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Thursday, 19 October 2017

IGA Liquor tops satisfaction ratings

It's Official: IGA Liquor customers are now more satisfied than the customers of the other major liquor stores and retailers. New research from Roy Morgan shows that customer satisfaction with IGA Liquor in the year to August 2017 was 93.4%, which now places it ahead of its major competitors. This is a major turnaround from a year ago when they were ranked ninth and well behind the market leaders, First Choice Liquor, Cellarbrations and Dan Murphy's.

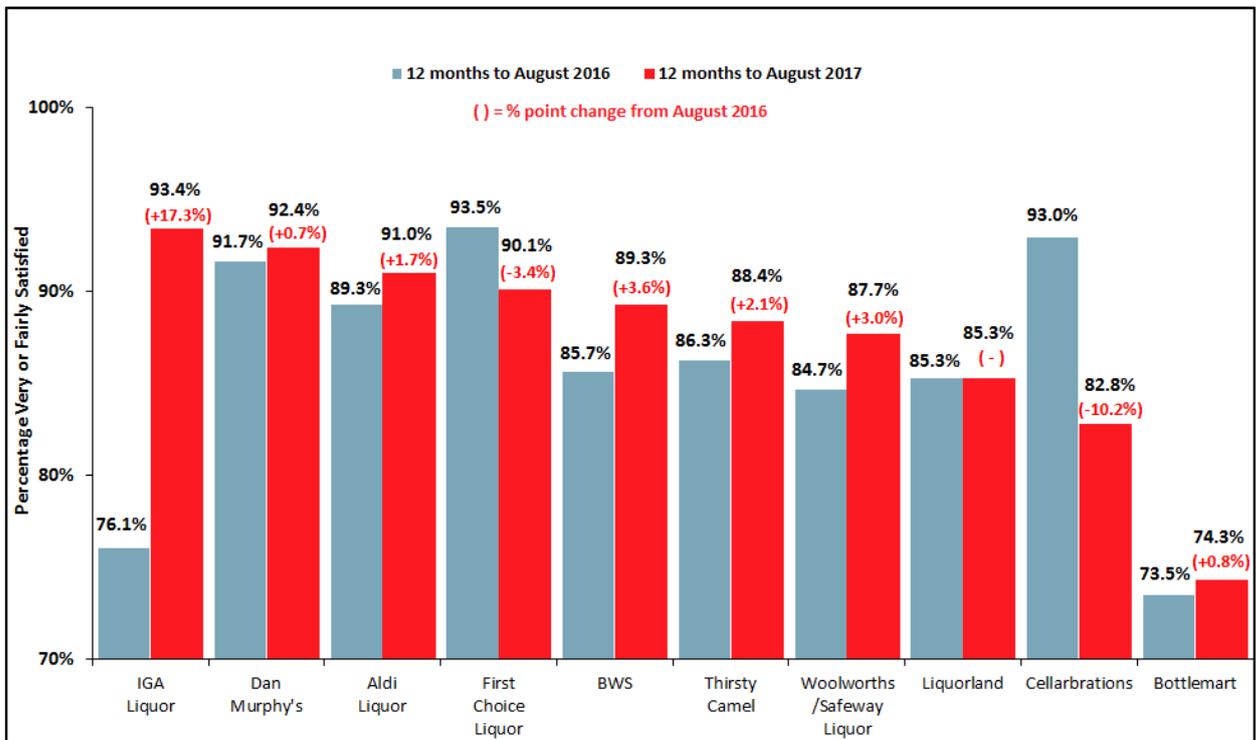
These are the latest findings from Roy Morgan's Single Source Survey (Australia) of over 50,000 consumers per annum, which includes interviews with over 8,000 customers of liquor stores and retailers.

IGA Liquor the big improver

Over the last 12 months, IGA Liquor improved its customer satisfaction rating by 17.3% points, well ahead of the improvement seen from its major competitors, with BWS the nearest (up 3.6% points), followed by Woolworths/Safeway (up 3.0% points) and Thirsty Camel (up 2.1% points). Only two of the top ten stores showed declines in satisfaction over the last year, they were Cellarbrations (down 10.2% points) and First Choice Liquor (down 3.4% points).

These changes in satisfaction have now moved IGA Liquor to the top rating with 93.4% of its customers satisfied, followed by Dan Murphy's (92.4%), Aldi Liquor (91.0%) and First Choice Liquor (90.1%).

Satisfaction with Liquor Stores and Retailers - Ten Largest¹

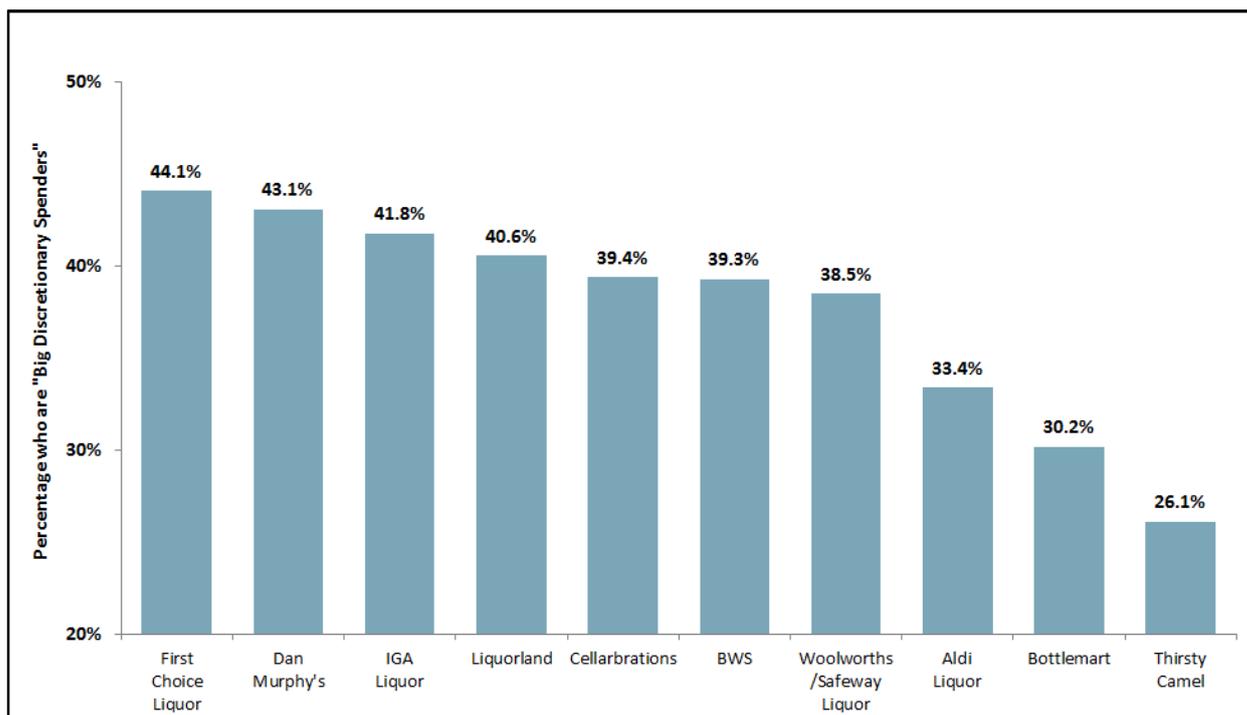


1. Based on number nominating liquor store or retailer where usually buy alcohol **Source:** Roy Morgan Single Source (Australia). 12 months ended August 2016, n= 8,509; 12 months ended August 2017, n= 8,721. **Base:** Australians 18+ who have purchased liquor in last four weeks and nominating 'usual store'.

'Big Discretionary Spenders' provide potential for increased liquor sales

Roy Morgan has developed a segmentation based on a person's level of non-essential or discretionary expenditure, which includes purchases such as wine, travel, entertainment etc. The top third of discretionary spenders are 'Big Discretionary Spenders' and so represent the largest potential for increased liquor sales. The liquor stores and retailers with the highest proportion of these 'Big Discretionary Spenders' in their customer base are First Choice Liquor (44.1% of usual customers are 'Big Discretionary Spenders'), Dan Murphy's (43.1%), IGA Liquor (41.8%) and Liquorland (40.6%). This group has the greatest potential to increase sales from their existing customer base.

Customers of major liquor stores and retailers¹ who are "Big Discretionary Spenders"²



1. Based on where usually buy alcohol 2. Top third of the population based on level of discretionary spending **Source:** Roy Morgan Single Source (Australia). 12 months ended August 2017, n= 8,721. **Base:** Australians 18+ who have purchased liquor in last four weeks and nominating 'usual store'.

The three major liquor outlets with the lowest proportions of 'Big Discretionary Spenders' are Thirsty Camel (26.1%), Bottlemart (30.2%) and Aldi Liquor (33.4%). As a consequence of this type of customer profile, there is less potential for them to increase sales from their existing customers.

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

"Liquor stores and retailers are facing tough competition, not only from their direct competitors but other retailers who are all competing with them for the discretionary dollar. It is important in this highly competitive market for liquor retailers to understand how they are performing in terms of customer satisfaction relative to their competitors and where are the best opportunities for increasing sales."

"Improving customer loyalty is an issue for most liquor retailers as it would provide a major opportunity for increasing sales. This is evident by the fact that generally, on at least a third of purchasing occasions over a four week period, customers purchase from a store that is not the one that they usually buy alcohol from. This indicates a considerable degree of

shopping around with insufficient incentive to consolidate liquor purchases with any one store.

“The opportunity to increase sales from existing customers also depends on the customer profile of each retailer. This research has shown that there is considerable variation in the proportion of ‘Big Discretionary Spenders’ across the major liquor retailers and as a result the propensity to achieve increased sales from existing customers will vary.

“Roy Morgan conducts over 8,000 in-depth interviews per annum with liquor purchasers, covering all major retailers and liquor types. This puts it in the unique position of being able to provide detailed insights into all aspects of this market for participants and those interested in this key retail segment.”

For comments or more information 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