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March 2013 Client Newsletter

Dear Judi,

I hope you enjoy my article on competitor intelligence recently printed in Quirk's, a nationwide market research magazine.

Judi

Using competitor mystery shopping to evaluate your own SWOTs

I first learned the importance of competitor intelligence in business graduate school. There, our professors emphasized that every business is duty-bound to understand not only who its competitors are but also their competitive strengths and weaknesses. Only then can you evaluate your own firm's relative SWOTs (strengths, weaknesses, opportunities, threats). Knowing more about your competitors will thus help your business grow and succeed.

While traditional market research is a tactical, methods-driven discipline that measures beliefs and perceptions through surveys or focus groups, competitor intelligence uses both primary and secondary research and goes beyond answering existing questions to raising new ones and guiding action. A broad definition of competitive intelligence, or CI, is "the legal and ethical activity of systematically gathering, analyzing and managing (publicly available) information on competitors." This is in sharp contrast to industrial espionage, which can be described as attempting to obtain trade secrets by dishonest means, as by telephone- or computer-tapping or infiltration of a competitor, etc.

Our firm first started offering competitive intelligence in 1992 by conducting product comparison mystery shops. These consisted of either visiting or telephoning key competitors to ascertain the pricing of various products. Since then we have been asked to shop the competition for a wide variety of reasons, primarily focusing on relative prices and customer service skills.

Case study: trade show/event supplier

A supplier of furnishings and equipment for trade shows and events wanted to know what its key competitors charged for delivering and renting chairs, tables, bar stools, plants, wall hangings, etc., so it could review its prices and learn what was included in delivery and set-up fees as well as assess lead time needed by competitors. Mystery shoppers first checked specific competitor Web sites, then asked a few questions via e-mail and, if necessary, called those competitors personally, asking such questions as: Does your rental furniture meet state standards? How many of each item do you carry? What colors do you offer? What are the prices for rental, delivery, setup, tear down?

What is the minimum order?

Sometimes this required several calls in order to gather all the information requested by the client. This client also used the information when restructuring and re-pricing its offerings.

Case study: communication services

A client offering TV, Internet and telephone services needed to know how prominently its products were being displayed and promoted in the big-box stores and how well that promotion was being done. Mystery shoppers visited specific stores to observe point-of-sale displays and ask about specific products to see which brands were recommended and why. For example, they looked for signs and brochures from that client, then asked the salesperson a question and noted which providers were mentioned and promoted by that salesperson and how positively each company was promoted. They also ascertained product knowledge and sales ability. This study helped the client measure not only the effectiveness and thoroughness with which its offerings were displayed and promoted but also how that compared with the displays and promotions of its competitors.

Case study: financial institutions

Many sophisticated clients appreciate that real competition is based not only on prices, product features or promotions but perhaps even more on the overall customer experience. This is the reason one of our bank clients has periodically asked us to shop the competition for the multiple assessments.

When a new financial institution was moving into this client's market area(s), mystery shoppers went to branches of that competitor to ascertain the product knowledge, customer service and sales ability of frontline employees, as well as what products were being emphasized and promoted. This was also the case when the client planned on expanding into a new market area. In both cases, shoppers focused on traditional mystery shop questions such as wait time, greeting skills, friendliness, attentiveness, product knowledge, need exploration, cross-selling, etc. Shoppers were asked to convey a sense of the culture and atmosphere of the competitors compared to the client's branches. This client also wanted data reports which compared the average mystery shop results of the shopped institutions to their own institution. In both instances, the client was assisted in positioning its products, services and employee presentations by the information gathered.

In another example, several financial institutions wanted to know what their top competitors charged for 10 to 20 key products as well as various features of those products. Of course this involved multiple calls, as mystery shoppers were acting as potential customers and couldn't reasonably ask the cost structure of more than a few products at a time. For example, when exploring checking accounts, the shoppers needed to find out from each financial institution its interest rates, activity charges, balance required to earn interest, minimum balance service charge, exemptions from that charge, overdraft protection fees, annual fees/interest and whether combined statements and preauthorized transactions were offered. Clients used this valuable information to restructure and sometimes re-price their own products and services.

Case study: Web sites/e-commerce

As more and more prospects and customers are shopping online, several clients have had us shop the Web sites of both their own business and those of major competitors to evaluate the look, feel and friendliness of the site, how easy it is to navigate, what products were being offered and response times to an inquiry.

The mystery shoppers answered such questions as: Were you able to locate the site easily? What was your impression of the bank (or store) after reviewing their site? What three words best describe the site? How easy was the site to navigate?

They then reported their overall impressions qualitatively by explaining which financial institution or store they would do business with based on their overall experience and why. Obviously, this helped the clients determine whether and how to redesign their Web sites to be more competitive.

Involves all aspects

As you can see from these examples, competitor intelligence involves all aspects of business management, not just the products, services and prices that are traditionally the focus of market research. And competitive mystery shopping is an effective way to acquire this necessary information. It is an ethical, legal and vital business practice, invaluable in growing your business and improving your bottom line.

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Upcoming Events:

Geoscape - "New American Mainstream Business Summit" conference on April 3-4 in Miami. Click [here](#) for more information.

IIR - "Total Customer Experience Leader's Summit" - April 8-10 in Boston. Click [here](#) for more information.

IIR - Fuse Conference on Design & Culture / Brand Strategy & Packaging on April 15-17 in Chicago. Click [here](#) for more details.

Walker Information - "B2B Customer Experience Summit" on May 1-2 in San Diego. Click [here](#) for complete details.

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