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Thursday, 12 October 2017

Kmart leads discount department store satisfaction

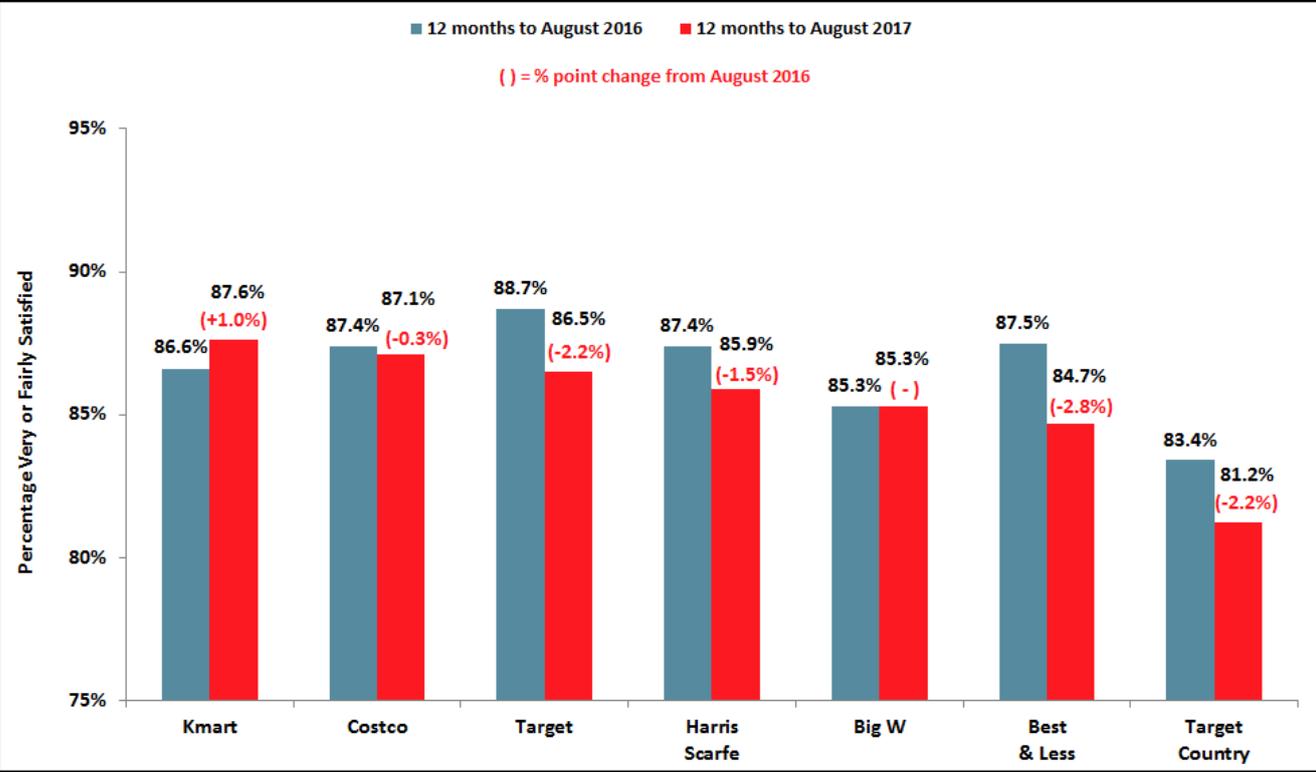
It's Official: Kmart customers are now more satisfied than the customers of the other major discount department stores. New research from Roy Morgan shows that customer satisfaction with Kmart in August 2017 was 87.6%, which now places it ahead of its major competitors. This is an improvement from a year ago when it was ranked fifth, behind Target, Best&Less, Harris Scarfe and Costco.

These are the latest findings from Roy Morgan's 'Discount Department Store Satisfaction Report' which is based on over 9,000 interviews per annum with people who have shopped at a discount department store in the last four weeks.

Kmart the only improver

Over the last 12 months, Kmart improved its customer satisfaction rating by 1.0% points, while its major competitors all showed declines, except for Big W which remained unchanged. The biggest declines were for Best&Less (down 2.8% points), Target and Target Country (both down 2.2% points). These changes in satisfaction have now moved Kmart to the top satisfaction rating with 87.6% of its customers satisfied, followed by Costco (87.1%), Target (86.5%), Harris Scarfe (85.9%), Big W (85.3%), Best&Less (84.7%) and Target Country (81.2%).

Discount Department Store Customer Satisfaction



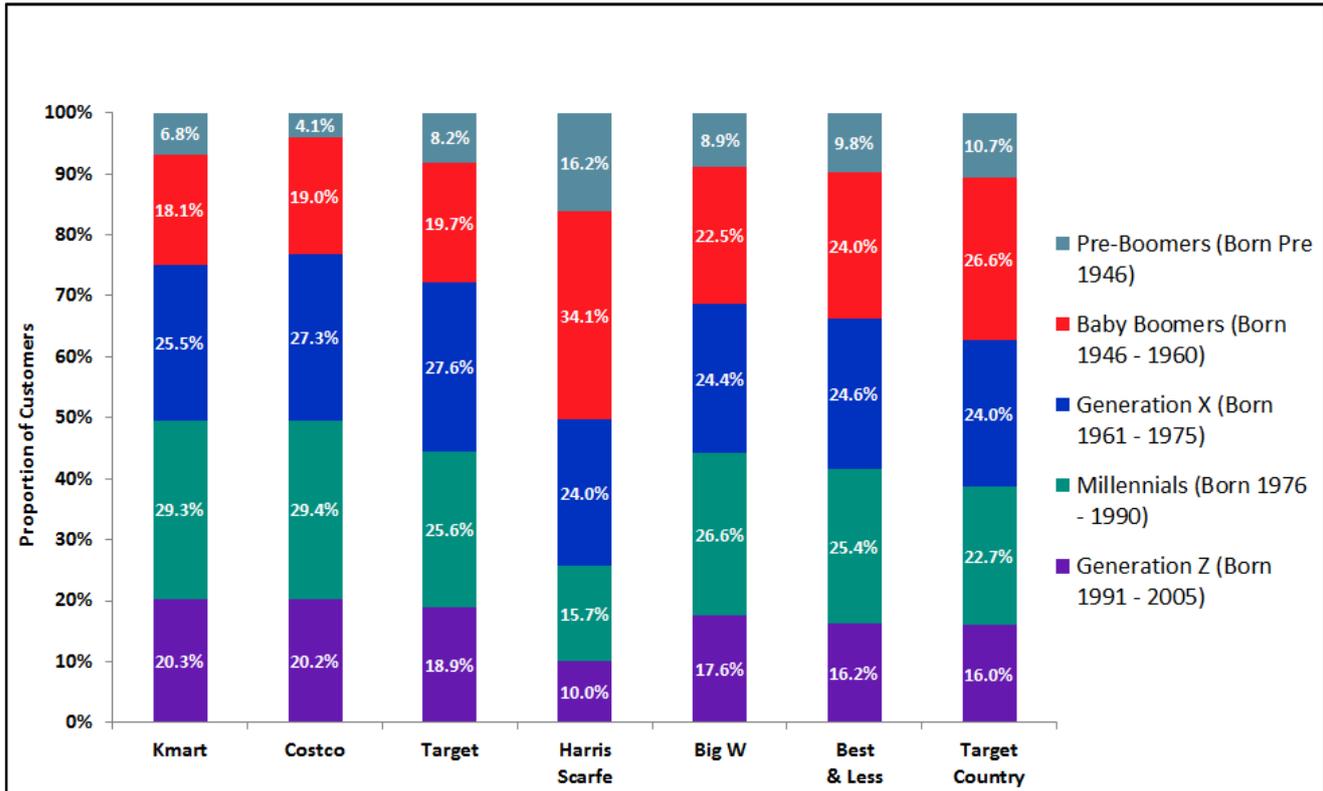
Source: Roy Morgan Single Source (Australia). 12 months ended August 2016, n= 9,133; 12 months ended August 2017, n= 9,440. Base: Australians 14+ who purchased from a discount department store in last four weeks.

FOR IMMEDIATE RELEASE

Need to consider generational differences in customer profiles

Satisfaction levels are an indication of how well retailers meet the needs of their customers. The first step to achieving this for discount department stores is to understand some of the top level differences in customer profiles between the majors. There are for example some major generational differences that need to be considered. The following chart highlights that around half of Harris Scarfe’s customers belong to the ‘pre-boomer’ and ‘baby boomer’ generations, much higher than all their competitors. Kmart and Costco have similar profiles to each other, with major strengths in ‘millennials’ and ‘generation Z’ that make up around half of their customers. Target Country has a strength with ‘baby boomers’, while Target, Big W and Best&Less have broad appeal across all generations.

Discount Department Store Generational Customer Profiles



Source: Roy Morgan Single Source (Australia). 12 months ended August 2017, n= 9,440. Base: Australians 14+ who purchased from a discount department store in last four weeks.

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

“Discount department stores are facing increasing competition in a difficult retail market. They have many competitors, not only from other discount department stores but from the big two department stores, specialist retailers and new online players such as Amazon. Because discount department stores are generally aiming at serving a wide range of consumers, it is important for them to understand how they are performing in terms of satisfaction across segments within their customer base. We have seen here that there are considerable generational differences in the customer profile of the major discount department stores which must be taken into account when assessing needs and as a result, improve customer satisfaction.”

“Roy Morgan conducts over 15,000 in-depth interviews per annum with retail customers across all major categories, including over 9,000 with customers of discount department stores. This puts it in the unique position of being able to provide detailed insights into all aspects of this industry for all participants and those with an interest in this key segment of the Australian economy.”

For comments or more information about Roy Morgan Research’s Customer Satisfaction data, please contact:

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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