

# Members in Disguise

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**'Undercover' mystery shoppers  
increase member loyalty  
and satisfaction.**

Imagine how you'd feel if you walked into a credit union to open an account and the member service representative couldn't tear herself away from her computer game long enough to greet you. Or if you called your credit union with concerns and were put on hold so long you finally hung up.

These are experiences people share with others ("The high costs of member dissatisfaction," p. 79). The revolving door of poor service can keep you from reaching your goals. To improve, you first must know where you *can* improve.

Undercover mystery shopping programs implemented with buy-in from employees give you an edge toward improving and anticipating members' needs—from their perspective.

## FOCUS

- ▶ **Employees** want to be caught doing something great.
- ▶ **Program success** depends on preparing employees to be on the receiving end of anonymous shopping experiences.
- ▶ **Mystery shopping** findings are measurable, trackable, and accountable.

### **Growth opportunities**

Mystery shopping programs are effective alternatives or supplements to member surveys, according to

Melissa Havel, vice president of strategic services with Plus4 Credit Union, Houston.

She says mystery shopping gives credit unions a different view on satisfaction levels. Plus4 implemented its mystery shopping program in 2004 and a sales shopping program in 2005.

"We recognize that changing to a sales culture is an overwhelming task," says Havel. "But we not only have employee buy-in, we have member acceptance because of how we approached it."

The \$148 million asset credit union didn't want employees to feel the program was being forced on them. After researching shopping options, Havel selected Support Financial Resources Inc., Centerville, Ohio, to provide a Web-based program tailored to Plus4's needs.

How would you like to be treated? The answers to that question form the bedrock of the credit union's mystery shopper training program.

The success of mystery shopping programs depends on preparing employees to be on the receiving end of anonymous shopping experiences, says Havel. "Employees are trained to realize high scores aren't the only thing we're looking for. Mystery shopping helps everyone grow."

The program focuses on "five-star service," she says. "As we were setting goals and minimum requirements for staff, we identified five key areas employees should follow without the need of specialized training or skills."

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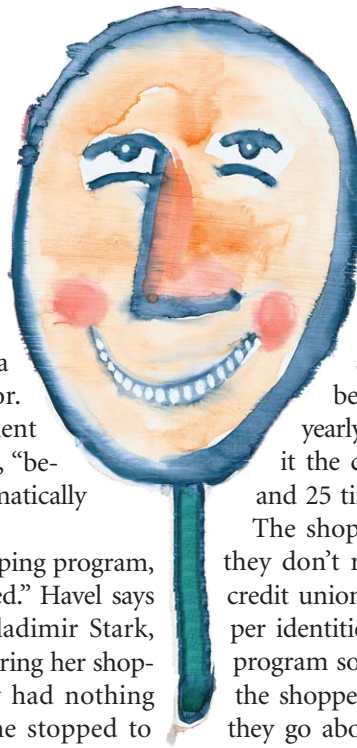


- Components of five-star service:
1. **Greet** members with a smile.
  2. **Make** eye contact.
  3. **Call** members by name.
  4. **Ask** if you can help them with anything else.
  5. **Thank** them for their business.

Havel says if employees aren't offering five-star service, they go through a coaching phase with their supervisor. "Coaching has proved to be an efficient method for making changes," she says, "because employee behavior usually dramatically improves within a couple of months."

Upon implementing a mystery shopping program, no one is exempt from being "shopped." Havel says one mystery shopper came across Vladimir Stark, the credit union's CEO, in the lobby during her shopping transaction. "Her visit that day had nothing to do with Mr. Stark. But because he stopped to greet her, she recorded the pleasant conversation they had."

After each monthly shop, when the credit union knows the mystery shopping scores and presents them at management meetings, it honors individuals for their achievements. "There's always positive reinforce-



ment with applause, and we use gift cards to reward service well done," Havel says.

"Mystery shopping is an important marketing tool because it's measurable, trackable, and accountable," she says. The credit union chooses shoppers through a random selection process culled from its membership. Each member selected makes a yearly commitment. "Mystery shoppers visit the credit union, on average, between 19 and 25 times per month," says Havel.

The shoppers conduct actual transactions so they don't reveal they're "undercover." Still, the credit union must stay on its toes to keep shopper identities secret. "We rotate members in the program so our employees don't figure out who the shoppers are," Havel says. "Most important, they go about their banking just as they always do, but they record their experiences."

The credit union has found mystery shopping a valuable tool for growing and meeting evolving member needs. "We don't think of mystery shopping as a marketing 'program' anymore," says Havel. "Now it's part of our culture."

## ► WHY USE MYSTERY SHOPPING?

"When staff members understand why mystery shopping programs are being put in place, they tend to support them," says John Swinburn, executive director of Dallas-based Mystery Shopping Providers Association (MSPA). "It's important for staff to understand these programs aren't intended to seek and find bad behavior. They're intended to record real experiences and determine where service can be enhanced."

Because nearly every industry uses mystery shopping, MSPA members include more than 200 organizations worldwide, such as market research, private investigation, and training organizations.

Swinburn notes real-world experiences can uncover strengths that otherwise may not get the applause they deserve. "Mystery shopping can showcase people who deserve special attention and recognition," he says.

MSPA hires mystery shoppers, who are independent contractors, directly through mystery shopping companies. The association offers an optional certification process to become Gold or Silver Certified Mystery Shoppers.

"The certification is a sort of 'stamp of approval' that tells mystery shopping companies a shopper has been trained in the essentials of mystery shopping," he says. "Many shopping companies strongly prefer using certified shoppers."

Data can track service trends at branch or regional levels, and credit unions can use the information to restructure training programs, he explains. Another area setting mystery shopping programs apart from other customer experience management tools is tracking measurements comparing one financial institution with a competitor.

Swinburn says when financial institutions realize success often depends on quality service, they use mystery shopping to learn about customer trends and experiences. One institution implemented a mystery shopping program to discover its strengths and weaknesses, and to see how it compared with local competitors.

"The initial benchmark shop scored 80%, a superior rating. But the local competitors scored better—87%," he says. "The institution worked with employees to pinpoint areas needing improvement. In nine months, the institution increased its scores to an excellent rating of 94%, far higher than the competitor's score of 79% during the same time frame."

Perhaps more important than comparisons, he says, is mystery shopping programs "can increase customer service performances and ultimately expand relationships—and create new ones—by meeting customers' needs."

## ▶ THE HIGH COSTS OF MEMBER DISSATISFACTION

If you're not convinced excellent member service matters, consider that every customer who feels "wronged" tells eight to 16 other people about their negative service experience, according to Technical Assistance Research Programs Inc. (TARP), Arlington, Va. Can you afford to do business like this?

Other TARP findings to consider:

▶ **Ninety-one percent** of unhappy customers/members don't return if you don't resolve their complaints. Many don't complain, but they take their business elsewhere because they believe complaining won't do any good.

▶ **Many customers** leave because they believe the institution doesn't care about them or their business.

▶ **Attracting new** customers always costs more than keeping existing ones.

▶ **You're in control** in keeping members happy.

### CU's shop each other

While some credit unions use professional shopping programs or their own members to glean feedback, two metro Atlanta credit unions shopped each other to gain inside information.

A few years ago during a quality assurance initiative, executives from \$403 million asset Georgia Federal Credit Union, Duluth, and \$71 million asset Excel Federal Credit Union, Norcross, brainstormed about the need for objective, third-party employee assessment. Georgia Federal CEO Warren Butler came up with the "you shop us, we'll shop you" idea.

For three months, Georgia Federal employees shopped four branches of Excel Federal for 19 visits. Excel Federal employees visited seven Georgia Federal branches for 22 shops. Kim Wall, Georgia Federal's vice president of marketing, was one of the shoppers.

The mutual shopping experience showcased several things, she notes. "First, it showed the cooperative effort of credit unions. But it made us aware more than ever that we should always hire individuals who have a heart for serving others."

At the outset, the credit unions set service standards, conducted quality service training, and handed out "back to basics" surveillance report forms to mystery shoppers. The forms covered desired actions for teller, financial service officer, drive-up, and telephone transactions. Shoppers checked yes or no next to desired actions, such as calling members by name. They also commented about behavioral traits such as attentiveness and professionalism.

"We always coached our employees for desired behavior and member service attributes, but the real test came when those three employees from Excel came over and opened accounts," says Wall. "At the same time, three of

us opened accounts at their credit union." The secret shoppers used marketing dollars—\$100 per shopper—to open each checking account.

What did Georgia Federal learn from the three-month experience? "It may sound simplistic," says Wall, "but employees are on their best behavior when you set them up for success and they know others are watching. When you clearly communicate your standards, watch them rise to the challenge," she says.

During the shopping exchange, Wall says employees wanted to be caught doing something great. She often heard them say they had just been shopped. "When I called Excel to see if they had sent over a shopper that day, sometimes I found out they hadn't. Our staff were so excited and tuned in to the program. They looked forward to being shopped, even when they were actually just taking care of our members."

From the shopper's perspective, Wall still remembers the member service representative who opened Wall's checking account at Excel Federal as "terrific." She adds, "I'd hire her in a minute."

While Georgia Federal hasn't shopped another credit union recently, the experience still rings positive. The credit union may reactivate the program with another Atlanta credit union. In the interim, Georgia Federal uses report card surveys to assess members' perceptions. The forms, available at all branches, request feedback about exceptional service, and service that misses the mark.

"We believe member service isn't just a department, it's an attitude," Wall says. "We're always looking for new, albeit sometimes unconventional, ways to deliver exceptional service and gather feedback from our members."

### Low tech to high tech

Oliver Chang, data analysis manager with Marketing Systems Unlimited Corp., based in Iowa City, says, "The No. 1 reason companies use mystery shoppers is to improve operations." Since 1982, the company has offered mystery shopping programs to various industries.

"We started with pencil and paper surveys and [scanned survey results]," says Chang. "Today, our coded data collection process can be e-mailed to the client or posted on the Web for secure access."



**'When you clearly communicate your standards, watch [employees] rise to the challenge.'**

Kim Wall

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The company bases its data collection costs on the questionnaire's complexity more than on frequency. Some companies want monthly shops, while others do quarterly or biannual, in-depth audits.

"The depth of detail is key to cost and helping organizations reach their goals," says Gene Lytle, vice president. "If they want feedback on customer perception—the smile component, for example—the mystery shopper might go into the business with just 12 to 15 questions. Other companies want a far more involved survey, and that takes time."

"Speaking in general terms, a 20-question survey done four times a month for a 10-branch business unit costs between \$20 to \$40 per survey," says Chang. Contract length and remoteness of the locations also affect price.

Experience also is part of the equation, because mystery shoppers don't walk into a business with a clipboard and a list of questions. "They have to retain the information they gather and recall conversations verbatim," Lytle says. Shoppers carry digital watches to record transaction, wait, total, and other times. Chang notes, "Over the years, we've found faster service isn't necessarily better."

For the reporting phase, businesses specify which

## RESOURCES

- ▶ Marketing Systems Unlimited Corp., Iowa City: 800-732-3213 or [msultd.com](http://msultd.com).
- ▶ Mystery Shopping Providers Association, Dallas: 972-406-1104 or [mysteryshop.org](http://mysteryshop.org).
- ▶ Support Financial Resources Inc., Centerville, Ohio: 800-444-5465 or [serviceexperiences.com](http://serviceexperiences.com).
- ▶ TARP Worldwide U.S., Arlington, Va.: 703-524-1456 or [tarp.com](http://tarp.com).

managers are to receive the mystery shopping data from the field. "Within the report, most clients want specific employee names mentioned," Lytle says. So, are mystery shoppers "out to get" employees?

"On the contrary," says Chang. "We're hired by management to help people throughout the organization do their jobs better."

Mystery shopping can be a fringe benefit for many employees because management may not realize what it's like to be a teller, or be aware of the challenges and hurdles of day-to-day encounters and transactions. The goal is to objectively offer feedback and improve member experiences, adds Chang. ©