

WHAT'S NEW?

URBAN STUDIES RESEARCH TRENDS: POOR SERVICE

MARCH 2015

WE AT URBAN STUDIES often pick up certain trends and problem areas in the retail environment. This new research trend publication will address these issues **on a regular basis**. This edition will focus on how to overcome bad service in shopping centres. **Mystery Shopper Surveys** can be implemented to measure tenant service levels from an objective perspective.

South Africa has a very strong and well established shopping centre industry. South Africa has the 6th highest number of shopping centres in the world after the United States, Japan, China, Canada and the United Kingdom. Just more than 20 million m² are located in various size shopping centres throughout the country.

The one outstanding characteristic of most of the larger centres (>30 000m²) is the level of duplication in terms of the tenant mix. The problem is that with a limited variety of tenants, it becomes more and more difficult to **DIFFERENTIATE** one centre from the next. More or less a cookie-cutter recipe has been followed.

The one thing a shopping centre can do to differentiate itself is to offer excellent or much better customer service than the nearby competing centres. In the early 2000s, the shopping centre industry in the USA started focussing on improving service levels across all retail centres. It was remarkable to experience the improvement in service levels within a few years.

The main objectives of a Mystery Shopper Survey are the following:

- To measure the service levels per store based on a list of service delivery criteria;
- To compare the rating of a particular store with other stores in the same category;
- To identify those tenants well above the centre average, as well as those well below the centre average;
- To track changes in the store performance ratings over time and to strive for higher ratings per store, per category, and per centre;
- Category and centre averages are also compared to benchmark figures for similar size and types of centres where Urban Studies has already conducted mystery shopper surveys.

“ The Mystery shopper survey is run at Sandton City annually and is an essential part of the centre's Customer Relationship Programme. This regular feedback gives us an understanding into how our customers perceive and rate the centre as well as our tenant service levels. We share this feedback with all our tenants. The top performing tenants are recognised at our annual Tenant Awards event. ”

JULIE HILLARY
CEO Sandton City

Diagram 1 gives an indication of the performance of a large super-regional centre over time. In the example below the first rating for the centre average after a Mystery Shopper conducted in 2011 was 72%. A target was set for 75% the next year which was achieved in 2013, followed by a small decline to 74% in 2014. This clearly confirms the fact that service levels should continuously get attention from all involved.

DIAGRAM 1 ▼

MYSTERY SHOPPING SURVEYS IS ONE RESEARCH TOOL DESIGNED AND USED BY **URBAN STUDIES** TO MEASURE SERVICE LEVELS OF TENANTS IN SHOPPING CENTRES

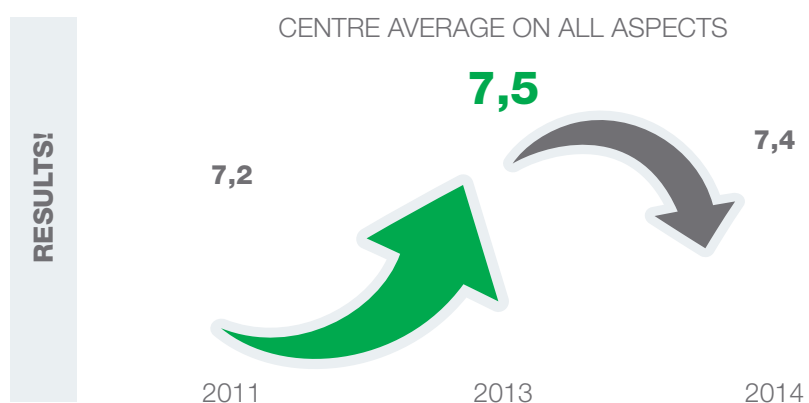
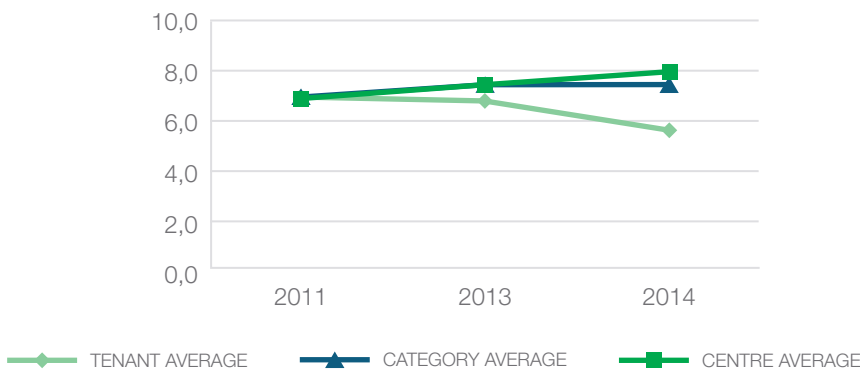


Diagram 2 is an indication of the report received by each tenant. The report indicates the rating of each of the three mystery shoppers, the tenant average during the different years, the category average, and centre average for the full period. The graph below indicates the performance of a particular tenant as well as very specific comments made by the different mystery shoppers. These comments are very valuable to fully understand the positive and negative aspects experienced for each and every tenant.

DIAGRAM 2 ▼

SUPERREGIONAL CENTRE MYSTERY SHOPPER 2014				
SHOP NAME		xxx		
CATEGORY		MEN'S CLOTHING		
		Store Ave	Category Ave	Centre Ave
Service Elements	Shopper 1	2014	2014	2014
Statement 1	4	5,0	7,4	8,3
Statement 2	6	6,0	7,6	8,3
Statement 3	5	4,3	7,4	8,3
Statement 4	7	6,0	7,6	8,7
Statement 5	6	6,3	7,8	8,3
Statement 6	6	5,7	7,7	8,7
Statement 7	5	6,3	7,7	8,7
Statement 8	6	5,3	7,7	8,3
Statement 9	8	6,3	7,7	8,0
AVERAGE	5,6	5,7	7,5	8,1

SUPERREGIONAL CENTRE MYSTERY SHOPPER SURVEY:
MEN'S CLOTHING



SHOPPER 1

Floor dirty. Shoe boxes untidy.

SHOPPER 2

Lack of willingness. Average store.

SHOPPER 3

Limited sizes and ranges.

ASSISTANT'S NAME	xx	yyy	xxx
DAY OF WEEK	Mon - Thurs	Weekend	Friday
DATE	03-Jun	28-Jun	27-Jun
TIME OF DAY	11:00-12:00	14:00-15:00	16:00-17:00
NAME TAG	No	No	No

There are a number of key considerations **BEFORE** a mystery shopper are implemented:

- Centre Management and the Landlord must **COMMIT** themselves to the results from the survey;
- Centre Management and the Landlord must also commit themselves to develop a **TRAINING PROGRAM** for poor performing tenants;
- Certain **GOALS** for the centre as a whole must be set and all tenants must be motivated accordingly;
- This must become a **LONG-TERM MEASUREMENT** to fully understand the progress in service levels.

“ The Mystery Shopper Survey forms an integral part of Eastgate Shopping Centre's ongoing Customer Relationship Management programme.

Regular feedback received from our customers gives us an insight into how they perceive the centre and areas that can be improved.

Results received after a Mystery Shopper Survey are communicated to all tenants and a retail customer service training programme is offered to bottom performing tenants to improve their customer service offering.

The top scoring tenants are recognised at our annual tenant meeting. ”

HESTER SMITH
Centre Manager
Eastgate Shopping Centre

It is very important to implement certain development programmes and strategic actions once the results are available. The following should be included:

- Top performing tenants in each category could be rewarded;
- Tenants showing the highest improvement over a time period should also be rewarded;
- Ensure that all staff are always well trained and always offer the best service;
- Consistent good service every day of the week should be the goal;
- Treat each customer with respect, poor or rich, old or young, black or white, local or foreign;

- Workshops and training programmes should be implemented for the different performance levels;
- Issues that are contributing to poor service levels are: sloppy appearance, eating in the store, chatting on a cell phone while customers are waiting, the untidy appearance of a store as well as the window displays, the storage of boxes in the store and unpacking them during trading hours, and an unprofessional attitude to customers.

Similar to what happened in the USA in the early 2000s, improved service levels must be set as a goal for shopping centres in South Africa. To improve the service levels across the board will enhance the whole shopping centre industry. There are so many different areas in the South African environment where poor service and the lack of service is the order of the day and tenants and their staff in our shopping centres can start making a difference.

ALWAYS
TRY TO
EXCEED
THE
EXPECTATIONS
OF THE
CUSTOMERS



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