



INSTITUTO
UNIVERSITÁRIO
DE LISBOA

Customer company role on the criteria formulation of the Mystery shopper

Beatriz Bandeira da Silva Caniço

Master in Management

Supervisor:

Assistant Professor, Prof. Maria Conceição Santos, Department of Marketing, Operations and General Management, ISCTE Business School

October 2022



BUSINESS
SCHOOL

Department of Marketing, Strategy and Operations

Customer company role on the criteria formulation of the Mystery shopper

Beatriz Bandeira da Silva Caniço

Master in Management

Supervisor:

Assistant Professor, Prof. Maria Conceição Santos, Department of Marketing, Operations and General Management, ISCTE Business School

October, 2022

Acknowledgements

To begin with, I would like to thank to my supervisor, Professor Maria Conceição Santos, for all the support, valuable advices and guidance she has given throughout the development of my dissertation. She's made herself always available to clarify my doubts and to ensure the best possible content was being achieved, which I'm truly grateful for.

I would also like to thank all the respondents that made themselves promptly available to be interviewed for this dissertation. The openness showed to answer all the questions, as well as the concern to give answers with as much detail as possible, were definitely the most important input in order to take the development of this work to another level.

Lastly, I cannot begin to express my gratitude to every special people that surrounded me throughout the entire process, for their unconditional love and support.

Resumo

A economia está a tornar-se cada vez mais orientada para o serviço, levando as empresas a competir através da prestação do serviço. O cliente mistério é um método objetivo de medir a qualidade do serviço, através de observação direta com base em vários critérios de medida da qualidade. O objetivo deste estudo exploratório é perceber se as empresas cliente intervêm na formulação dos critérios de avaliação do cliente mistério. Foi tida também alguma atenção ao método do cliente mistério, compreender se os critérios são adaptados, que critérios são considerados mais importantes e as razões pelas quais as empresas clientes recorrem a este método. Para reunir a informação necessária, foi definida uma abordagem qualitativa. Foram conduzidas sete entrevistas em profundidade a clientes mistério, e dez a empresas clientes. Todos os clientes mistério pertencem à mesma empresa de cliente mistério, que atua em várias indústrias, assim como as empresas cliente que são de diferentes indústrias. No sentido de obter uma explicação detalhada sobre diferentes aspetos do método, foram formuladas proposições. Através da combinação da informação recolhida, foi feita uma análise, que evidenciou a intervenção das empresas cliente na formulação dos critérios, onde a sua opinião é sempre tida em consideração, sendo que os critérios são constantemente adaptados às empresas, indústria e tipo de prestação de serviço. Além disso, os resultados da avaliação feita pelo cliente mistério, são sempre usados pelas empresas cliente para fazer as melhorias necessárias no serviço, e também para dar formação aos colaboradores.

Palavras Chave: Cliente mistério, prestação serviço, formulação de critérios, métodos de avaliação da qualidade do serviço

JEL Classification System:

M31, L80, M19

Abstract

The business world is becoming increasingly service orientated, which leads companies to compete with the quality of its service experience. The mystery shopper is an objective service quality measurement which presupposes a direct observation using several criteria. On the context of B2B relationship, the aim of this exploratory study is to understand if customer companies intervene in the criteria formulation that mystery shopper's firms use to evaluate the service delivery. Also, attention has been paid to the mystery shopper method itself, comprehend if criteria are adapted among different industries, which criteria are found most important, and the reasons why customer companies resort to this method. Several propositions were defined in order to have a detailed explanation about the relationships between the two companies' players and the mystery shopper procedures. To collect information regarding these aspects, a qualitative approach has been followed, targeting several industries. To collect the supplier's perspective, seven in-depth interviews with mystery shoppers were conducted, all belonging to the same mystery shopper company. The customers companies' side has been collected through in-depth interviews with ten companies from diverse industries. The analysis performed by combining the data gathered, show that customer companies intervene in the criteria formulation, where their opinion is always taken into consideration, as the criteria are continuously adapted to the company, industry and type of service delivery. Moreover, the outcomes resulting from the mystery shopper evaluation are used by customer companies to make improvements in service, as well as to give training to the service employees.

Keywords: Mystery Shopper, Service Encounter, Criteria Formulation, Service Quality Measurement

JEL Classification System:

M31, L80, M19

Index

Acknowledgements.....	i
Resumo.....	iii
Abstract.....	v
Index of tables.....	ix
1. Introduction.....	1
1.1 Purpose and importance of the study.....	1
1.2 Research questions and objectives	2
1.3 Structure of the thesis	2
2. Literature Review	5
2.1 Service Nature	5
2.2 Service Encounter: typology and components	6
2.3 Customer Expectations.....	10
2.4 Service Quality	11
2.5 Service Quality Measurements.....	12
2.6 Mystery Shopper	13
2.6.1 Concept	13
2.6.2 Method/Process.....	13
2.6.3 Main Advantages	14
2.6.4 Mystery Shopper Selection	14
2.6.5 Mystery Shopper Evaluation Criteria Frameworks	15
3. Framework and Research Propositions	19
4. Methodology.....	21
4.1 Data collection and research sample	21
5. Results and Discussion.....	25

5.1 The mystery shopper process, namely criteria formulation (Proposition 1)	25
5.2 Evaluation criteria organization and industries (Proposition 2, 3 and 4)	26
5.3 Criteria adaptation (Proposition 5)	28
5.4 Advantages of the mystery shopper method and outcomes (Proposition 7)	29
5.5 Mystery shoppers visits as a representation of regular customers visits (Proposition 8)	31
6. Conclusion	33
6.1 Suggestions and contributions	34
6.2 Limitations	35
6.3 Future Research	36
7. References	37
8. Appendix	41
A. Interview script – Mystery shoppers	41
B. Interview script – Customer Companies	42

Index of tables

Table 1 - Frameworks	18
Table 2 - Customers Companies Participants	23

1. Introduction

1.1 Purpose and importance of the study

Nowadays, we are offered with a lot of choices as we are living in an increasingly competitive business world. Therefore, in order to have competitive advantage, companies are trying to figure out the best solutions, being the most common one the ability to deliver high service quality (Dutt et al., 2019). Furthermore, they state that if companies can manage to provide a great service, that is going to result in high customer satisfaction and strong customer loyalty, as consumers are becoming more loyal to brands, products, devices and retailers that are capable to offer augmented value in a consistent way with the slightest problems or inconveniences (Puthiyamadam & Reyes, 2018). However, these same consumers are the ones that are willing to leave the company after only one bad experience (Puthiyamadam & Reyes, 2018). In order to provide an exceptional customer service, employees are the most important aspect in the equation, since they are the ones that have direct contact with the customers. The knowledge and the skills that they own are key, especially in the service sector, as they must have the right competences to fulfill the customers' needs (Shanujas & Ramanan, 2021).

That being said, the service experience is a major source of competitive advantage and differentiation that companies must pay attention to. In order for companies to assure they are delivering the best service, there are several service quality measurements that can be used to evaluate the service. From all the measurements, where the majority of them are subjective once they depend on customers perceptions, the mystery shopper method is the only objective method that implies a direct observation of the service performance by qualified professionals.

The mystery shopper method is not frequently used by companies, as there may be details and aspects about the method, that people aren't aware. One of the main aspects that can rise some questions is how the criteria are formulated. Therefore, this master thesis will provide different insights about the mystery shopper method, and specifically, about the criteria formulation.

In order to give those insights, and gather the information needed, it was developed qualitative research. Seven mystery shoppers and ten customer companies were interviewed, so that inputs from both sides were considered.

1.2 Research questions and objectives

The main studies identified in the literature, focus on the criteria used by the mystery shoppers in different industries. However, none of those studies specifies how those criteria are formulated, and whether the customer companies may intervene in the criteria formulation.

To address this gap, the research aims to further understand if the criteria determined by the mystery shoppers to evaluate a service, take into consideration the criteria found important by a customer company, as the research question is: how are the criteria formulated between the customer company and the mystery shopper supplier company? Therefore, the main objectives of this study are:

- (1) To understand if the criteria that mystery shoppers use to evaluate the service are adapted to each type of customer company (industry and type of service delivery).
- (2) To understand if the criteria that customer companies find most important to be evaluated in their service are taken into consideration.
- (3) To further explore and understand the mystery shopper method.
- (4) To understand the reasons why companies resort to the mystery shopper method.

To fulfil these goals, the relevant literature regarding the mystery shopper method and the service encounter will be examined. Also, primary data will be gathered through in-depth interviews, that will be conducted with both mystery shoppers and customer companies.

1.3 Structure of the thesis

The present dissertation is organized in six main chapters:

- 1) Introduction: in this chapter a contextualization and definition of the research problem will be done, as well as the definition of the study relevance. Also, the research questions and objectives of this exploratory study will be defined.
- 2) Literature Review: an overview about the service delivery will be given, mainly its nature, quality, quality measurements and the service encounter (typology and components). Additionally, it will be provided an overview of the mystery shopper method, namely about the concept, process, advantages, selection and criteria frameworks.
- 3) Framework and Research Propositions: includes the research propositions that were defined, along with the reasoning in which their formulation was based on.

- 4) Methodology: where information and details regarding the data collection and research sample will be shared.
- 5) Results and Discussion: the main findings will be presented in this chapter, regard to the research propositions previously defined.
- 6) Conclusion: this chapter contains the suggestions and contributions, the limitations of this study and the bullet points for future research.

2. Literature Review

In this chapter, an overview will be given regarding several subjects that are important to get a deeper understanding about, so that a further study can be pursued. Subjects such as the service delivery, namely about its nature and its characteristics, so that an awareness about its specificities is raised, especially when performing its evaluation. Then, the concept of service encounter will be studied, mainly the typology and the components, since it comprises the moment when the interaction happens, which is the most crucial one in the overall service delivery, and where the evaluation takes place. It is also where customer expectations may play a certain role, as it is another concept briefly studied.

It is also studied the concept of service quality, considering it is the ultimate reason why companies submit their service to evaluations, to assure they have a quality service. To do so, there are available several service quality measurements, which is another subject analyzed, and where a conclusion will be made regarding the mystery shopper method.

Lastly, there is a deep analysis regarding several aspects of the mystery shopper, such as: the concept, the method, the main advantages, the selection process and the criteria framework.

2.1 Service Nature

Economies are becoming increasingly service orientated, as they grow day by day globally (Dutt et al., 2019). As the service sector grows, Lewis and Entwistle (1990) claim that consumers are becoming more wealthy, sophisticated, well informed, further discerning about purchase decisions, with higher service quality expectations and are progressively more judgmental of the service quality experienced.

According to Lovelock and Wirtz (2004), services are economic activities that are based on an exchange of value between two parties, which are namely the service providers and the buyers. There are several types of organizations that belong to the service sector, such as: (1) non-profit private organizations (churches, charities, research foundations), (2) for-profit private services (hotels, restaurants, airlines, banks, insurance companies, retailers, consultancy firms) and (3) government services (health, police, education, transports, social security) (Ghobadian et al., 1994).

While in the majority of these organizations the service itself is a major element or even the core product of the offering, there are also organizations where the physical goods are the core product and the service is also crucial, in this case, to support the selling strategy (Lovelock & Wirtz, 2004; Solomon et al., 1985). Lovelock and Wirtz (2004) further analysis that supplementary service elements may be added to the sale of physical goods, such as: maintenance, installation, shipping, upgrading, customization or consultation.

Services have been recognized as having some distinguishing characteristics. One of them is the intangibility, since the service itself is something intangible, where there is barely or no evidence at all, that it has been performed. Secondly, there is heterogeneity of the service delivery output, since commonly each customer perceives it differently. Thirdly, services are perishable, as it's not possible to store them to eventually respond to variations in demand. Fourthly, another characteristic is inseparability, as the production and consumption are simultaneous processes, where customers are present and involved. Lastly, services are complex delivery systems, where the front-line employees may depend on back-office employees, to perform effectively the service delivery. (Svensson, 2006; Lewis & Entwistle, 1990; Weeks, 2015).

Due to these specific characteristics of services, the traditional marketing mix used by firms is not adjusted to the reality of services sector, since it doesn't comprise the management of the customer interaction (Bitner, 1990). Therefore, Booms and Bitner (1981) were the first ones to propose an expanded version of the marketing mix for services, by adding to the traditional "4 P's" (product, price, place, promotion), three new ones related with service delivery: process, physical environment and people. All together, these elements form the "7 P's" of service marketing, that translate into the necessary elements that enable the creation of strategies to correspond to customer needs in a competitive market. (Lovelock & Wirtz, 2004). These three new constructs will be further developed in this literature review.

2.2 Service Encounter: typology and components

In a daily basis, millions of service encounters happen worldwide across several industries and firms, and many of these encounters may represent a consumers first experience with a firm (Bitner et al., 2000). As known, first impressions are the most significant ones, as these first-time customers will be highly attentive to every aspect that demonstrates the service deliver capability (Solomon

et al., 1985). Moreover, giving the fact that every single transaction matter and that it's "much cheaper to keep an existing customer rather than recruit a new one" (Durvasula et al., 2005, p.9), it's important to engage customers each time and maintain long term relationships (Durvasula et al., 2005).

Therefore, this is a subject worthy of a special emphasis, considering that the service encounter will affect customer perceptions of the service quality (Baron & Harris, 1995), and it will also have an impact in other critical outcomes such as customer satisfaction, intention to repurchase, word of mouth communication, customer loyalty, sales and profitability (Bitner et al., 2000).

Service encounter can be defined as "a period of time during which a consumer directly interacts with a service company" (Shostack, 1985, p. 243). This definition incorporates the employees, as well as the physical facilities and other tangible attributes related with the service delivery, which translates into all the service firm aspects the consumer may interact with (Bitner, 1990; Bitner et al., 1990).

The service encounter may be performed in one of the three following forms: remotely, where the interactions are made via email or some kind of machine; face to face, in a service setting, where the customers and service employees interact physically, or indirectly, where the interpersonal interaction happens via telephone (Baron & Harris, 1995). The study that will be further develop will focus on the face to face service encounters. Either one of the mentioned encounter types represents a firm's valuable opportunity to "sell itself, to reinforce its offerings, and to satisfy the customer" (Bitner et al., 2000, p. 2), so it's important to understand every aspect of the service encounter stage.

Above all aspects, employees are the most essential one, as service encounters are mainly about human interactions (between a customer and an employee). Therefore, employees are the ones with the power to influence the perception that the customer gets about the service encounter (Farrell et al., 2001). For instance, the behaviors adopted by the employees will have straight impact on both customer satisfaction and dissatisfaction with a certain service experience (Baron & Harris, 1995). Everything counts: their appearance, such as the way they are dressed; their manners, as to how they act, what they say or don't say; the technical skills and the commitment, all representing important aspects to the overall client's service experience (Grove et al., 1998).

Additionally, flexibility and adaptability are two crucial skills, so that employees' behaviors can meet customer's requests and the constant changing needs (Farrell et al., 2001). Any improper behavior or attitude of employees that causes a negative impression in customers, may make other service efforts meaningless (Solomon et al., 1985).

However, since service encounter is a dyadic interaction (Surprenant and Solomon 1987), it's important to also consider the participative role that clients have in the service delivery. One of the main characteristics of services is that the production and the consumption are inseparable. Consequently, the customer is present when the service is produced, and, inevitably, "they are able to observe and to 'consume' the service as it is performed." (Grove et al., 1998, p. 5), being able to make contributions (Baron & Harris, 1995). In the end, both parts (employees and consumers) are interdependent, giving the fact that they depend on each other, so that the interaction goes as smoothly as possible (Solomon et al., 1985).

Another important aspect of the service encounter, is the service environment. Considering the service encounter definition of Shostack (1985), mentioned earlier, it encompasses not only the interpersonal interactions, but also the "customer contact with elements of the physical environment of the service" (Baron & Harris, 1995, p. 58). Also known as "servicescape" (Bitner, 1992), the physical environment needs to have a well thought design, once the customer enters this environment to access the service, and it may have an impact on customer behavior, namely the cognitive and emotional responses (Baron & Harris, 1995). Lovelock and Wirtz (2004), considers that the physical environment involves: buildings appearance, equipment, furniture, employees' uniforms, landscaping, signs and vehicles. Bitner (1992), in its framework, refers the following dimensions: ambient conditions (such as temperature, air quality, noise and smell); spacial and functional features (layout, furnishings, equipment) and, lastly, signs, symbols and artifacts (decoration style, signage). Additionally, for Yaoyuneyong et al. (2018), the smells, sounds and sights are also part of the physical environment, as well as other sensorial stimulation that may generate an emotional response towards customers. Depending on the complexity of the servicescape, some environments may be more modest than others, as they may be classified as lean servicescapes, where simpler design decisions are made (hairstylist, mechanic's garage), or as elaborate servicescapes, requiring more complex design decisions (supermarket, bank, hospital) (Baron & Harris, 1995). Independently of the type, Lewis and Entwistle (1990) argue that is

essential that firms have a well thought plan and design for the physical environment, so it doesn't become complicated, stressful or frustrating, ultimately leading customers to resort to competitors.

Taking into consideration all these aspects, service encounters need to be properly managed, as its quality and consistency are crucial for the business success (Lewis & Entwistle, 1990). The quality delivered during the service interactions is crucial, as it's going to affect the perceptions of the overall service quality and, ultimately, the satisfaction (Bitner et al., 1990). The consistency represents a real challenge, since it's difficult to maintain a certain level when it comes to people-based services, where the most important aspect of the whole offering are the interpersonal interactions (Solomon et al., 1985). Service is delivered by one person to another, and their performance may have highs and lows everyday (Solomon et al., 1985). An effective management of the service encounter will benefit both employees and customers, and will also allow the service-based firms to achieve their goals (Lewis & Entwistle, 1990).

This effective management encompasses a deep understanding of the service encounter aspects customers find extremely satisfactory and dissatisfactory (Baron & Harris, 1995), having high skilled employees capable to deliver the service desired. According to the research conducted by Bitner et al. (1990), it was identified a set of sources in the service encounters that lead to both satisfaction or dissatisfaction, that are described next. The main sources of satisfaction are: (1) the response given by employees to complications resulting from failures in service delivery, (2) employees ability to deliver customized service, considering customers' needs, and (3) unprompted and/or unsolicited actions from employees that result in customer delight. On the other hand, the identified sources of dissatisfaction are related with: (1) the incapability or unwillingness of employees to respond when the service fails, (2) unprompted and unsolicited behaviors of employees that trigger negative reactions and (3) the response towards customers' needs and requests for customized service. The identification of such factors in the service encounter will help firms to design accurately their services, setting the services standards, and in designing the physical environment mentioned previously (Solomon et al., 1985).

When managing the service encounter, is also important that firms are cautious when establishing human resources practices, namely the recruitment process, selection, training, compensation and service employee's motivation (Durvasula et al., 2005). This way, efforts can be put on hiring employees who exhibit service-oriented skills, or even conducting training

programs to further develop specific behaviors (Farrell et al., 2001). Lewis and Entwistle (1990), argue that the necessary employees' skills and characteristics are: (1) process, procedural and technical skills; (2) Interpersonal skills; (3) behavioral flexibility and adaptability and (4) empathy.

Moreover, considering that "Satisfied personnel are more likely to be cheerful when serving customers" (Durvasula et al., 2005, p.9), it's essential that firms value, satisfy and motivate their employees. Employee empowerment comes in as an important construct, as they need to have the power and the tools needed to perform their job effectively, and to manage properly service failure situations (Baron & Harris, 1995).

Overall, the service encounter may have several impacts on different aspects, such as on service differentiation, quality, delivery systems and customer satisfaction (Solomon et al., 1985). Firms must have the capability to control and manage the different aspects of the service encounter, in order to assure the best possible outcome and assure customer satisfaction.

2.3 Customer Expectations

Wilson et al. (2008), defined customer expectations as "beliefs about service delivery that serve as standards or reference points against which performance is judged..." (p.55). Constantly changing over time, these expectations are formed during the prepurchase stage of service consumption, as they are mainly based on prior experiences, word-of-mouth and firm's marketing strategy, and also influenced by a variety of factors, such as: personal needs; former experiences; advertisements; prices; service innovations; technologies upgrades; social trends and information easily accessed through internet and the media (Lovelock & Wirtz, 2004).

Furthermore, customers' expectations have four elements regarding the service level observed: desired, adequate, predicted and the zone of tolerance. Lovelock and Wirtz (2004) further describe each service level, revealing their meaning to customer expectations:

- Desired service: refers to the service customers expect to receive.
- Adequate service: the minimum service level that customers are willing to receive, without causing dissatisfaction.
- Predicted service: regards the service level customers anticipate to receive.

- Zone of tolerance: refers to variations that can occur in performances, which customers are eager to accept.

Considering that in order to provide high service quality, the first crucial thing firms must be aware of are the customer expectations (Wilson et al., 2008), their management and their constant monitoring is critical, so that the service delivery meets the expectations and, consequently, competitive advantage may be attained (Weeks, 2015).

Individually, customers create their own expectations regarding how a service, or a product will perform (Bitner, 1990). Afterwards, during the consumption process, it will be performed a comparison between the formed expectations with the performance perceptions, in which the expectations may: (1) exceed the perceived performance, that will result in dissatisfaction or (2) be met, meaning the performance surpasses expectations, resulting in satisfaction, (Bitner, 1990).

2.4 Service Quality

In the business management, service quality represents a significant element (Ingaldi, 2018). Service quality is defined by Parasuraman et al. (1985) as a difference between customers' expectations and the actual perceptions of the service. It is "an attitude or global judgment about the superiority of a service" (Atef, 2012, p. 290) or the "combination of how the employees performed the service in question and the guests' perceptions of the received outcome" (Yaoyuneyong et al., 2018, p. 360). The service encounter plays a major role in service quality, as the quality depends on costumers' satisfaction with the encounter components, that are: the interaction with employees, the actual service obtained and the physical surroundings (Chandon et al., 1997). It is through the service encounter that customers acquire information regarding service quality, namely from how the service is delivered, issues related with employees (appearance, behaviors, ability, attitudes), and also through word-of-mouth communication and the shared opinions of other customers about their experience (Lewis & Entwistle, 1990).

To guarantee the delivery of quality service and also its consistency, companies should implement service standards, that will be used as guidance for employees through the service, so that consistent quality service is provided in order to achieve customer satisfaction (Yaoyuneyong et al., 2018). For this to happen, employees must be very well trained regarding the standards, and

the service quality must be monitored continuously, in order to assure that the standards are achieved every single day (Yaoyuneyong et al., 2018).

2.5 Service Quality Measurements

Unlike the measurement of products quality, the service quality is much more difficult to measure, especially in pure service circumstances where the service is the core product and there are no tangible evidences (Solomon et al., 1985). Service encounter represents an opportunity to enable the evaluation and the formulation of perceptions of the service quality, since the customer is able to interact with every aspect of the service delivery (Baron & Harris, 1995).

There are many techniques available to measure the service quality: customers surveys, comments cards, questionnaires, telephone interviews and focus groups (Atef, 2012). Also, several models were developed by researchers in order to measure the service quality. Making the right choice regarding which method to use is crucial, as it must provide the right amount of information about the service quality so that all aspects can be inspected, such as both strengths and weaknesses (Ingaldi, 2018). Considering its article, there are five main methods that service providers use more frequently in order to measure the service quality. Amongst the most used ones, is the Servqual model, proposed by Parasuraman et al. (1985), that consists in a 22-item scale to measure the five dimensions used to evaluate service quality: tangibles, reliability, responsiveness, assurance and empathy. Although recognized as a virtuous predictor of service quality, other models are also frequently used, such as the: Servperf (Service performance), IPA (importance/performance analysis), CIT (Critical Incident Technique) and the Mystery Shopper. While the first four methods are subjective, focusing specifically on the client perception and judgment, the Mystery Shopper is the only objective method, where a direct observation of the service takes place from a person with the capabilities and the necessary instructions (Gulc, 2017). As it was identified by Grove and Fisk (1992), overall, the best method that can be used to measure service quality is the observational one, since all information is collected as the service unfolds (personal interaction, service speed, quality, attention to detail), where all the attention is drawn in (Dutt et al., 2019). That being said, the Mystery Shopping method stands out from the other ones as the information gathered doesn't depend on customers perceptions that can be highly subjective, and the entire process is much simpler as well as less time-consuming (Ingaldi, 2018).

2.6 Mystery Shopper

2.6.1 Concept

According to Wilson (2001), mystery shopping is defined as a method of observation, where the main goal is to manage the procedures and processes quality throughout the service delivery, by hiring people to act as costumers. Essentially, it is as an individual who is disguised as a potential customer, that is trained to evaluate the quality of the service provided, as well as all the processes and procedures followed throughout the service, recording the observations made and reporting all the information and details about the experience (Atef, 2012). From the several methods available to measure and monitor the service quality, this one gives the opportunity to experience the service in a natural scenery, from customers' perspective, and collect detailed information in everyday conditions regarding the service performance (Dutt et al., 2019). Thus, mystery shopper may be considered as a fundamental tool to remain competitive and also to have a brand image that stands out from the existing ones (Yaoyuneyong et al., 2018). The mystery shopper method can occur by stores visits, telephone, email or website consultation (Jacob et al., 2018). Nowadays, it is implemented by several industries as a truly helpful tracking method of the service quality (Yaoyuneyong et al., 2018), such as retail, finance, telecommunications, hotels, restaurants, medical providers and banks (Blessing & Natter, 2019; Dutt et al., 2019).

In the hotel industry, for example, and according to Yaoyuneyong et al. (2018), mystery shopping is becoming increasingly frequent to be applied as a quality tool (1) to improve the processes and procedures of the service, (2) to measure customer satisfaction with the services provided and if employees are following the standards established, (3) to be used when training the service employees, (4) to measure customer experience regarding the facilities and (5) to measure the quality of the service.

2.6.2 Method/Process

Throughout the process, some aspects must be taken into consideration. Those aspects are essentially: the ethical obligation to maintain the customers' confidentiality; the scenario of the mystery shoppers visit has to be carefully prepared previously and followed rigorously, and also the evaluation needs to be done immediately after the visit, which will avoid the loss of any information (Jacob et al., 2018). To report the data collected, it can be done in one of the following forms: rating scales, open-ended responses or checklists (Atef, 2012).

Ultimately, this method allows to identify the services that customers are not satisfied with, along with the reasons why they aren't satisfied and what needs to be improved (Jacob et al., 2018). This means that service gaps will be identified, as well as the deficiencies, that are preventing companies from achieving the desirable service (Yaoyuneyong et al., 2018). Also, this method makes possible to examine how the company works, and considering all the inputs, take the opportunity to become more efficient regarding the resource's allocation, the service delivery, and reinforce the service standards (Jacob et al., 2018). Moreover, since this method enables to give real-time feedback, the results can be used to make improvements and the changes needed in a timely manner, which is an important feature as well (Jacob et al., 2018).

2.6.3 Main Advantages

The use of the mystery shopper method comes with several advantages. When doing the observation of the service delivery, mystery shoppers are extremely attentive to the entire process, to every single detail, which will allow an evaluation of particular aspects regarding the service interaction, that, in case of being ordinary customers performing the service evaluation, they would not be able to remember (Blessing & Natter., 2019). Additionally, considering that this observation is performed in a natural setting, it makes possible to gather detailed information regarding the service in the everyday conditions (Grove & Fisk., 1992). Also, when performing the assessment of the service delivery, mystery shoppers are capable to assess not only objective aspects but also subjective aspects of the service encounter (Blessing & Natter., 2019). Therefore, the service quality measurement done by mystery shoppers will be more objective, when comparing to other measurements, such as customers evaluations, managerial judgements and self-reports (Wilson., 2001). Besides all of this, the mystery shopper method is also very flexible, namely in sceneries where customers responses are difficult to obtain (Blessing & Natter., 2019).

2.6.4 Mystery Shopper Selection

When it comes to selecting the mystery shopper to perform the service evaluation, there are two possible options to consider: internal or external shoppers. An internal mystery shopper is someone who is chosen within a company (internal employees), preferably unknown at the store level, having as the main advantages the costs saving and the fact that this person has a great knowledge of what are the company's policies, products, standards and processes (Atef, 2012). Additionally,

this option also allows firms to have greater control regarding how the observation should be conducted and when (Beck & Miao, 2003).

On the other hand, there are the external shoppers, that belong to mystery shopping companies, that have as the main advantages the experience in doing this job, as they are properly trained, impartial and know how to accurately present the report with the findings (Dutt et al., 2019). In the end, when selecting the mystery shopper, whether internal or external, it's very important to assure they have the right qualifications, training (when it comes to knowing the business circumstances and the industry), as well as data collection and reporting skills (Atef, 2012).

That being said and considering that the study that is going to be performed in this master thesis will apply to several industries, and not to a specific company, this study will resort to external mystery shoppers, that belong to a company that is specialized in the mystery shopping method.

2.6.5 Mystery Shopper Evaluation Criteria Frameworks

When performing their job, especially in the phase where information is recorded, mystery shoppers need to have a list with all of the criteria they are supposed to evaluate. The following studies about mystery shopping have been performed, and provide valuable information regarding this topic.

According to a study conducted by Atef (2012), the checklist used by the mystery shopper to assess the customer service was composed by four evaluation criteria categories, all with the same importance, which were: standards and procedures (policy), intuition (guest recognition), interaction (positive answers, politeness and smiles) and initiative (problem solving, offering more). The purpose of this study was to reveal how the mystery shopping technique is conducted, documented, and utilized as a tool for continuous improvement, having two main objectives: (1) to show how customers experience and evaluate hotel services and products and (2) to propose a mystery shopper interactive scoring observations checklist model. The evaluation was performed in the following service areas: reservations, bell service, check-in, check-out, telephone operator, hotel room, housekeeping and laundry service. After each of these areas were inspected by a mystery shopper, a report was compiled and the checklist was filled, resulting in a holistic evaluation of each area, both qualitative and quantitative.

Moreover, considering the perspective of Yaoyuneyong et al. (2018), in order to measure the service interactions, it can be used objective and subjective measurements:

- Objective measurements rely on certain actions that took place during the service, such as the time needed to pay the item in the cashier;
- Subjective measurement refers to the details, such as the perceptions regarding to the perceived friendliness and the employee's appearance and behavior (product knowledge, clients' needs anticipation, manners, etiquette).

Yaoyuneyong et al. (2018), have conducted a study to get a deeper understanding on the functioning of a mystery shopper program in a resort hotel, in order to evaluate the customer service process. This program analyzed the following areas: (1) valet, (2) bellman, (3) front desk, (4) concierge, (5) housekeeping, (6) security, (7) casino game table operator, and (8) phone operator – all service areas where customers interact with the hotel personnel as they arrive to the hotel. Also, seven service principles established by the hotel were considered by the researchers, where the study was centered on. These principles were: (1) anticipate needs, (2) ensure satisfaction, (3) greeting with smile, (4) own and resolve problems, (5) promote brands, (6) thank you to guest and (7) use of name.

To conduct the service evaluation, mystery shoppers spent a weekend at the hotel and registered their full experience with every service area. To make this registration an online checklist was developed, containing 85 single items, with yes/no questions as well as open-ended questions and an unlimited comment field. When analyzing the one hundred words most frequently used in the mystery shopper comments, friendly was the main one that they remembered and looked for in the employees, as well as personable, engaged in interactions, helpful, efficient, great service and knowledgeable. The worker's performance was recognized by the hotel management to be a major influence in the service quality, as they proceed to ensure that employees were trained to deliver the finest customer experience, in a consistent way (Yaoyuneyong et al., 2018). Additionally, the servicescape/physical surroundings, was found to have a significant impact on the overall experience to several mystery shoppers, even though it wasn't a focus on the existing mystery shopper program. Some aspects were mentioned many times, such as food portion, smell of smoke, hotel décor and good view.

Lastly, considering another study conducted by Blessing and Natter (2019), the main goal was to understand whether the mystery shopper assessments have any relation with the customer satisfaction and sales performance. To achieve this goal, two studies were conducted, as the first one was to investigate if there is a relation between mystery shoppers' assessments and customers evaluations, and the second ones was to examine the relationship between MS assessments and sales performance:

- In study one, it was used a data set containing information regarding customer satisfaction and mystery shopping, surveyed in 2014, that was provided by a service company. Both mystery shoppers and customers were surveyed. The MS survey contained more than sixty items, comprising information about: the physical surroundings (type, location, waiting times); subjective assessment of salespeople traits (friendliness, expertise) and salespeople behaviors throughout the service encounter (welcome greeting). In its turn, the customer survey was composed by twenty-one questions, mainly about satisfaction and objective observations of salespeople.
- In study two, MS protocols with data retrieved from 2011 to 2014, were given by another service company where the manager/owner handles the selling personally. The set of items rated by the mystery shopper, included the following ones: likability, friendliness, good atmosphere, took concerns seriously, engagement, enthusiastic, took enough time, expertise, well informed, comprehensiveness, structured explanations, responsiveness, individual requirements, offers best fit solution, active talk, product presentation, benefits argumentation and countering objections (Blessing & Natter, 2019).

Overall, in the literature there are different types of criteria that are usually used to evaluate the customer service provided. The three studies analyzed previously were helpful to identify some of those criteria in different contexts, as well as to learn that the majority of them are mostly focused on the employee-customer interaction, leaving the physical surroundings devalued. As stated by Yaoyuneyong et al. (2018), the physical surroundings are not given the necessary attention. Additionally, the identified criteria will also enable to establish a basis to inquire mystery shoppers and client companies about the aspects they find most relevant in a service encounter.

Author	Methodology	Research Objectives	Criteria	Main Focus of MS	Industry	Country/ City
Aref (2012)	MS Checklist	1. To show how customers experience and evaluate hotel services and products; 2. To propose a mystery shopper interactive scoring observations checklist model.	Standards and procedures (policy), intuition (guest recognition), interaction (positive answers, politeness and smiles) and initiative (problem solving, offering more)	Employee-customer interaction	Hotel	Cairo
Yaoyuneyong et al. (2018)	MS Checklist	To examine the function and outcomes of a mystery shop program utilized in a resort hotel	Anticipate needs, ensure satisfaction, greeting with smile, own and resolve problems, promote brands, thank you to guest and use of name	Employee-customer interaction	Resort Hotel	United States
Blessing and Natter (2019)	Surveys for both mystery shoppers and customers	Provide insights into the informative value of MS data: whether MS assessments are related to customer satisfaction and objective sales performance.	Likability, friendliness, good atmosphere, took concerns seriously, engagement, enthusiastic, took enough time, expertise, well informed, comprehensiveness, structured explanations, responsiveness, individual requirements, offers best fit solution, active talk, product presentation, benefits argumentation and countering objections	Employee-customer interaction	Service Retail Chains	-

Table 1- Frameworks

Source: Own elaboration

3. Framework and Research Propositions

Throughout the literature review, several aspects regarding service delivery and the mystery shopper method were analyzed. When considering all the studies present in the literature review, some disclose crucial information in order to formulate the research propositions.

Since the main objective of this study is on understanding if customer companies have any intervention in the criteria to be evaluated by the mystery shoppers, the work of Atef (2012), Yaoyuneyong et al. (2018) and Blessing and Natter (2019) stands out and gives several hints to this exploratory study. As summarized in Table 1, all of them used different criteria in their studies to pursue the mystery shopper evaluation, as those criteria are mostly focused on the employee-customer interaction, namely on the hospitality and retail industry. In general, it was identified criteria regarding the employees' traits and behaviors, standards, procedures, interaction, intuition and initiative. That being said, two propositions are raised regarding these matters:

P1: The customer companies are taken into consideration in the criteria formulation.

P2: The mystery shopper evaluation criteria are divided in main categories, such as servicescapes, employees' traits and behaviors, standards and procedures, interaction, intuition and initiative, where some criteria are transversal and other are specific to certain industries.

P3: The criteria related with the employee-customer interaction (such as: empathy, active listening, posture, active listening, etc) are considered the most important ones amongst all.

Thought, Yaoyuneyong et al. (2018) points out the importance of also considering the physical surroundings in the criteria to be evaluated, since it is also an important aspect of the service encounter. Therefore, it is pertinent to understand if this verifies, which leads to proposition number four:

P4: The physical surroundings are considered an important criterion to be taken into consideration in the service evaluation, by both the mystery shoppers and the customer companies.

Moreover, there are also other important information regarding the mystery shopper criteria to be aware of, and that is not mentioned in the studies mentioned previously, which is whether the

criteria are adapted according to each specific situation in various aspects, and also if mystery shoppers and customer companies are consonant regarding the criteria to be evaluated:

P5: The criteria evaluated by the mystery shoppers are adapted to each company, sector and type of service delivery.

P6: There is a convergence between the criteria elaborated and executed by the mystery shoppers, and the criteria that customer companies want to see evaluated.

Additionally, Yaoyuneyong et al. (2018) refers other crucial aspects to take into consideration, such as the fact that service standards are essential for companies to have, so that a consistent service quality can be provided to customers, as well as some of the reasons why the mystery shopper is being frequently applied, in this case in the hotel industry, which are: (1) to improve the processes and procedures of the service, (2) to check if employees are following the standards established and (3) to be used when training the service employees. Moreover, a common reason why companies resort to the mystery shopper method, identified by some authors, is that it is used as a tool to measure the service quality (Yaoyuneyong et al., 2018; Blessing and Natter, 2019). Therefore, customer companies shall be questioned about how the information resulting from the evaluation performed by the mystery shopper is considered:

P7: Companies use the results and outcomes of the mystery shopper assessment to make the necessary improvements in their service and also to train the service employees.

Another article that raises a question of matter is the Dutt et al. (2019), as they state that the mystery shopper method allows the mystery shoppers to evaluate the service through the customers perspective, as they experience it in a natural setting and in everyday conditions. However, this perspective raises a question, which is if the mystery shoppers visit really reflect the experience of a real customer:

P8: The criteria used by the mystery shoppers, as well as their method, allows for their visits to be a truthful representation of the regular customers visits.

4. Methodology

The main purpose of this study is to further understand if the customer companies have any intervention regarding the criteria used by the mystery shoppers to evaluate a service. Therefore, in order to collect the necessary data to conduct this study, a qualitative design was chosen. Thus, this research is composed by two parts: the first part, where qualitative data is going to be collected from the mystery shoppers and the second part where a qualitative data collection will take place from the clients' company of the mystery shopper company.

4.1 Data collection and research sample

Firstly, to begin the study, it is necessary to learn which are the criteria normally used by mystery shoppers to perform service evaluations, and whether these criteria are adapted to each company or sector. To do so, a company whose core business is to perform the mystery shopper method, made their mystery shoppers available to engage in this study. In total, seven mystery shoppers participated, and, for privacy reasons, the company's and the mystery shopper's identity will remain unidentified. Considering it is still a small company that has very few mystery shoppers so far, meaning that the sample will be small, the research method found most suitable to collect data was in-depth interviews. Secondly, for the purpose of having the perspective of the customer companies about the subject, in-depth interviews were also made to ten individuals from customer companies of the mystery shopper company, that are further identified in Table 2. By using this qualitative research technique, information with greater detailed can be gathered, since in-depth interviews enables to explore the respondents' perspectives regarding a certain subject, considering that intensive individual interviews will be conducted to a small number of respondents (Boyce and Neale, 2006).

In order to perform these interviews, two scripts were developed to use as guidance, and to assure that all of the important topics to perform this study were covered. To assure that a comparison could be made between responses, the scripts were as much identical as possible. These interview scripts can be further studied in Appendix A and Appendix B of this thesis.

The main objectives of performing these interviews to the mystery shoppers, are to further understand all the stages comprised in the mystery shopper method and to identify the criteria that mystery shoppers find most important when performing a service evaluation, and how these criteria are formulated. In the other hand, the main objectives of the customer companies' interviews are

to comprehend the mystery shopper method through their perspective, along with the reasons why they resort to this method, as well as to understand until which point they are included in process.

With the participants consent, the interviews were all recorded, so that further detailed and complete analysis could be made. Also, considering that the mystery shoppers and that the participants from the different customer companies are located in different cities of Portugal, the interviews were conducted via zoom and cell phone.

Name	Role	Company Name	Activity
Raquel Martins	Customer Director	AdRA (Águas da Região de Aveiro)	Water supply and sanitation systems
Carla Faustino	Commercial Director	SMAS (Serviços Municipalizados de Águas e Saneamento de Sintra)	Water supply and sanitation systems
Luís Lourenço & Joana Frada	Head of corporate HR, Organization and Communication & Head of commercial support	INDAQUA	Water supply and sanitation systems
Gabriel Costa	CEO	CMM	Medical Centers and Rehabilitation
Maria Adelaide	CEO	Liberjóia	Jewelry and watch store
Maria Rosário	CEO	Farmácia Moderna	Pharmacy – sell of medicines, substances for therapeutic use, cosmetics, hygiene products, etc.
Paula Gonçalves	Commercial Director	Lightdesign	Production and selling of domestic

			lighting solutions (Lighting projects)
Teresa Moreira	CEO	Ourivesaria Moreira	Jewelry and watch store
Urbalina Freitas	CEO	Tetys	High end lingerie
Miguel Valdrez	CEO	Farmácia d'Arrábida	Pharmacy – sell of medicines, substances for therapeutic use, cosmetics, hygiene products, etc.

Table 2- Customers Companies Participants

Source: Own elaboration

5. Results and Discussion

In this part, each thematic discussed below, will be associated to the research propositions that were defined in chapter three, so that an understanding can be achieved regarding the proposition's validity.

5.1 The mystery shopper process, namely criteria formulation (Proposition 1)

In the behalf of the mystery shoppers interviewed, all of them mentioned that the process is composed by several steps:

- Assuming that a customer company already made the decision to pursue with the mystery shopper method with that company supplier, the first thing happening is that a notification is sent to a mystery shopper that has the most adequate profile for that specific case. Then, the MS decides if he wants to accept or not. If accepted, an email is sent with all the necessary information in order to be able to pursue with the process.
- Secondly, there is a pre-visit diagnostic. Before performing the mystery visit, MS conducts a previous analysis about the customer company (who it is, the profile, which sector), about the store location (where an information crossing takes place, to see if the address that is in social media, website, google corresponds to the store one), and about other information such as the products/services, the best sellers and which promotions are active. In essence, the objective is to be aware of the customer company reality, and have all the institutional information that can be used to understand the company dynamic. In this part of the MS process, it was heavily mentioned by the MS the need of having foreknowledge regarding what is critical, and what they need to be alert to. This is why the customer companies are involved in this stage, so that they can share information about the previous topics, and also to make suggestions about specific things they want to be evaluated. Considering that the mystery shopper company has a standard checklist with the criteria to be evaluated, the inputs given by the customer company will be taken into consideration, so that a complete checklist can be done, considering what normally is evaluated by the MS, and what the client wants to be evaluated.
- After all the preparation, the next step is to perform the MS visit. During the visit, MS are meant to be observant to multiple aspects, to retrieve as much information as possible, and

also to record the visit, that serves as a direct representation of how the visit went by, so that a further detailed analysis can be done.

- Lastly, MS are supposed to fill a grid, where all the criteria are present, and they determine if a certain criterion punctuates or not, according to if it was observed or not. Additionally, all the information regarding the visit is registered (when was the visit, waiting time, beginning time), and a detailed report is made, resorting to the visit record.

On the customer companies' side, all of them stated that their opinion regarding the criteria they wanted to see evaluated, was always taken into consideration. Adaptations can be made in the criteria to the company reality and business, as they value a lot this aspect, once every company is different and each has its own specificities.

Considering all of this information, P1 is correct, as the customer companies inputs are always taken into consideration.

5.2 Evaluation criteria organization and industries (Proposition 2, 3 and 4)

According to the MS, the criteria are organized into four main areas: “lei da defesa do consumidor”, “apresentação do espaço físico”, “apresentação dos profissionais” e “ato do atendimento”. In the “lei da defesa do consumidor”, the criteria are more related to technical and legal aspects, such as: visible complaint book, if there is an extingisher, priority service properly identified, identified emergency exits and mandatory mask use sign (where is still obligatory). “Apresentação do espaço físico” is about the physical surroundings: if it is cleaned, organized, good accessibilities (wheelchair, baby strollers), if the information exposed has quality and is congruent and image coherence between stores of the same group. The “apresentação dos profissionais” concerns to the employee's image: if they identify themselves or have an identification and if they are complying with the company parameters (make up, hair, nails, use of jewelry, uniform wear). The “ato do atendimento” integrates criteria regarding the service delivery itself, namely the employee-customer interaction, such as: if the employee knows the products/services they're selling, proactivity, active listening, empathy, proactivity, politeness, availability, welcoming, ability to face objections and to give solutions.

In all of these areas, both mystery shoppers and customer companies have the opinion that there are criteria that are specific to certain industries, and other criteria that are transversal to any industry. One of the MS further explained that it is due to the fact that there are criteria that are

dependent on the industry that it exists the need to adapt criteria, which is where the specificities reside. The following example of this specific criteria was given by a MS: in the hospitality industry the bathrooms are evaluated, whereas in a clothes store they aren't. Additionally, one of the customer companies also gave a practical example regarding criteria that are specific: "For example, the criteria related to the product/service knowledge, knowing what they're selling and all the details, it's crucial, as having a deep knowledge about the product is one of the fundamental things in service, that will depend on the industry" (Urbalina Freitas). Another practical example about specific criteria was about the waiting time as "it makes sense having a certain average waiting time in an industry, and in other industry having another average waiting time more adequate" (Luís Lourenço). On the other hand, as mentioned previously, there are also criteria that are transversal to any industry. It is considered by both MS and customer companies that those kinds of criteria correspond to the criteria regarding the "ato do atendimento", because they consider that the service delivery itself is transversal to every sector. Overall, the customer companies shared the following logical thinking: they consider it exists a set of foundation criteria that are transversal to any industry, that then may undergo adaptations that reveal as necessary depending on the service.

From the four main areas, the "ato do atendimento" is the one that has most weighting and punctuation between all. Mystery shoppers when asked which criteria they found most important, the response was unanimous, as they all agree that are the criteria related with the service delivery itself, since it's when they can really evaluate the relation between the employee and the customer, as well as validate if the employee competences are consolidated. Customer companies when asked the same question, the answer was the same, as they also agree that the criteria related to the service delivery itself are the most essential ones. Two of the customer companies (both pharmacies), further explained that they can't compete with price, and that the only thing they can compete with is service. That's why they give more importance to criteria related to that, as it's also where it's harder to implement quality solutions, since it involves people.

Nevertheless, both mystery shoppers and customer companies reinforce that, as a whole, every criterion is important for the service evaluation, considering that everything is important since the moment the customer enters the stores, until the moment he leaves. That being said, the criteria regarding the physical surroundings are included in the set of criteria. As it was mentioned by

Yaoyuneyong et al. (2018), the physical surroundings should also be considered in the criteria to be evaluated, and this mystery shopper company provider contains those kinds of criteria in their list, as it has its own importance in the global evaluation of the service. Throughout the interviews, both MS and customer companies mentioned criteria regarding the physical surroundings, as being also important in the bigger picture of the evaluation.

Overall, there is an agreement between the criteria that mystery shoppers normally consider, and the criteria that customer companies want to see evaluated. One of the mystery shoppers even mentioned that sometimes there are customer companies that don't even ask for an adaptation to be made, and just accept and agree with the list that was presented to them. Many customer companies believe that the criteria address all the essential aspects they would want to consider, as all of them agree that in general the mystery shopper criteria cover all of the essential aspects. There is a criteria convergence between both parts regarding the principal criteria. Most of the times, when client ask to make adaptations, it's mainly on the minor aspects of each criterion that already is defined by the mystery shopper. For example, there is a defined criterion regarding the clothes that employees are wearing, and the customer companies only ask for the mystery shoppers to check if they are wearing the company's uniform. From the criteria that already exist, customer companies only adapt them to their company's reality. Rarely it's asked to add a criterion that is completely new and that wasn't previously defined by the mystery shopper.

Therefore, the interviewees' testimonials shows the proposition P2, P3, P4 and P6.

5.3 Criteria adaptation (Proposition 5)

Every company is different from each other, since they have their own processes, rules, sells their own product or service, and a type of service delivery (presential, by cell phone, email). Also, every industry has their own specificities, as each company is inserted in one. That being said, due to this specificities and differences between all companies, it wouldn't make sense for the criteria to be the same for all of them.

The mystery shopper company that engaged in this study, already performed the mystery shopper method in the following sectors: banking, optics, jewelry, clothing, fashion, water supply, dentists, pharmacies, catering, solicitor, travel agency, health, dental equipment, training entity, accounting, retail, real estate and repair services. The mystery shoppers already have a wide experiencing in dealing with different types of companies, in the most diverse sectors.

Both mystery shoppers and customer companies were asked if there was an adaptation to the criteria, and all the responses were affirmative. In fact, there is a criteria adaptation to the company reality, which will ultimately adapt to the sector and the type of service delivery the company has. Exemplifying: if the customer company is a call center in the retail sector, considering that the type of service delivery is by cell phone, the list of criteria will be adapted and the criteria regarding the employee's image won't be considered, the criteria regarding the technical knowledge of retail will have to be included. Criteria are adapted to the company reality in all levels: the sector the company is on, the type of service delivery the company has and also to the company specific standards (in terms of processes, rules, procedures).

Consequently, this verifies proposition P5.

5.4 Advantages of the mystery shopper method and outcomes (Proposition 7)

In the literature review, Yaoyuneyong et al. (2018) mentioned the main reasons why companies resort to the mystery shopper, besides being a tool to measure the service quality, it's used to 1) to improve the processes and procedures of the service, (2) to check if employees are following the standards established and (3) to training the service employees. Customer companies where asked why they resorted to this method and what were the main advantages, many aspects were mentioned:

- Assessment of the training needs. It's considered a very effective tool in the identification of the training needs, considering there are always important aspects that need to be addressed.
- The employees improve their performance a lot in many situations. Once they know that a mystery shopper evaluation will eventually occur, they become more alert to provide a good service and comply with the standards, since they don't know if they will be serving a mystery shopper or not. Consequently, everyday there is a certain pressure due to the fact that they could be delivering service to a mystery shopper. This advantage was highly mentioned by several customer companies.
- Employees motivation. Considered as the biggest advantage of all by INDAQUA company, it was a truly important factor to the employees' motivation, as it was defined as a "spectacular boost" and "breath of fresh air".
- Having a completely unbiased perception of how the service is provided.

- Considered as an essential method to enable to give unbiased feedback regarding the service to the employees. Having feedback that comes from customers and not from the management department (as it can be perceived by the employees as if the management is being nitpicking) is helpful, so that employees understand that there are actually some gaps, and that they were identified by the customers (mystery client).
- Identification of the flaws and gaps in the service delivery.
- Significant improvements in the service delivery were observed, that had a positive impact in the service, after the mystery shopper method was performed.

After sharing the reasons why they resort to this method, and also the main advantages it has, customer companies were asked about what they do with the results and the outcomes of the mystery shopper assessment. All of the customer companies' responses mentioned the same things. With the results and feedback from the mystery shopper method, the necessary changes are made in the service, as all of the improvement suggestions are considered and implemented in the service. Every flaw or gap is corrected. Moreover, if a company works to serve customers, and if the voice of the customers is heard and a number of situations are identified, companies must work on them in order to improve (Raquel Martins). In the end of the mystery shopper evaluation, a report is delivered to the client companies that indicates the aspects that need to be developed and the improvement suggestions, as well as the positive aspects that were identified. After receiving this information, the aspects identified by the mystery shoppers are modified and improved, since companies always look to improve what is necessary in their service, as an action plan is created. In this plan, it's often included training sessions, in order to make the necessary improvements in the service delivered by the employees, according to the issues identified by the MS. So that a steady evolution can be achieved, the training is given throughout the year, periodically, to the employees. This is a crucial aspect of the service improvement, considering that employees are the first direct contact that customers have with the company (whether it is presential or by cell phone), and the image they give about the company is essential, as they must have the right competences in order to provide an excellent service (Paula Gonçalves).

Overall, for the improvement process to be effective, it needs to be continuous, as it is a process that requires high maintenance, considering that it implies an adaptation of the company's way of working, where new processes arise to maintain and audit the service quality (Miguel Valdez).

Taking all of this into consideration, the P7 is verified.

5.5 Mystery shoppers visits as a representation of regular customers visits (Proposition 8)

In theory, mystery shoppers disguise themselves as potential customers in order to evaluate the service (Atef, 2012). Dutt et al. (2019) further states that mystery shoppers do the service evaluation through the customers perspective, considering everything is experienced in a natural setting, in everyday conditions. To analyze the veracity of such argument, both mystery shoppers and customer companies were asked if they considered that the visits done by the mystery shoppers to evaluate the service, reflect the experience of a regular customer.

In one hand, and without a doubt, all of the mystery shoppers strongly consider that the visits they do, really reflect the experience of a regular customer. This opinion is based on the fact that, in the majority of times, they base their visits on real cases, namely in situations of real life, that can be used as an argument to the visit. As long as possible, they always try to see if there are personal situations that can be used in certain mystery visits, in order to recreate a real situation. It's something they can do with a lot of naturality. Nevertheless, two mystery shoppers added some aspects to this matter:

- One of them considers that, however their visits are a truthful representation of the regular customers visits, their visits are just a small sample, which creates the need of doing multiple visits to the same store, and with that, understand if that reality is transversal with different employees, at different schedules and situations. By maximizing as much as possible the number of visits, it makes possible to increase the sample, which will allow to see a bigger picture as close to reality as possible.
- The other mystery shopper adds that there is a higher level of requirement, considering that they are going to the visit with the objective to create a report to deliver to the client company. Therefore, mystery shoppers go to visits with an evaluation perspective, having a higher critical sense when compared to regular customers.

On the other hand, the customer companies' opinions regarding the mystery shoppers' visits are the same, as they also believe that they are a good reflection of the regular customers visits. Customer companies further justify their opinion with the fact that mystery shoppers always portray real situations, that are so real to the point where employees were never able to identify the mystery shoppers. If it wasn't the case, the mystery shoppers would be caught right away. As it

happened with one of the mystery shoppers, one of the customer companies also believes that the visits sample needs to be augmented, so that a truthful representation of the reality can be extrapolated. A practical example was given to understand the previous argument:

- By empirical experience, the same person behaves differently throughout the day. Working at different schedules is always different. A service delivered by an employee at 10am will be different to the service that same employee delivers at 6pm, as the predisposition will not be the same as the day goes by. Additionally, the service quality will also be dependent of how full the store is at the time that the visit occurs, as the probability of providing a quality service is higher when the store is not full. That being said, there is the need that the mystery shopper goes to the stores in different schedules, as a bigger number of visits must be achieved, in order to have a better sample of the service in general.

Therefore, in general P8 is valid.

6. Conclusion

With the increasing globalization, companies more and more look to differentiate themselves through the service provided, considering that competing with the price it's no longer that easy nowadays. There are available several methods to assure that a quality service is provided to the customers. The mystery shopper is one of them, being the only with an observational component inherent. In order to perform the service evaluation, mystery shoppers have a list with the criteria they must evaluate during the service encounter. This study focused on understanding how those criteria are formulated, namely if the customer companies have any intervention in the formulation. To collect valuable information to pursue with the study, in-depth interviews were made to both mystery shoppers and customer companies.

The current study revealed that customer companies indeed intervene in the criteria formulation, as their opinion and inputs are always taken into consideration when the set of criteria are formulated for their company. Those criteria are divided into four main areas, such as consumer protection law, presentation of the physical surroundings, presentation of the employee and the act of service. All of these criteria are adapted to the company, the sector and type of service delivery, as there could be criteria that are specific and other that are transversal to any industry.

It is considered by the mystery shoppers and the customer companies that as a whole, every criterion is important, even the physical surroundings, as everything is relevant since the moment the customer enters the store until he leaves. Nevertheless, they both agree that the criteria related with the act of service (empathy, availability, answer objections) are the most important ones, as they relate to the moment where the customer has contact with the employee and where everything happens.

After accomplishing the several steps that culminate in the mystery shopper evaluation itself, a final report is developed with the strong and weak aspects that were identified, as well as the improvement suggestions, to deliver to the customer company. With the results and outcomes, customer companies look to implement changes and make the necessary improvements in the service, as this is one of the main purposes to resort to this kind of method.

These general conclusions were drawn from a reduced number of interviews to both the mystery shoppers and customer companies, nevertheless they show the process and the procedures of companies of several industries. The analysis of the different interviews of both mystery

shoppers and the companies that ordered these service delivery evaluations shows the influence of the customers companies on the formulation of the mystery shoppers' criteria.

6.1 Suggestions and contributions

This dissertation addresses the intervention that customer companies have in the formulation of the mystery shoppers' criteria, stressing the importance of measuring the service quality to assure that an excellence service is provided to the customer. As evidenced in the results, there is a joint effort in the criteria formulation, so that the evaluation can be as complete and as adapted to the company reality as possible.

Mainly, besides the analyses and consolidation of several matters regarding the mystery shopper method, this master thesis has some contributions in different aspects:

- A better overall understanding of the mystery shopper method is given, namely regarding the characteristics, processes, specificities and advantages.
- Give visibility to the mystery shopper method, as it is a method that can be more used by several companies to evaluate their service, in the most diverse sectors. Considering it is a quality measurement method that so far isn't frequently applied by companies, with this dissertation, it may open horizons towards the benefits of this method, and, consequently, increase its usage.
- It was shown that mystery shopper company and the customer company work together in sync, collaborating in the criteria definition.
- It was evidenced that there are criteria that are specific to certain industries and other criteria that are transversal to any industry, which means some criteria are common and other need to be adapted according to the industry.

Besides the contributions that this study brings to the knowledge regarding the mystery shopper method, some suggestions are also made, as improvements can be made with the inputs given by the mystery shoppers and the customer companies, such as:

- Improve the methodology of the mystery shoppers' companies, from the criteria definition stage to the information collection process.

- In order to formulate the criteria, customer companies must always be present in the process from the beginning, making the briefing and working closely with the mystery shopper company.
- Customer companies that order the mystery shopper method, firstly they should examine their own clients, in order to understand which aspects they find most important, having the knowledge from the clients' perspectives.

6.2 Limitations

As it is expected, every study may have some limitations inherent, even though all efforts are made so that biases are avoided and all the relevant information is considered. That being said, this dissertation is no exception and it also faces some limitations, such as:

- The sample size. The interviewed sample was very small, and consequently, the findings may not be extrapolated to the universe of the mystery shoppers' company suppliers, even though they might be considered valid within the sample. That being said, having a broader sample could have resulted in more enriched data, as doing more interviews could have given different insights and perspectives about the subject, from both sides (mystery shoppers and customer companies).
- Regarding the data analysis methodology, it wasn't used any specific software to perform the analysis. It was done using interpretation skills, in an exempt way, as all of the information retrieved was organized in a excel sheet for further structured analysis. However, the human analysis can somehow be subjective, and by using a specific software, the data analysis could be more objective.
- It weren't interviewed mystery shoppers from more than one mystery shopper company, as a methodological orientation control measure. Every mystery shopper that was interviewed belonged to the same company, which means that all the information gathered was based in that company's business reality.
- Type of target sectors of the mystery shopper company. Not all sectors are covered by the mystery shopper company, therefore the findings may not be applied to the customer service in general, although all efforts were made to comprise as many different sectors as possible.

- Information availability. Due to the nature of the mystery shopper business, only so much information can be shared, so that essential information for conducting the business is not revealed.

6.3 Future Research

The aim of the present study was to comprehend how the criteria used by the mystery shoppers to evaluate service are formulated, and whether the customer companies have some kind of intervention in the formulation. From the limitations, to invest in a larger sample and in a quantitative study is future research. Also, the following topics may be explored for future research to have deep knowledge of the importance and the procedures of the mystery shopper method to evaluate a service encounter quality, namely when is a human face-to-face interaction:

- To compare the evaluation criteria adequacy among several industries.
- To compare the mystery shoppers service quality criteria and the ones considered as the main important from the service companies' customers.

7. References

- Atef, T.M. (2012). The mystery demystified: A mystery shopper's experience with hotel services and products. *Tourismos*, 7(1), 289-308.
- Baron, S., & Harris, K. (1995). *Services marketing: text and cases*. Bloomsbury Publishing.
- Beck, J., & Miao, L. (2003). Mystery shopping in lodging properties as a measurement of service quality. *Journal of Quality Assurance in Hospitality & Tourism*, 4(1/2), 1–21. https://doi.org/10.1300/J162v04n01_01
- Bitner, M. J. (1990). Evaluating Service Encounters: The Effects of Physical Surroundings and Employee Responses. *Journal of marketing*, 54(2), 69-82. <https://doi.org/10.1177/002224299005400206>
- Bitner, M. J. (1992). Servicescapes: The Impact of Physical Surroundings on Customers and Employees. *Journal of Marketing*, 56(2), 57-71. <https://doi.org/10.1177/002224299205600205>
- Bitner, M. J., Booms, B. H., & Tetreault, M. S. (1990). The service encounter: diagnosing favorable and unfavorable incidents. *Journal of marketing*, 54(1), 71-84.
- Bitner, M. J., Brown, S. W., & Meuter, M. L. (2000). Technology infusion in service encounters. *Journal of the Academy of Marketing Science*, 28(1), 138-149. <https://doi.org/10.1177/0092070300281013>
- Blessing, G., & Natter, M. (2019). Do Mystery Shoppers Really Predict Customer Satisfaction and Sales Performance?. *Journal of Retailing*, 95(3), 47-62. <https://doi.org/10.1016/j.jretai.2019.04.001>
- Booms, B. H., & Bitner, M. J. (1981). *Marketing Strategies and Organization Structures for Service Firms*. Marketing of Services (47-51). Chicago: American Marketing Association.
- Boyce, C., & Neale, P. (2006). *Conducting in-depth interviews: a guide for designing and conducting in-depth interviews for evaluation input*: Pathfinder International Watertown, MA.
- Chandon, J. L., Leo, P. Y., & Philippe, J. (1997). Service encounter dimensions-a dyadic perspective: Measuring the dimensions of service encounters as perceived by customers and personnel. *International Journal of Service Industry Management*, 8(1), 65-86. <https://doi.org/10.1108/09564239710161088>
- Durvasula, S., Lysonski, S., & Mehta, S. C. (2005). Service Encounters: The Missing Link Between Service Quality Perceptions and Satisfaction. *Journal of Applied Business Research*, 21(3), 15-26. <https://doi.org/10.19030/jabr.v21i3.1465>
- Dutt, C.S., Hahn, G., Christodoulidou, N., & Nadkarni, S. (2019). What's so Mysterious about Mystery Shoppers? Understanding the Qualifications and Selection of Mystery Shoppers. *Journal of Quality Assurance in Hospitality and Tourism*, 20(4), 470-490. <https://doi.org/10.1080/1528008X.2018.1553118>
- Farrell, A. M., Souchon, A. L., & Durden, G. R. (2001). Service Encounter Conceptualisation: Employees' Service Behaviours and Customers' Service Quality Perceptions. *Journal of Marketing Management*, 17(5-6), 577-593. <https://doi.org/10.1362/026725701323366944>

- Ghobadian, A., Speller, S., & Jones, M. (1994). Service Quality: Concepts and Models. *International Journal of Quality & Reliability Management*, 11(9), 43-66. <https://doi.org/10.1108/02656719410074297>
- Grove, S., & Fisk, R. P. (1992). Observational data collection methods for services marketing: An overview. *Journal of the Academy of Marketing Science*, 20(3), 217–224. <https://doi.org/10.1177/0092070392203002>
- Grove, S. J., Fisk, R. P., & Dorsch, M. J. (1998). Assessing the Theatrical Components of the Service Encounter: A Cluster Analysis Examination. *Service Industries Journal*, 18(3), 116-134. <https://doi.org/10.1080/026420698000000035>
- Gulc, A. (2017). Models and Methods of Measuring the Quality of Logistic Service. *Procedia Engineering*, 182, 255-264. <https://doi.org/10.1016/j.proeng.2017.03.187> - 14
- Ingaldi, M. (2018). Overview of the main methods of service quality analysis. *Production Engineering Archives*, 18(18), 54-59. <https://doi.org/10.30657/pea.2018.18.10>
- Jacob, S., Schiffino, N., & Biard, B. (2018). The mystery shopper: a tool to measure public service delivery?. *International Review of Administrative Sciences*, 84(1), 164-184. <https://doi.org/10.1177/0020852315618018>
- Weeks, R. V. (2015). Managing the services encounter: the moment of truth. *Journal of Contemporary Management*, 12(1), 360-378.
- Wilson, A. M. (2001). Mystery Shopping: Using Deception to Measure Service Performance. *Psychology & Marketing*, 18 (7), 721–734. <https://doi.org/10.1002/mar.1027>
- Wilson, A., Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2008). *Service Marketing: Integrating Customer Focus across the Firm*. New York, NY: McGraw-Hill.
- Lewis, B. R., & Entwistle, T. W. (1990). Managing the Service Encounter: A Focus on the Employee. *International Journal of Service Industry Management*, 1(3), 41-52. <https://doi.org/10.1108/09564239010001136>
- Lovelock, C. H., & Wirtz, J. (2004). *Services marketing: People, technology, strategy*. Brasil: Pearson Education
- Oghenekaro, A.P. (2018). Deployment of Soft Skills for Effective Customer Service in the 21st Century Library. *Journal of Computer and Communications*, 6(3), 43-50. <https://doi.org/10.4236/jcc.2018.63003>
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of marketing*, 49(4), 41-50. <https://doi.org/10.1177/002224298504900403>
- Puthiyamadam, T., & Reyes, J. (2018). Experience is everything: Here's how to get it right. PWC. <https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/future-of-customer-experience.html>
- Shanujas, V., & Ramanan, T.R. (2021). Do job competencies influence the satisfaction of customers? An investigation in the cooperative banking sector. *International Journal of Productivity and Performance Management*. <https://doi.org/10.1108/IJPPM-09-2020-0473>

- Shostack, G. L. (1985). "Planning the Service Encounter," in *The Service Encounter*, Czepiel, John A., Solomon, Michael R., and Surprenant, Carol F., eds. Lexington, MA: Lexington Books, 243–254.
- Solomon, M. R., Surprenant, C., Czepiel, J. A., & Gutman, E. G. (1985). A role theory perspective on dyadic interactions: the service encounter. *Journal of marketing*, 49(1), 99-111. <https://doi.org/10.1177/002224298504900110>
- Surprenant, C. F., & Solomon, M. R. (1987). Predictability and personalization in the service encounter. *Journal of Marketing*, 51(2), 86–96. <https://doi.org/10.2307/1251131>
- Svensson, G. (2006). New aspects of research into service encounters and service quality. *International Journal of Service Industry Management*, 17(3), 245-257. <https://doi.org/10.1108/09564230610667096>
- Yaoyuneyong, G., Whaley, J.E., Butler, R.A., Williams, J.A., Jordan, K.L., & Hunt, L. (2018). Resort mystery shopping: A case study of hotel service. *Journal of Quality Assurance in Hospitality and Tourism*, 19(3), 358-386. <https://doi.org/10.1080/1528008X.2017.1418702>

8. Appendix

A. Interview script – Mystery shoppers

P1: Há quantos anos trabalha como cliente mistério?

P2: Para quantas empresas já trabalhou como cliente mistério?

P3: Os critérios de avaliação do serviço eram os mesmos para todas as empresas empregadoras?

P4: Consegue identificar diferenças entre as empresas relativamente: à forma de se avaliar (estrutura da grelha a preencher)? De todo o processo?

P5: Já desempenhou o papel de cliente mistério para diferentes tipos de empresa cliente?

P6: E nos últimos 2 anos na função, (ou último ano se exerce a função recentemente), que indústrias/setores avaliou?

P7: Como funciona todo o processo para se tornar um cliente mistério (formação)?

P8: Após ter a informação que irá proceder a uma visita mistério para uma determinada empresa cliente, pode por favor descrever todos os passos do processo que se sucede?

P9: Enquanto cliente mistério, quais são os critérios que considera ser importantes na avaliação do serviço?

P10: Como é feita a grelha de avaliação?

P11: Os critérios que constam na grelha de avaliação são sempre os mesmos independentemente do tipo de serviço prestado pela empresa cliente? Ou são adaptados?

P12: Considera que existem critérios que dependem do tipo de serviço/indústria? Se sim, quais e porquê?

P13: Considera que existem critérios que são transversais a qualquer tipo de serviço? Se sim, quais?

P14: Considera existir algum aspeto que normalmente não é avaliado, embora seja importante de o ser?

P15: Qual a sua perceção sobre como os critérios são escolhidos? Qual a sua perceção sobre os critérios existentes?

P16: Considera que as visitas que realiza enquanto cliente mistério refletem de facto a experiência de um cliente real?

P17: Face às perguntas que foram feitas, acrescentaria alguma coisa?

B. Interview script – Customer Companies

P1: Qual o setor de atividade da empresa?

P2: Com quantas empresas de cliente mistério já trabalharam?

P3: Os critérios de avaliação eram os mesmos em todas as empresas de cliente mistério?

P4: Consegue identificar diferenças entre as diferentes empresas cliente mistério com que já trabalharam relativamente: à forma de se avaliar, de todo processo?

P5: Quais as principais razões que levaram a sua empresa a recorrer a este tipo de serviço?

P6: Que métodos de avaliação do serviço complementares ao cliente mistério utilizam? Isto é, utilizam mais alguma ferramenta de avaliação do serviço para além do MS (chamadas controle qualidade, questionários)?

P7: Como funciona o processo para fazer a seleção de uma empresa cliente mistério? Quais os critérios definidos para sustentar a tomada de decisão daquela empresa (briefing)?

P8: Após tomada a decisão de avançar com esta empresa cliente mistério, a sua empresa é envolvida em alguma parte do processo de planeamento (preparação das visitas mistério)? Pode descrever todos os passos do processo que se sucede?

P9: E na definição dos critérios a avaliar, a sua empresa tem voto na matéria (escolher/controlar)? Pode ser pedido que sejam feitas adaptações/alterações de acordo com o seu negócio?

P10: Enquanto empresa que pretende avaliar os seus serviços, que critérios consideram ser importantes?

P11: Considera que existem critérios que dependem do tipo de serviço/indústria?

P12: Considera que existem critérios que são transversais a qualquer tipo de serviço?

P13: Considera que houve algum critério que não tenha sido avaliado, embora seja importante de o ser?

P14: Quais as principais vantagens resultantes do recurso a este tipo de método? Melhorias significativas no atendimento? Resultados positivos?

P15: Como é considerada a informação resultante do processo de avaliação feito pelo cliente mistério? São feitas mudanças na prestação do serviço?

P16: Qual a sua percepção sobre como os critérios são definidos? E de todo o processo desenvolvido pela empresa cliente mistério?

P17: Considera que as visitas realizadas pelo cliente mistério refletem de facto a experiência de um cliente real?

P18: Face às perguntas que foram feitas, acrescentaria alguma coisa?