

Case Study

Premise Mystery Shopping Helps Investor Understand Potential Acquisition

Challenge

A U.S.-based credit-related investment management firm was preparing to acquire a majority stake in a national retail franchise. Prior to closing the deal, the investor decided to pursue one last avenue of due diligence: mystery shopping the company's flagship store.

The acquisition target, a manufacturer and retailer of truck trailers, earned most of its margins in retail. At more than 70 dealerships across the U.S., the company sold its trailers by focusing not on price, but on customer use case. The company's management team, having worked hard to develop a consultative sales force, told the prospective investors that this customer-centric sales strategy was key to their retail success.

The investor was ready to commit capital towards expanding the sales operation. But first, they wanted to see it for themselves.

Solution

The investor came to Premise with a question: at the retailer's top-performing location — located in Los Angeles — how were sales reps initiating conversations with prospective customers? Were they leading with a focus on the customer's use case? Or with a conversation about budget?

To crowdsource this mystery shopping task, Premise had to filter its global community of smartphone-enabled Contributors down to a cohort that met three important criteria.

Contributors had to be:

- Located in or near Los Angeles
- Able to conduct mystery shopping
- Sufficiently knowledgeable about truck trailers to engage in a consultative sale

To find this highly-specialized cohort, Premise created informational grouping tasks that isolated its LA Contributors and identified the ones who were able to knowledgeably engage in the purchase of the auto parts.

Once the best Contributors were identified, Premise sent them on mystery shopping trips that required them to make reservations for sales appointments, interface directly with reps, and report back on the full purchasing experience.

Within two days, a number of Contributors had visited the flagship store and submitted detailed write-ups and photos.

Each Contributor response included:

- Photos of the facilities, products, and surroundings
- Price points and quantities of various truck trailers available on-lot
- Qualitative feedback on the sales experience and shopper sentiment



Together with location data, quantitative responses, and survey assessments, Premise Contributors submitted photographs and qualitative reports to form a complete portrait of the sales experience.

“Please summarize your experience at the location.”

“ Overall, my experience with Rob was very good. The team greeted me at the gate and asked me if I had an appointment. The person that opened the gate for me then proceeded to go inside and grab Rob to meet me. I waited no more than one minute to meet him...”

“ It was super quick and easy. I was greeted at the front of the lot and then taken back into the main office where he asked me what kind of item I was looking for. I told him I needed to use it for camping equipment, so he showed me the utility trailers and enclosed cargo trailers...”

“ I had to ring a buzzer and wait for someone to open the gate. I was able to look at the lot and count trailers. Chris introduced himself as the manager and asked me what I needed a trailer for. He knew the towing capacity of my vehicle. Discussed options between different sizes of utility trailers...”

“ Brad quoted me the prices for the different sizes and offered the different specials and clearances. He was patient with my questions and knowledgeable about my vehicle's towing capacity. No pressure at all. Really, if I needed to buy a trailer I would go back.”

Qualitative feedback, written directly by the Contributors, gave the investor an up-close look at how the dealership conducted sales.

Findings

Premise's results helped the investor validate an important element of their thesis: the top-performing location's sales reps were indeed providing a quality experience led by use case over price.

The investors discovered:

- The precise quantity and price points of trailers for sale in three categories.
- All respondents confirmed that sales associates led with questions about use case rather than budget.
- Each Contributor was served by a sales rep in less than 5 minutes. In each case they reported the name of the rep and submitted a write-up of how the experience went. The reports were positive, with all respondents saying they would be “very likely” to recommend the location in the future.
- The facility was easily findable. Photos captured by the Contributors showed good signage next to a main thoroughfare.
- All Contributors were pitched financing options — one of them, three times — and reported the rates to Premise.

Results

The positive impressions of the shopper experience, as provided by Premise, deepened the investor's understanding of the business and corroborated their interest in the acquisition.

With Premise's insights, the investor was able to:

- **Validate their thesis.** Premise's mystery shopping proved that the franchise's high-performing dealerships were conducting sales in a manner consistent with how the prospective investors were expecting.
- **Gain a customer-level view of the business.** Qualitative write-ups on the shopping experience, along with photos, gave the investor a clear look at how customers experienced the business.
- **Understand critical metrics.** Quantitative feedback allowed the prospective investor to understand precise inventory counts, pricing, and financing rates. The numbers aligned with what the investor was expecting.

About Premise

Premise is a crowdsourced insights company. Our technology mobilizes communities of global smartphone users to source actionable data in real time, cost-effectively and with the visibility you need. In more than 125 countries and 37 languages, we find Data for Every Decision™.

To know more, visit www.premise.com

