

**Retail**

# Secret Service

Chinese retailers are increasingly seeing customer service as a key way of setting themselves apart from the competition – opening the door for mystery shopping firms.

by **RUTGER BOOT**

**M**elody Zhang loves to shop. The training consultant from Shanghai is part of a new generation of Chinese consumers for whom visiting the mall is now a serious pastime. Yet, with dozens of new high-end stores opening across the city every week, she is becoming increasingly picky about which shops she frequents.

“A lot of products are identical,” she says. “I like shopping a lot, and so does my boyfriend. But, for example, if we have a coffee, the taste of it in one chain is indistinguishable from the other. It’s the same deal with clothes. So it is the atmosphere of the shop, the quality of the sales staff that makes the difference.”

It is fair to say that China is not renowned for the quality of its customer service. Even 10 years ago, sales staff tended to fall into two distinct categories: surly and disinterested, or overbearing and interfering.

Yet China’s consumer and retail landscape is changing rapidly – and so are the expectations of shoppers like Zhang. While price and quality used to be the most important factors

**“We believe that brand image is closely related to . . . the quality of service we provide. That is the only way to maintain our reputation.” – Lisa Li, Jorya**

determining retail behavior in China, the nation’s rapidly maturing shoppers are increasingly looking to the quality of service offered by a brand when making a purchase. Retailers are now concentrating their efforts on improving the overall customer experience, with an emphasis on service. And this has opened up a whole new industry in China: mystery shopping.

**UNRAVELLING THE MYSTERY**

The idea behind mystery shopping is, on one level, extremely straightforward. Mystery shopping firms, or service checkers as they are officially known, are commissioned by retailers to send a mystery shopper to one of their outlets. The

shopper is armed with a checklist of questions to ask and services to request. He or she will then anonymously assess the quality of service received and give feedback to the client on the experience of shopping in its store.

Although the practice has been long-established in Europe and the US, it is still a relatively new concept in China. Tobias Kurzmaier, global PR director for International Service Check (ISC), a leading global service checking firm, attributes the growth of mystery shopping in China directly to the internationalization of the Chinese retail scene.

“With the arrival of international brands [a decade or so ago], the concept of service in China started to change,” he said. “Service became a major sales asset. This has created a great opportunity for ISC and likewise for other service checkers.”

In just three years, ISC grew from having no presence in China to operating three offices in Beijing, Shanghai, and Guangzhou, with more than 7,000 mystery shoppers on its books. Other global rivals such as Bare International have also moved in on China, eager to



**SERVICE WITH A SMILE**  
Chinese retailers are now focusing on customer service

establish a presence in an immature market where no one organization at present dominates.

Service checking firms are at pains to stress that while their mystery shoppers undergo training and receive background briefings before being granted each assignment, it is vital that they remain, first and foremost, genuine consumers. Chuck Weng, an ISC sales representative based in Shanghai, points out that the company does not have any full-time mystery shoppers on its payroll, with assignments carried out in their spare time and on a freelance basis. “Mystery shopping is not a career,” he adds.

ISC’s policy on mystery shoppers is shared by other firms. “The mystery shopper has to be an experienced shopper, not an experienced inspector,” said Fran Tang, director of rival service checking firm Bare International. “An experienced shopper feels like a regular customer and acts accordingly. An inspector is just working according to a checklist, not paying any attention to the overall experience.”

**HOLISTIC RETAIL**

This new emphasis on the



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she said. “And besides, buying was not a pleasant experience. The shops were dull and the service was unfriendly. These days shopping, even if I do not buy anything, is like going out. I love to spend time with my friends, looking at nice clothes and enjoying the warm and rich feeling shopping gives me.”

According to Danit Gal, director of ISC China, the interaction between the shopper and the salesperson is the crucial factor in ensuring that consumers such as Zhang leave a store with a positive feeling. Her job is to convince retailers in China of the importance of improving their customer service. “The moment of sale, it’s a crucial moment, and the salesperson is the one who can influence the customer and represent the brand,” she said. “We focus on

this moment to make sure a shop or a brand gets the image it would like to deliver to its customers.”

Both Gal and Tang admit that for many Chinese retailers, mystery shopping was not immediately recognized as an asset. Tang said many retailers were initially reluctant to commission service checkers to analyze their staff. “We had a lot to explain on all levels,” she said. “Service personnel saw us as a burden. Our mystery shoppers were seen as dangerous, as if we were out to highlight failures and get staff into trouble. Managers, for their part, saw our services as a cost rather than an investment, because they saw no immediate link between our research and sales.”

According to Gal, nowadays service checking in China

“overall experience” is key to the growth of the service checking industry in China. As Melody Zhang is quick to recall, the

notion of shopping as an experience is a relatively new concept in China. “When I was young, there was not so much to buy,”

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is a much easier sell. “Customer service is no longer an extra service, it has reached the point that it is actually a sales strategy,” she said. As with so many industries in China, Gal believes the Olympics have had a major positive impact on demand. “Companies are expecting thousands of Chinese and foreign clients and want to have their service in gold medal shape,” she added.

**LUXURY INTEREST**

Perhaps unsurprisingly, high-end retailers, for whom quality and service rather than price is of utmost importance, have been most receptive to the concept of service checks.

One such retailer is Jorya, a luxury Chinese fashion retailer, with shops in Beijing, Shanghai, and Xiamen. According to Jorya’s retail manager Lisa Li, the link between sales and customer service has become increasingly important. “These days it is not so much the usefulness of the product so much as design philosophy and brand image that’s important,” she says. “We believe that brand image is closely related to this philosophy and to the quality of service we provide. That is the only way to maintain our reputation.” She adds that the impartial and anonymous nature of mystery shoppers can provide invaluable insights into the genuine experience felt by shoppers at Jorya’s stores.

The banking sector is another area of potential growth. According to Kurzmaier, while Chinese banks have traditionally paid scant attention to customer service, the arrival of international banks on the scene means that many are rapidly having to modernize their retail banking services.

“China has opened the door to foreign banking companies which offer a different [level of] service,” he said. “The Chi-



**SHOP TIL YOU DROP**  
The giant Grand Gateway mall in Shanghai

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nese banks, which are mostly state-owned, will need to offer at least a minimum standard of service. Otherwise they will fade away.”

**THE X FACTOR**

Acknowledging the importance of customer service is, however, the easy part; the hard part is getting it right. After all, what constitutes good service is subjective. One customer may be looking for extremely attentive service, while others may want the freedom to browse without being constantly waited on by shop assistants.

Nevertheless, Gal believes that Chinese retailers are increasingly open to exploring different customer service models. “Most companies are now starting to look at the concept of customer service in a different way,” she says. “The unfriendly rude woman behind the counter is outdated, but so are the five

**“The unfriendly rude woman behind the counter is outdated, but so are the five very friendly smiling girls that latch onto you the moment you enter a shop.”  
- Danit Gal, ISG China**

very friendly smiling girls that latch onto you the moment you enter a shop. There is a difference between too little service, good service, and service overkill which is difficult to define.”

As evidence of the difficulty of pinpointing the X factor that defines good customer service, Gal cites Swedish

home furnishings giant Ikea, which has taken China, and the world, by storm by turning the conventional notion of what constitutes service on its head. “The customer has to do almost everything by himself,” she says. “If all goes smoothly, then the first interaction you have with an Ikea staff member is at the check-out. But the whole shop is so well organized that you don’t need personal service. It is nice to shop there, maybe because at Ikea nobody tells you what to buy. I think that is a remarkable result.”

Some consumers may disagree with Gal’s assessment of Ikea. But its success is testament to the growing sophistication with which retailers are thinking about service, both in China and beyond. And as the overall experience becomes more important for retailers, expect the army of mystery shoppers in China to grow. ■