
TAKE A FRESH LOOK AT MYSTERY SHOPPING

There's new opportunity in an old reliable

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"People aren't connecting the dots," says Chad Watkins, manager of the market intelligence group at Informa Research Services. Many bank customer service representatives don't pick up on the clues that will help them put customers into the best combinations of products to meet the needs of today's customers.

Being able to match customers to the best overall package for them takes good listening and connective intelligence, according to Watkins, whose firm offers "mystery shopping" evaluations to financial institutions. Watkins explains that a customer service representative who is approaching a customer interaction one-dimensionally will, when asked about checking accounts, try to put the customer into the best account their financial institution offers, given their understanding of the features that the prospect is looking for, their feelings about fees, etc.

However, what separates the real winners in customer contact positions from those who stick to the limited view described is the ability to profile a customer. Watkins says that this means drawing them out to obtain a fuller picture of their financial needs. A customer service representative who's firing on all cylinders will find out that the customer has, or needs a mortgage, for example. That might allow them to put the customer into a premium checking product that gives the customer a break on their mortgage or refi. This gives the customer an advantage and gives the bank a two-product sale instead of one.

Going beyond "good morning";

Mystery shopping for banks used to be solely about the customer experience, according to Watkins, but the technique has evolved considerably. Yes, basics like greeting the customer and such still matter, but the depth and breadth of what banks need—and want—to find out about has increased.

"It should be expected that employees are being pleasant and friendly," says Watkins. "It doesn't mean that they are doing a great job."

Increasingly, Watkins says, banks that mystery shop their staff do it to follow up on training that employees have received. This may be to determine how effectively they are probing customers to ascertain their needs and preferences in banking services.

They may also be evaluating sales effectiveness. "Bankers are doing a really bad job at asking the customer for their business," says Watkins. Frequently, he says, "they are definitely not closing the sale nor offering to follow up."

Shopping can point out such poor followthrough, enabling the bank to implement remedial steps.

Check compliance on the front line

But sales effectiveness and customer probing aren't the only targets for mystery shopping. Watkins says other topics can include compliance as related to the customer experience. Shops may be conducted in order to ensure that the messages that front-line employees have been taught to convey are being delivered, and delivered properly. For instance, Watkins says that his firm did many mystery shops for banks that wanted to see how well their representatives were explaining the 2010 debit overdraft opt-in decision to customers. (Specialized shopping techniques, such as matched-pair testing, are used to evaluate fair lending performance.)

This brings up a key element of mystery shopping, from Watkins's perspective: timing.

"You never want to test employees for something they haven't been trained for," says Watkins, "unless you also intend to train them" based on the findings of the mystery shopping.

Actually, Watkins believes that too many bank product managers tend to train once and then assume that employees "get it," whatever "it" is. After launching a new product, they tend not to go back and see if the product is being sold correctly by the front-line force.

When customers select alternative channels

Bank customers and prospects come together with bankers in more venues than the live interaction in a physical branch, of course. Watkins makes two points on that.

First, he indicates that the likelihood that some customers are rarely physically present in their bank's lobby emphasizes the importance of the live transaction, and evaluating employee effectiveness when it occurs.

"Let's say that I go to my branch twice a year," says Watkins. "When I do, are employees taking advantage of that?" What this implies is that, with fewer opportunities for face-to-face selling, employees need to be more effective, more analytical, more persistent.

Watkins also makes the point that as more banking business moves to alternative channels, the customer experience in these newer spaces can also be mystery shopped.

This takes multiple forms. The firm performs mystery shops on bank chat functions, for instance, looking at the employee's ability to probe for information through that channel, just as face-to-face shops check for this effort.

Informa even engages in mystery shops of social media communication, such as through Twitter. Much of this, so far, concerns banks checking out how competitors are interacting with customers and prospects through social media.

Indeed, on all fronts, mystery shopping isn't only about checking out the bank's own employees. Watkins says it's also about amassing competitive intelligence, finding out what rivals are doing in cyberspace—and real space.

This blog is a companion article to "How good is your service?" which appears in the Community Banking department in the December 2010 ABA Banking Journal. A related article concerning the mystery shopping program at Tustin, Calif.'s Sunwest Bank describes a "whole-bank" shopping effort. A "Pass the Aspirin" blog relating to service can be found here.

Blog Bio:

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