

Thursday, 27 October 2016

Chicken wars not just between Coles and Woolworths

After battling it out for supermarket supremacy in their infamous milk wars and bread wars, Coles and Woolworths' ongoing 'roast-chicken wars' are targeted at an even larger portion of the population. The latest findings from Roy Morgan Research show that 84.4% of Australians consume chicken in average week, outstripping the proportion who drink milk (77.0%) or eat bread/toast (70.0%) in the same period.

What's more, both supermarket giants' shoppers have an even greater taste for chicken than the average Aussie: 89.0% of people who mainly shop at Coles and 88.5% of those who mainly shop at Woolworths eat chicken in any given seven days. Clearly, the supermarkets know their customers. (It should be noted that IGA and ALDI customers are above average for chicken consumption too, but not quite to the same extent).

But has the ready availability of cheap roasted chicken at the two supermarkets had any impact on chicken fast-food outlets? Are fewer people getting their roast chook from KFC, Red Rooster and the like, now that they can grab one when they're doing their groceries? Roy Morgan data shows consistent, albeit moderate, year-on-year declines in visitation to fast-food chicken outlets, among the general population as well as Coles and Woolworths shoppers.

Aussies visiting fast-food chicken outlets: 2015 vs 2016

| | FAST-FOOD CHICKEN OUTLET VISITATION | 2015 | 2016 |
|---------------------------|---|-------|-------|
| AVERAGE AUSTRALIAN | Visited fast-food chicken outlet last 4 weeks | 29.2% | 28.4% |
| | KFC | 20.2% | 19.3% |
| | Red Rooster | 7.3% | 7.0% |
| | Nando's | 4.4% | 3.5% |
| COLES SHOPPERS | Visited fast-food chicken outlet last 4 weeks | 30.8% | 30.0% |
| | KFC | 20.3% | 19.6% |
| | Red Rooster | 8.0% | 8.0% |
| | Nando's | 5.2% | 3.9% |
| WOOLIES SHOPPERS | Visited fast-food chicken outlet last 4 weeks | 33.1% | 30.4% |
| | KFC | 22.6% | 19.5% |
| | Red Rooster | 9.6% | 8.5% |
| | Nando's | 4.8% | 2.8% |

Source: Roy Morgan Single Source (Australia), July 2015-June 2016, n=15,867 and July 2014-June 2015, n=14,956. **Base:** Australians 14+

Given that the supermarket roast-chicken wars began in January this year, a year-on-year comparison is most relevant.

In the 12 months to June 2015, 29.2% of Australians visited at least one fast-food chicken restaurant in any given four weeks; by June 2016, this had inched down to 28.4%. As the table above indicates, this decline is evident for the main fast-food chicken players, KFC and Red Rooster, as well as for smaller chain Nando's.

The fast-food chicken downturn is also evident among Coles and Woolies shoppers, with the latter seeing the more noticeable decline, falling from 33.1% to 30.4%. Coles shoppers who go to fast-food chicken joints have slipped from 30.8% to 30.0%.

Norman Morris, Industry Communications Director, Roy Morgan Research, says:

"Australians' taste for chicken seems insatiable: according to the Australian Chicken Meat Federation, we eat an average of 46.2 kg per person per year. Roy Morgan data bears this out, showing that substantially more Aussies eat chicken in an average week (84.4%) than any other meat, well ahead of beef (74.2%), pork/ham/bacon (65.4%), fish (54.0%) or lamb (34.4%). So Coles and Woolworths certainly knew what they were doing when they chose roast chicken as the protagonist of their latest price war.

"While it is too early to determine whether the roast-chicken wars will have any lasting effect on visitation to fast-food outlets like KFC or Red Rooster, it is certainly noteworthy that year-on-year figures have slipped. Admittedly, the decline has been slight, but the fact that it is evident across the main players must surely give pause for thought, as must the downturn among Coles and Woolies shoppers who visit fast-food chicken outlets. If the price is right, why wouldn't people buy a cheap roast chicken while they're at the supermarket instead of making a special trip?"

"To survive in such a competitive market, marketers and retailers of roast chicken must have a thorough understanding of consumers' dietary preferences and how these relate not only to their fast-food and supermarket visitation, but their attitudes to food and health more generally. Only the deep data contained within Roy Morgan's Single Source can provide such a holistic perspective, allowing for a more strategic approach to attracting customers."

For comments or more information about Roy Morgan Research's fast-food and supermarket data, please contact:

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Related research findings

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Compiled with data from Roy Morgan's Single Source survey (the largest of its kind in the world, with 50,000 respondents p.a), these ready-made profiles provide a broad understanding of the target audience, in terms of demographics, attitudes, activities and media usage in Australia.

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About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

| Sample Size | Percentage Estimate | | | |
|-------------|---------------------|------------|------------|-----------|
| | 40%-60% | 25% or 75% | 10% or 90% | 5% or 95% |
| 5,000 | ±1.4 | ±1.2 | ±0.8 | ±0.6 |
| 7,500 | ±1.1 | ±1.0 | ±0.7 | ±0.5 |
| 10,000 | ±1.0 | ±0.9 | ±0.6 | ±0.4 |
| 20,000 | ±0.7 | ±0.6 | ±0.4 | ±0.3 |
| 50,000 | ±0.4 | ±0.4 | ±0.3 | ±0.2 |