

## RRForum Research Briefs

### *Insights and learnings from 25 years of research in responsible retailing*

#### Research Brief #2: *How to improve compliance rates – Part 1*

- The persistence of underage sales despite staff training, point-of-sales protocols, and supervisory practices has led to a new strategy to improve ID-checking that is equally effective with retail stores and on-premises serving establishments.

Context. The first Research Brief (*Why Do Underage Sales Occur?*) described why intensive efforts by large national chains to implement ambitious Responsible Retailing programs failed to eliminate underage sales:

“Retail work is highly repetitive, and workers’ minds wander. Underage sales occur for the same reason as many industrial accidents: momentary lapses in concentration. William Chandler, the former director of alcohol law enforcement in North Carolina, thus aptly defined underage alcohol sales as *crimes of inattention*.”

This should lead managers to consider how they can maintain staff awareness.

A New Strategy for Achieving Compliance. Starting in 2004, RRForum met periodically with large national chains (including Walgreens, CVS, Walmart, 7-Eleven, and petroleum marketers) who had entered Assurances of Voluntary Compliance (“AVC”) with 43 state Attorneys General. These AVC’s stipulated training, supervisory practices, and point-of-sales protocols intended to reduce underage sales of tobacco and other age-restricted products. They also required the chains to conduct periodic “mystery shops” to observe changes in staff ID-checking rates. When the AVC failed to improve ID-checking in the one chain (ExxonMobil) that RRForum was studying closely, we tested the idea of expanding the mystery shops from *unreported observations* intended only to gather research data into a *real-time intervention* for staff. Instead of leaving the store after an attempted purchase without revealing themselves, the mystery shoppers were instructed to provide on-the-spot feedback to the clerk and store manager. If the clerk asked for an ID, the mystery shopper would present a card explaining the purpose of the inspection and congratulating the clerk and store manager or owner-operator for correctly verifying age. When no ID was requested, the card warned that a similar failure in a law enforcement compliance check could expose the clerk and store to penalties under both store policies and state law. Since, we learned, the cards issued in a failed inspection were

sometimes destroyed before the owner-operator could see them, we also sent a written report to the licensee.

RRForum tested this use of mystery shoppers to provide on-the-spot feedback to staff in Albuquerque, NM, Iowa City, IA, and Waltham, MA (home of Brandeis University, where RRForum was launched in 2003). In two sites, Iowa City and Waltham, mystery shopper feedback produced significant improvements in ID-checking rates. In Albuquerque, ID-checking began and remained consistently above 90%, a result of intensive alcohol law enforcement.

Validation of the Mystery Shopper model. This pilot project led to a Small Business Innovation Research award from the National Institutes of Health to further develop and validate mystery shops as a means of improving ID-checking. With the assistance of the state alcohol regulators in California, Massachusetts, Texas, and Wisconsin, RRForum identified eight pairs of demographically similar communities, two in each state, representing large and small cities, blue collar communities, and suburban communities. We identified fifteen+ on-premises and off-premises retailers in each community and conducted three baseline inspections. After establishing a baseline, one community (*Early Intervention*) licensees received six monthly mystery shops with on-the-spot feedback and written follow-up reports while its paired community (*Delayed Intervention*) served as a control. After six months, we ended the program in the *Early Intervention* community and conducted the program with the *Delayed Intervention* community. Results. ID-checking percentages rose significantly, from slightly over 80% at baseline to slightly over 90%, peaking at 94% at the end of the six months, in both *Early Intervention* and *Delayed Intervention* communities. Improvements were almost identical for off-premises and on-premises establishments.

Discussion. Mystery shops demonstrably produce and sustain improvements in staff ID-checking. The high ID-checking rates achieved in this study stand out particularly because licensees were randomly selected, had paid nothing for the mystery shop visits, and were shielded against consequences for improper staff conduct (although community ID-checking rates were disseminated to alcohol enforcement and regulatory agencies, individual results remained confidential).

Mystery shopper feedback allow licensees to monitor staff performance. Inspections are an occasion for managers to share the results with all staff and reinforce the importance of checking IDs. In our formative research, owner-operators and managers expressed strong support for mystery shopper reports. Passed inspections were seen as positive reinforcement of the licensee's protocols for verifying age. Failed inspections often elicited surprise and dismay



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(“But we always check IDs!”), underscoring the most important insight for licensees: staff that are well trained in how and when to conduct an ID-check are nonetheless prone to lapses in attention.

Many owner-operators and managers saw the mystery shop as a valuable tool to help *staff* do their job correctly; for the research team, however, the mystery shop is a tool to help *operators and managers* do their job correctly, i.e., remind staff continually on the need to check IDs.

Take-away. The mystery shop is a proxy for a law enforcement compliance checks, providing feedback to licensees on ID-checking conduct without risk of negative outcomes for operators or staff. Periodic mystery shops achieve and sustain high ID-checking for all types of licensees and prepare those licensees to pass law enforcement compliance checks. Mystery shops remind staff that ID checking is being observed.

Mystery shop programs have been employed by diverse alcohol stakeholders. RRForum has conducted *21 Matters™*, its mystery shop program, for individual retailers, chains, retail associations, and communities; and branded programs for brewers (MillerCoors *Respect 21™ Responsible Retailing Program*), distillers (Brown-Forman’s *Responsible Retailing Initiative*) and their distributors. In Montgomery County, MD, RRForum’s mystery shop program has been incorporated into a comprehensive compliance scheme in which licensees may receive either a law enforcement compliance check or a mystery shop inspection.

To learn more about *21 Matters™*, [open this link](#). For the journal article on the effectiveness of mystery shops, [open this link](#).

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