

Thursday, 6 September 2018

Costco tops for discount department store satisfaction

New research from Roy Morgan shows Costco as Australia's leading discount department store with a customer satisfaction of 88.6% in July just ahead of rivals Target on 88.5% and Kmart on 88.4%.

The impressive ratings for the industry underlie that 87.5% of customers of discount department stores are satisfied, an increase of 1.1% points over the year.

These are the latest results from Roy Morgan's [Discount Department Store Satisfaction Report](#) which is based on in-depth personal interviews conducted face-to-face with over 50,000 Australians per annum in their own homes, including over 9,000 interviews with people who shop at a discount department store in an average four weeks.

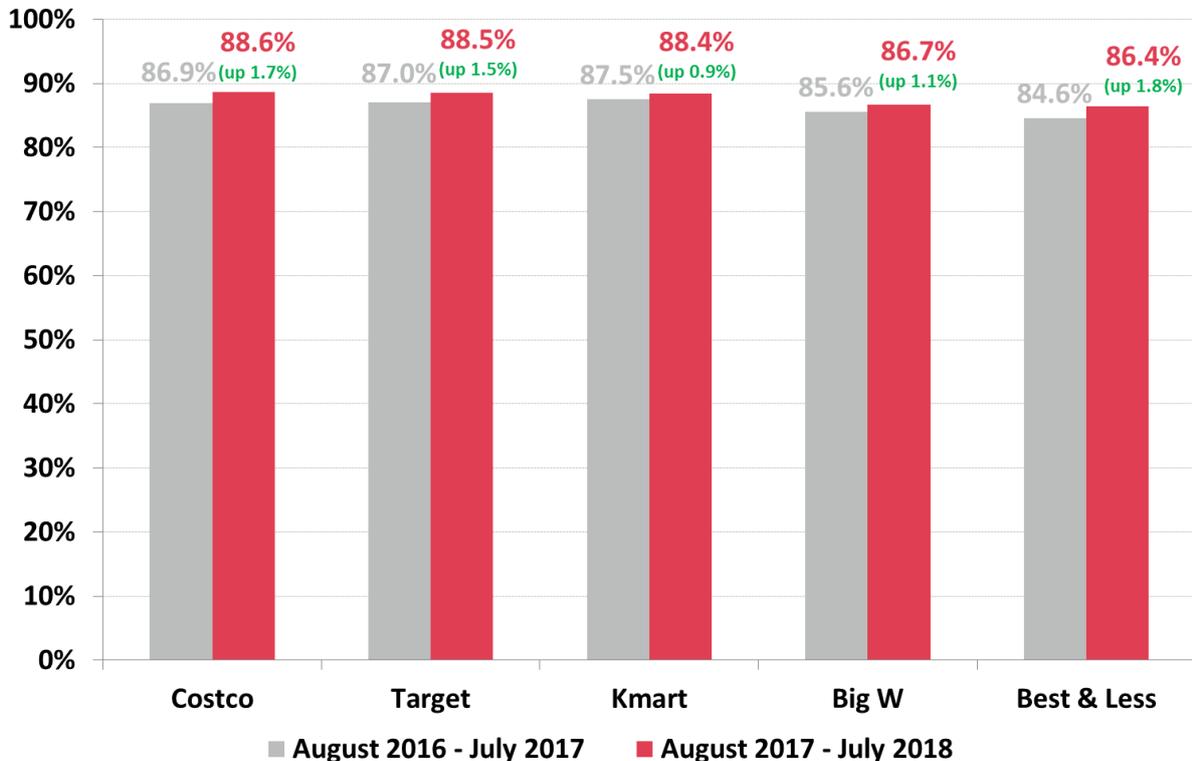
All five leading discount department stores increased their customer satisfaction

The biggest improvement over the past year came from Best & Less which rose 1.8% year on year for a customer satisfaction rating of 86.4%, monthly winner Costco which increased by 1.7% to 88.6% and Target which increased by 1.5% to 88.5%.

Both Kmart and Big W also improved their customer satisfaction over the last year. The only declines were for Harris Scarfe and Target Country which both just missed out on the top five discount department stores in July.

Costco has built on its victory in the 2017 Roy Morgan Discount Department Store Customer Satisfaction Annual Award. Competition thus far in 2018 has been tough with key rivals Target and [Kmart both snaring multiple monthly victories thus far in 2018](#).

Discount Department Store Customer Satisfaction Top 5 – July 2017 cf. July 2018



Source: Roy Morgan Single Source (Australia), 12 months ended July 2017, n = 9,226; 12 months ended July 2018, n=9,847. **Base:** Australians 14+ who purchased from a discount department store in the last four weeks.

FOR IMMEDIATE RELEASE

Michele Levine, CEO, Roy Morgan says Costco is the third discount department store after Kmart and Target to taste victory in the monthly customer satisfaction award so far in 2018 indicating the high level of competition between the leading chains:

“Costco’s victory in the Roy Morgan Discount Department Customer Satisfaction Award for July came by a whisker with a customer satisfaction rating of 88.6% was only a hair’s breadth ahead of rivals Target on 88.5% and Kmart on 88.4%.

“Other leading discount department stores including Big W and Best & Less are also highly regarded with a customer satisfaction rating of 86.7% for Big W and 86.4% for Best & Less meaning only 2.2% points separate the top five in the category.

“Costco’s victory in July comes as the American retailer has unveiled plans for an ambitious expansion with a [huge new distribution centre set to open in Sydney’s west](#) next year signalling an expanded online retail presence.

“The focus on customers resulting in high customer satisfaction ratings of leading discount department stores show that Costco, Kmart, Target, Big W and others are taking the threat posed by online retailer Amazon seriously. Amazon recently became only the second company to top a market capitalisation of [\\$1 trillion](#).

“In an increasingly competitive environment with discount department stores facing increasing competition from online retailers such as Amazon, the big two department stores Myer and David Jones, specialist niche retailers and of course each other, maintaining a high level of customer satisfaction and building a reputation of trust is key.

“The success of German discount supermarket chain Aldi provides a stunning example of how building a reputation for trust and dependability is solid bedrock upon which to build a successful business. Aldi has consistently been rated as one of Australia’s most trusted brands by the Roy Morgan Net Trust Survey. Not only does Aldi score highly for trust, it also has a negligible level of ‘distrust’ – the key to a high Net Trust Score (NTS). In fact, as our most recent NTS results show [Aldi is now the most trusted brand in Australia](#) – across all industries.”

To learn more about Roy Morgan’s discount department store data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the [Roy Morgan Online Store](#).

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan 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
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

