Improving the Car Sales and Service Experience with Mystery Shopping

By Al Goldsmith, Vice President, Virtual Customers Research Group, Maritz Research and Scott Pimley, Ph.D., Strategic Consulting Director, Maritz Research
The serious economic downturn over the past few years has made a profound impact on the international automobile industry. Both domestic and foreign based OEMs have drastically changed how they manage their businesses in an effort to simply to survive. Certainly OEMs had to become leaner, but this was not the only issue automakers faced. Specifically, they needed to strengthen relationships with consumers in order to retain their current customers and to attract new ones.

Today, the automotive industry is leaner (fewer employees, dealerships, and brands) and, the focus has shifted to providing buyers with products they want, at attractive prices, and with a level of service that keeps them coming back. However, maintaining this level of service is a constant challenge, particularly in the area of customer satisfaction. How important is customer satisfaction? A 2009 Maritz Research study took a closer look at dealerships that went out of business during 2008. We found dealerships that went out of business during 2008 not only had lower annual sales, they also had lower customer sales and service satisfaction scores in both 2006 and 2007 than dealerships that remained in business. (Read the full article on this study, “When the Going Gets Tough, Customer Satisfaction Matters”, by David Ensing, in the Fall, 2009 edition of the Maritz Research Forum).

The present article focuses on how automobile manufacturers can use mystery shopping research as a means of taking a deep dive into various aspects of automotive sales and service experiences. Armed with the information obtained, OEMs will have information on how to better deliver customer service. We start by discussing how mystery shopping works, the unique contribution it makes to understanding customer experiences, and then provide a couple of case studies to illustrate how mystery shopping can be used to improve performance.

**Mystery Shopping: How It Works**

So what is mystery shopping? It is essentially a form of quality assurance monitoring.

Here is how it works.

People (“shoppers”) posing as customers go through actual product or service encounters systematically recording the incidence of specific events or customer contact associate behaviors. The expert mystery shopper often makes additional measurements or observations regarding the product/service experience as well. In essence, mystery shoppers are not “real” customers, but actors playing customers. Once they have played their part, shoppers are asked to download their views of the experience in detail, thus providing insight on how real customers would react to the experience.

Maritz has conducted mystery shopping research for automotive manufacturers helping them evaluate sales and service areas and identify potential service gaps. Mystery shopping can be conducted in person or via the Internet or telephone, depending on which aspect of an experience an OEM wishes to evaluate.
On both regional and national levels, mystery shoppers pose as real customers either visiting dealerships or service centers, calling service centers, or going online to answer questions. For each dealer visited or called, they complete an objective evaluation based on:

- Operating standards
- Marketing – brand promise
- Industry best practices
- Voice of the customer feedback

Mystery shopping efforts should serve as an integral part of an overall customer experience measurement initiative. Mystery shopping data is most effective when an OEM incorporates it into a framework of service quality research including customer satisfaction measurement, customer loyalty/retention, lost customer studies, or employee research. In addition, OEMs can apply mystery shopping results to a wide range of performance improvement strategies. Some examples of how to use mystery shopping include:

- To verify and measure dealer marketing activity
- To verify and measure the competitive landscape
- To monitor or to audit conformance to manufacturers’ brand and compliance standards
- To evaluate employee performance and compliance to standards or marketing initiatives such as product placement or promotion display
- To deliver immediate recognition to dealership sales or service staff who have met all objectives
- To assess how knowledgeable the sales force is with regard to new models and their features

The format for reporting all data pertinent to the customer/staff transaction should be structured so that it prompts a call to action. This timely information allows local and regional managers to take immediate steps toward improving performance. It allows the corporate office to compare reality with operating standards and industry benchmarks, and to see how this performance improves over time as the OEM puts strategies in place.

**Mystery Shopping: Its Unique Contribution**

While most OEM’s already conduct and attain extensive research on how their customers perceive their experiences, it is not always possible to get all the answers needed to make the most accurate assessments. Customers are very good at evaluating the general details about their sales and service experiences and providing input from their perspective. However, sometimes an OEM needs to obtain very specific, very microscopic, details, about a particular aspect of a transaction. It is these instances that bring even greater value to a mystery shopping program.

For example, manufacturers may wish to assess how well a particular sales associate explains specific details of a new technological feature. This is not something that customers, who may have limited interest in the particular topic, are especially good at evaluating. But a trained mystery shopper knows exactly what the sales associate should be conveying to maximize the message. Similarly, an OEM may want to better understand how dealership personnel treat customers during the negotiation portion of the sales process. This can only be accomplished through a mystery shopping program. Some points requiring evaluation might be so specific that asking customers to evaluate them after the fact would not be
fruitful. Another example would be a situation where an OEM is interested in understanding how local competing dealerships perform relative to their own stores. Intelligence on competitors’ customer experiences is not something that is readily available to an OEM, and mystery shopping provides a way to obtain it.

In short, when an OEM needs systematic intelligence on very specific aspects of customer experiences, it makes good sense to consider mystery shopping. The following case studies reflect how automotive manufacturers may actually use mystery shopping to answer important questions about how customer service is being carried out, and more importantly, how it could be improved.

**Case Studies**

**Case Study #1: Evaluating Pricing and Negotiation Standards**

An OEM adopted a new approach with regard to specific dealership standards covering pricing and customer negotiations. The manufacturer develops the standards as a means of differentiating its purchase process from the competition; however, this critical initiative will only be as effective as the individual dealership’s ability to follow through. In order to assess dealership compliance with the newly established standards, a mystery shopping study was used.

Mystery shoppers were engaged to assess the three channels of customer to dealership communications and interactions – telephone, Internet, and in-store. Multiple dealerships were shopped multiple times. Mystery shoppers evaluated several key purchase process steps including online experience, welcome, consultation, and product presentation.

- The mystery shopping program identified areas within the purchase process where dealerships were meeting and falling short of standards.
- The data was then scored for corporate, regional, and dealership levels via a web reporting site.
- Dealerships were able to access the data as the results of each shop became available. Subsequently, they implemented improvements to enhance the customer experience and comply with the automotive manufacturer’s standards.

**Case Study # 2: Competitive Intelligence**

An OEM wanted to better comprehend how its dealerships were performing on sales and service compared with local competitive dealerships, and whether the OEM is competing effectively. This program provided dealers with comparable results of nearby competitive automobile dealerships. Once again, this information was available via Web-based reports which included an executive summary and action reports.

The manufacturer develops the standards as a means of differentiating its purchase process from the competition; however, this critical initiative will only be as effective as the individual dealership’s ability to follow through. In order to assess dealership compliance with the newly established standards, a mystery shopping study was used.
The program was designed to observe several key touch points at both the OEM's and competitions' dealerships, as follows:

- Multiple in-dealer shops at their location and their closest competitors' locations
- Shops would begin with an Internet inquiry followed by a phone call to the dealership and conclude with a visit to the dealership
- Multiple client only Internet sales shops
- Multiple client only service shops

The mystery shopping program identified how overall satisfaction levels for mystery shoppers compared between competitive dealers and the OEM's own dealers. These results were then used to identify the service gaps and as the basis for training/consultation at each dealership.

**Conclusions**

An effective mystery shopping program can provide insights into many aspects of customer experience that are not easily obtained using traditional customer experience measurement approaches alone. Feedback obtained from mystery shopping will most likely lead to positive change when you integrate the information with ongoing customer experience measurement programs. By integrating customer experience measurement with mystery shopping, an OEM and its dealers are better able to identify gaps in meeting operating/business standards, and to understand how a dealership is performing relative to customers’ expectations.

The Maritz Automotive Research Group works closely with our internal team of experts in mystery shopping, known as the Maritz Virtual Customers Research Group, to develop solutions for our clients. Thus, our solutions use best-in-industry mystery shopping techniques that meet the needs of the automotive industry. We are pleased to discuss our mystery shopping capabilities with you any time you feel such programs could contribute to improving the customer experience.

For more information about Maritz Research Mystery Shop Programs for the automotive market, please visit: maritzresearch.com/virtual-customer-auto.