



## **A Study on the Disparity Between Expected Brand Standards and Real Time Retail Execution Through Mystery Audits**

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### **ABSTRACT :**

This study investigates the disparity between expected brand standards and actual in-store retail execution by using mystery audits as the assessment method. The research uses a mixed-method approach including structured rating checklists for quantifiable compliance assessment and detailed qualitative observations to capture real-time customer experience nuances. Key performance areas examined include staff grooming, customer greeting, product knowledge, visual merchandising, store cleanliness, ambience, and billing process.

The findings reveal significant gaps between the brand's defined operating procedures and real-time execution, with inconsistencies noted in customer engagement, staff adherence to grooming standards, product knowledge depth, and store environment maintenance. While some outlets demonstrate partial compliance, none delivered a fully consistent experience across all parameters. Factors contributing to these gaps include uneven staff training, varying supervision levels at store locations, and differences between company-owned and franchise stores. Mystery audits provide an unbiased and realistic view of retail operations from the customer's perspective, highlighting both strengths and areas for improvement.

The study recommends institutionalizing mystery audits as a periodic monitoring tool, coupled with structured staff training programs, enhanced store-level supervision, and systematic performance feedback mechanisms to close the gap between expected standards and actual execution. These measures can help improve service consistency, protect brand reputation, and enhance overall customer satisfaction and loyalty in the retail environment. Mystery audits thus serve as a critical quality assurance practice to drive continuous improvement in retail service delivery.

**Keywords:** Mystery audit, retail execution, brand standards, Visual merchandising, customer engagement

### **INTRODUCTION**

In the intensely competitive retail landscape, brands devote substantial resources to crafting detailed standard operating procedures (SOPs) that outline precise expectations for staff interactions, visual merchandising, store hygiene, ambience, product knowledge, customer greetings, and billing processes, all aimed at delivering a seamless, premium customer experience across every outlet. These SOPs serve as the blueprint for building customer trust, fostering loyalty, and differentiating from competitors, yet real-time in-store execution often reveals stark deviations due to factors like inconsistent staff training, high employee turnover, variable supervision levels, and operational differences between company-owned and franchise stores. Such gaps—manifesting as delayed greetings, subpar grooming, dusty displays, or inadequate product explanations—not only diminish perceived brand quality but also trigger negative word-of-mouth, reduced repeat visits, and tangible revenue losses, underscoring a pervasive challenge in translating strategic intent into frontline reality.

Mystery audits address this disconnect head-on by deploying undercover evaluators who pose as typical customers, capturing unfiltered snapshots of operations without prompting performative behavior from staff. This method combines structured quantitative checklists—rating compliance on scales for key parameters—with qualitative notes on nuanced interactions, ambience, and service flow, yielding a holistic, customer-centric view that internal audits or feedback surveys often miss. Widely recognized in retail research for their reliability in exposing hidden inconsistencies, mystery audits provide actionable data on performance shortfalls while highlighting strengths, enabling brands to safeguard reputation and drive operational excellence.

This study investigates the disparity between expected brand standards and actual retail execution through mystery audits, drawing on exploratory mixed-methods research conducted across diverse outlets to illuminate compliance levels, root causes, and pathways to consistency. By generalizing findings beyond any single brand, it contributes to broader retail management practices, emphasizing periodic audits, targeted training, and feedback loops as vital for aligning execution with expectations and elevating customer satisfaction.

### **Objective**

1. To evaluate adherence to brand SOPs in staff grooming, greetings, product knowledge, visual merchandising, cleanliness, ambience, and

billing via mystery audits.

2. To capture real-time customer experience from an unbiased shopper's perspective to spot service delivery gaps.
3. To identify inconsistencies across outlets, like differences between company-owned and franchise stores.
4. To pinpoint root causes such as training shortfalls, poor supervision, or high turnover affecting execution.
5. To benchmark store performances to highlight strengths and priority areas for operational fixes.
6. To propose actionable steps like regular audits, targeted training, and feedback loops to ensure consistency and boost loyalty.

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## Literature Review

*Wilson, A. M. (1998):* Wilson explores mystery shopping as a vital tool for gauging service performance in retail environments, stressing its ability to capture authentic customer encounters that diverge from a brand's scripted ideals. The study underscores how these audits pinpoint execution shortfalls in frontline service, offering retailers concrete ways to bridge the divide between operational guidelines and daily reality.

*Finn, A., & Kayandé, U. (1999):* This work rigorously tests the psychometric strengths of mystery shopping, affirming its superior reliability over self-reported surveys for unveiling retail inconsistencies. It positions audits as truer mirrors of customer interactions, far outpacing biased internal reviews in detecting lapses between brand pledges and store-level delivery.

*Grove, S. J., Fisk, R. P., & Bitner, M. J. (1992):* Grove et al. introduce the servicescape framework, detailing how physical cues like merchandising, hygiene, and atmosphere shape buyer perceptions and actions. This theory bolsters audits evaluating in-store visuals and upkeep, revealing their pivotal role in either reinforcing or undermining brand promises.

*Market Research Society (Recent Guidelines):* The MRS defines mystery shopping as deploying trained proxies to mimic customers, meticulously documenting service flows for objective critique. It highlights the method's edge in exposing unvarnished truths about product expertise, compliance, and ambiance that surveys gloss over.

*Shiu and Yu (2010, from Retail Audit Studies):* Recent analyses affirm mystery audits' predictive power for satisfaction in multi-site chains, though they caution against over-relying on them as sales proxies. These findings advocate blending audits with other metrics to fully grasp execution dynamics across varied outlets.

*Market-Xcel (2025 Case Study):* In a multi-brand electronics audit, mystery visits tracked SLA adherence in staff conduct, product demos, and finance pitches, yielding benchmarks for uniform experiences. The approach proved essential for refining training and merchandising to curb deviations in high-traffic retail.

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## Research Methodology

This study adopts an exploratory mixed-methods approach to investigate retail execution gaps, blending quantitative ratings from structured checklists with qualitative observations captured during undercover mystery audits. Auditors posed as typical customers, visiting diverse outlets to assess compliance with brand SOPs across key parameters like staff grooming, greetings, product knowledge, visual merchandising, store cleanliness, ambience, and billing processes, using a consistent 5-point scale for objective scoring while noting real-time interactions and nuances. Pre-audit preparation involved reviewing SOPs and crafting tailored checklists, followed by store selection spanning company-owned and franchise locations for broad representation. This methodology ensures unbiased, customer-centric insights, avoiding peak times or purchases to capture authentic behaviors and enabling clear identification of strengths, shortfalls, and root causes like training variances.

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## Limitations

1. Mystery audits capture only a snapshot in time and may not represent everyday performance consistently across all visits.
2. Results depend heavily on the skill and judgment of the mystery shopper, introducing potential subjectivity.
3. The covert nature limits the ability to probe deeper into issues or get employee perspectives during the audit.
4. Frequent audits needed for trend analysis can be resource-intensive and disruptive if staff suspect they are being evaluated.
5. Quantitative scores may not capture subtle qualitative aspects of customer experience, requiring complementary data collection methods.

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## Findings & Analysis

The comprehensive mystery audits conducted across a broad spectrum of retail outlets revealed a landscape of partial compliance with established brand standard operating procedures (SOPs), reflecting an overall average score of 3.85 out of 5. No audited store achieved full compliance across all evaluated service parameters, signalling persistent execution gaps that have the potential to affect customer satisfaction, brand perception, and financial outcomes significantly. The audits highlighted robust performance in visual merchandising and store environment elements, while revealing notable weaknesses in interpersonal service facets such as customer greetings and product expertise. The disparities across various parameters are detailed below, supported by quantitative scores and percentage compliance rates which represent the frequency of strong adherence (rating of 4 or above) across all visits.

**Table: Mystery audit scores and compliance by service parameter**

| PARAMETERS           | AVG SCORE (1-5) | COMPLIANCE (%) | TOP PERFORMANCE      | KEY ISSUES OBSERVED                           |
|----------------------|-----------------|----------------|----------------------|---|
| STAFF GROOMING       | 4.15            | 82%            | Company-owned stores | Missing blazers/tags in franchise (18%)       |
| CUSTOMER GREETINGS   | 3.72            | 68%            | Urban mall outlets   | Absent/delayed in (32% esp. low staff stores) |
| PRODUCT KNOWLEDGE    | 3.45            | 62%            | High-traffic stores  | Vague/incomplete (38%)                        |
| VISUAL MERCHANDISING | 3.98            | 78%            | All outlets          | Cluttered nesting tables (22%)                |
| STORE CLEANLINESS    | 3.68            | 71%            | Company stores       | Dusty shelves/boxes in trial rooms (29%)      |
| AMBIENCE             | 3.92            | 76%            | Premium Locations    | No music/fragrance (25%)                      |
| BILLING PROCESS      | 3.51            | 64%            | Larger outlets       | Poor offer explanations (36%)                 |

The mixed scores underscore that while structural and environmental aspects provide a solid backbone, the crucial interactive behaviours that directly influence customer experience and satisfaction require focused improvement.

#### **A. Staff-Related Findings and Analysis**

Staff grooming consistently ranks as a strength within the audited outlets, scoring an average of 4.15 with over 80% of visits meeting or exceeding expectations. This high level of compliance, especially prevalent in urban and mall locations, reflects the effectiveness of formal dress code policies and supervisory mechanisms directing employee presentation. However, the audits revealed that approximately 18% of visits showed lapses such as the absence of blazers or improperly displayed name tags, naturally diminishing perceived professionalism and the premium brand aura in those contexts. These deficiencies tend to cluster in less supervised or franchise-operated outlets where enforcement and consistent training are weaker.

Customer greetings, forming the backbone of an inviting store experience, averaged a moderate score of 3.72 with 68% compliance. Delayed or absent greetings were reported in nearly one-third of visits, predominantly in stores experiencing understaffing or operating in less monitored locations. Such gaps weaken the crucial early rapport-building opportunity that directly influences customer perceptions and their likelihood of initiating purchases. The tendency for greet lapse correlates strongly with operational pressures and inadequate staff motivation suggesting a need for enhanced training and incentive schemes.

Product knowledge emerged as the most critical area needing remediation, with the lowest average score of 3.45 and just 62% rated compliant. Auditors frequently found staff lacking confidence or comprehensive understanding of product attributes, options, and current promotions—creating a barrier to effective recommendations and upselling. High-traffic flagship stores often excelled due to more structured and continuous training, while lower scoring outlets, typically franchises or remote locations, suffered from accelerated staff turnover and inconsistent learning reinforcement. Given that product expertise is fundamental for customer conversion and loyalty, this represents a high-impact area for intervention.

#### **B. Store Environment Findings and Analysis**

Visual merchandising scored close to 4.0, with 78% compliance, demonstrating that most outlets maintain orderly product displays and appropriately themed merchandising arrangements. However, around 22% of audits noted clutter, disorganized nesting tables, or inappropriate offer placements, which derogate the intended curated brand experience. These physical shortcomings could subtly influence shopper impressions and erode messaging clarity.

Store cleanliness maintained an average score of 3.68, also reflective of majority but uneven sanitation efforts. Issues such as dusty shelves, poorly maintained trial rooms, and miscellaneous storage boxes discovered in nearly one-third of visits highlight lapses in routine housekeeping, particularly during off-peak times, when maintenance is deprioritized. This directly contradicts SOP mandates and can detract from the premium ambiance customers expect.

Ambience, encompassing lighting, scent, and sound, averaged a favourable 3.92 with 76% compliance, generally aligning with brand standards designed to foster inviting store atmospheres. Nonetheless, 25% of the visits recorded environments lacking music or fragrance which are hallmark sensory branding elements, thereby lessening overall customer engagement potential.

Billing processes showed room for improvement at 3.51 average with 64% compliance; unclear communication on promotional offers and billing intricacies were reported in 36% of audits, often leading to customer confusion or dissatisfaction at the point of sale. Checkout experiences marred by rushed or inadequate explanations could negatively impact final purchase decisions and post-transaction goodwill.

#### **C. Ownership & Location based Performance Variations**

The audits unmistakably demonstrate that outlets under direct company ownership outperformed those operating under franchise agreements, with average parameter scores of 4.1 versus 3.6 respectively. Company stores showcased higher grooming compliance (4.3 vs. 3.9) and superior product knowledge (3.7 vs. 3.2), a distinction attributed to centralized training initiatives, direct managerial oversight, and more rigorous accountability mechanisms. Franchises, whilst benefiting from brand support, exhibited wider variability due to asymmetric SOP enforcement, uneven resource allocation, and accelerated employee turnover within independently managed operations.

Geographically, urban and high-footfall mall locations exhibited an average score of 4.0, buoyed by greater supervisory scrutiny, denser competition, and

more experienced personnel, yielding stronger results in greetings (avg 3.9) and ambience (avg 4.1). In contrast, suburban and standalone stores trailed at an average 3.5, suffering from staffing shortages, lower customer volumes, and fewer real-time quality checks. This geographic divide underscores the logistical and operational challenges impeding consistent brand execution across diverse retail environments.

#### D. Implications and Root Causes

The chief implications of these audit results point to considerable risks in customer satisfaction, revenue optimization, and brand equity erosion if identified gaps remain unaddressed. Deficiencies in product knowledge and customer engagement jeopardize upselling opportunities and diminish shopper confidence, with auditors observing potential missed sales in 30%-40% of interactions due to inadequate staff expertise or inattentiveness. The inconsistent application of greetings and service rituals likewise fosters negative first impressions, deterring repeat visits and amplifying attrition risk.

Substandard cleanliness or ambient inconsistencies subtly but cumulatively erode the aspirational appeal that forms the brand's competitive advantage. Combined with obscure or hurried billing processes, these operational shortfalls detract from fluid shopping journeys and compromise overall customer delight.

Root causes primarily revolve around uneven training quality, especially acute in franchise and geographically dispersed stores where periodic reinforcement and supervision are suboptimal. Frequent employee turnover dilutes the retention of brand knowledge and undermines cultural alignment, while communication gaps between corporate leadership and frontline managers delay prompt corrective action. The operational latitude enjoyed by franchisees, though beneficial for local responsiveness, introduces variations in SOP interpretation and enforcement that propagate inconsistency.

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### Conclusion

This study on the disparity between expected brand standards and real-time retail execution, using mystery audits as an assessment tool, reveals a clear and significant gap in how retail service quality is delivered across outlets. Despite well-defined standard operating procedures aimed at ensuring uniform, premium customer experiences, actual execution falls short in critical areas such as customer greetings, product knowledge, and billing transparency. Although strengths exist in staff grooming and store ambience, inconsistent application of key interactive elements undermines the brand's promise of quality and consistency.

The findings illustrate that these gaps are largely attributable to uneven staff training, variability in supervision quality, and operational autonomy among franchise stores, compounded by high employee turnover and resource disparities across locations. Company-managed outlets and urban stores tend to perform better due to closer oversight and better access to training and support. Conversely, franchises and geographically dispersed outlets exhibit weaker compliance, resulting in a fractured brand experience that risks diminishing customer loyalty, reducing sales, and tarnishing reputation.

Addressing these disparities requires a strategic, multi-pronged approach. Institutionalizing periodic, unbiased mystery audits will allow continuous monitoring and early identification of performance shortfalls. Comprehensive and standardized training programs, reinforced with digital supervision and clear accountability systems, must be implemented across all store formats to bridge knowledge and service gaps. Enhanced communication and support for franchise partners will foster alignment with corporate standards. These interventions will help translate brand aspirations into consistent, high-quality experiences that strengthen customer trust, protect brand equity, and drive sustainable growth in a competitive retail landscape.

In conclusion, mystery audits serve as an indispensable tool not only for diagnosing service delivery failures but also for guiding ongoing improvements. By systematically closing the gap between expected and actual retail execution, brands can ensure that every store delivers on its promise, enhancing customer satisfaction and securing long-term business success.

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