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## They've got a secret: Many mystery shoppers

MFI buying companies, offering more services

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Joe Wilson may appear suspicious to owners and employees of Denver gas stations and convenience stores.

He carries a camera and clipboard, and takes pictures and notes as he inspects the premises.

His job? Wilson is a mystery shopper and merchandise auditor -- and sometimes that gets him kicked out of the joint.

"I've been kicked out, especially by small business owners, and they're hesitant to have their stores photographed or don't want to give you their name," Wilson said. "In Denver, there are people working in these convenience stores for whom the appearance of a camera and clipboard is a means for panic. Occasionally, you run into people who are not fluent in English ... and sometimes they are less willing to cooperate, and that makes for challenging situations, because they will oftentimes not understand what I'm trying to do."

Because he needs a receipt to prove he was there, in order to get paid, Wilson makes sure to buy something before starting his appraisal.

Wilson, 54 and a Denver resident, is a full-time actor and does this work on a part-time basis for Boulder-based Market Force Information Inc. (MFI).

The business is only 3 years old, but already has made three company acquisitions, has about 300,000 consultant mystery shoppers nationwide and is expanding into other retail-related areas.

MFI's most recent acquisition, made on Feb. 6, was of Certified Marketing Services Inc., a national marketing and merchandising services company based in Kinderhook, N.Y. That enabled MFI to expand its services beyond mystery shopping and merchandise audits to include producing retail resets, recalls and displays; phone and Web-based customer surveys; and movie theater audits.

"One of the things we've found so attractive about this market is that everybody uses a service



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Karl Maier is CEO of Market Force Information Inc. in Boulder. The company has 300,000 consultants nationwide that do mystery shopping.

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like this," CEO Karl Maier said. "It's a \$2 billion-plus market opportunity."

Maier, 40, along with Rushton McGarr, 41, vice president of product management, and Paul Berberian, 42, co-founder and board member, founded MFI in January 2005 with seed capital of \$750,000, \$44 million in equity funding and \$12 million in debt. The investment firms that contributed to the initial funding were Monitor Clipper Partners, Centennial Ventures, Boulder Ventures, Vista Ventures and Hercules Technology Growth Capital.

Maier's plan is to keep buying some of the nation's approximately 400 mystery shopping and merchandising services, and to become a larger player in this sector.

In 2006, MFI acquired Shop 'n Chek Worldwide, a mystery shopping firm based in Norcross, Ga., and in 2007, it bought Speedmark Information Services, a marketing services company based in The Woodlands, Texas.

Maier won't disclose past revenue figures, but did say he expects revenue to be around \$50 million this year, and he hopes to see it reach \$150 million annually within five years.

MFI hires independent contractors as mystery shoppers nationwide. Their job is to gather store information or provide merchandising services. Then, MFI reports those results to those businesses.

Its clients include retail stores, restaurants, movie theaters, drug stores, grocery stores, gas stations, convenience stores, financial institutions and consumer packaged-goods companies.

Many of the independent contractors are retirees, students, stay-at-home moms and dads, or people with full-time jobs looking to make some extra cash. They get reimbursed for buying products or meals, plus a little extra for completing the assignment.

"I had to go to a fast-food restaurant the other week and I was 'forced' to eat ice cream, and I came home and said to my husband 'can you believe I get paid for eating ice cream?'" said Maryellen Boissonnault of Grand Junction. She's been a mystery shopper since July 2003, and said she has worked steadily for MFI because of its variety of assignments, unlike some other mystery shopping companies.

Michael Wetzlich of Santa Clara, Calif., who has done assignments for MFI since it started, chose mystery shopping as a way to supplement his income after he retired from the Navy in 2001. He evaluated one restaurant while having dinner there with his brother and sister-in-law -- and neither caught on that he was doing a job.

"You've got to maintain your secrecy the entire time you're there," he said. "I've never been discovered or called out, so that's a fortunate thing."

Getting paid to eat ice cream, go out for dinner or buy a new outfit is only a small part of mystery shopping.

"It's real work, it's a real job -- and it sounds sexy and it is pretty sexy," Berberian said. "But you're definitely going to earn your pay because the customer [the establishment] has

expectations to track all the touchpoints they have in their establishment."

Berberian said a good mystery shopper has to be detailed, organized, smart, articulate and thorough.

"If you think about going in [to a store] and taking notes about everything, you'll be surprised about how many things you have to think about and remember," he said. "But it can be a lot of fun for people who are good at that stuff."

Clients hire mystery shoppers in order to learn how their employees are performing.

Sometimes, it's as simple as going in to order a meal at a fast-food restaurant and timing how long it takes to receive it, or making sure the right movie trailers are screening before the feature.

But other times, it's more complicated, such as sending a woman who's pretending to be pregnant into stores and observing what kind of service she receives. Or, mail a one- or two-pound bag of rice to see if it's priced correctly.

Berberian said mystery shopping isn't used to get employees and businesses in trouble, and companies shouldn't use the results to discipline workers. Instead, they should use the results to highlight positive aspects and look for ways to improve.

MFI's merchandising services include changing store displays, signage and merchandise in retail stores. MFI also offers analyses of what its reporting data means.

"Historically, in this industry, a lot of companies have just been providers of data," Maier said. "They simply come back with a report that the wait time was one minute or the bathroom wasn't clean. Now, we're not only reporting the data, we're actually telling the clients what it means and with actionable information."

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