in marketing research.	0	2	8	16	74
Secret shopping could be applied effectively in other marketing courses.	2	6	8	24	60