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## N.C. Customers Give Their Local ABC Liquor Stores High Marks, Identify Ways to Improve Customer Service



### Executive Summary

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# EXECUTIVE SUMMARY

North Carolina retail customers and business customers alike gave their local ABC liquor stores an overall grade of A- according to a recent statewide customer service telephone interview survey of 424 retail customers, 400 business customers, and 400 adult non-customers. Retail customers graded their local ABC liquor store higher overall than they graded their local grocery store, bank, discount store, and drug store. Retail and business customers also identified areas in which customer service at local ABC stores and community citizenship of the local ABC boards could be improved.

The study was designed, conducted, and analyzed in November and December of 2011 by Professor Nicholas Didow at the Frank Hawkins Kenan Institute of Private Enterprise at UNC's Kenan-Flagler Business School and was sponsored by the North Carolina ABC Commission. The study was commissioned in response to ABC reform legislation passed by the North Carolina General Assembly in 2010. The study was designed to assess current customer service provided by local ABC liquor stores, to establish baseline benchmarks to monitor customer service trends, and to identify specific ways that local ABC stores can improve customer service.

## Retail Customer Results

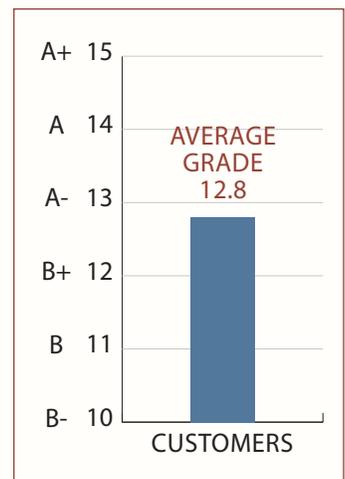
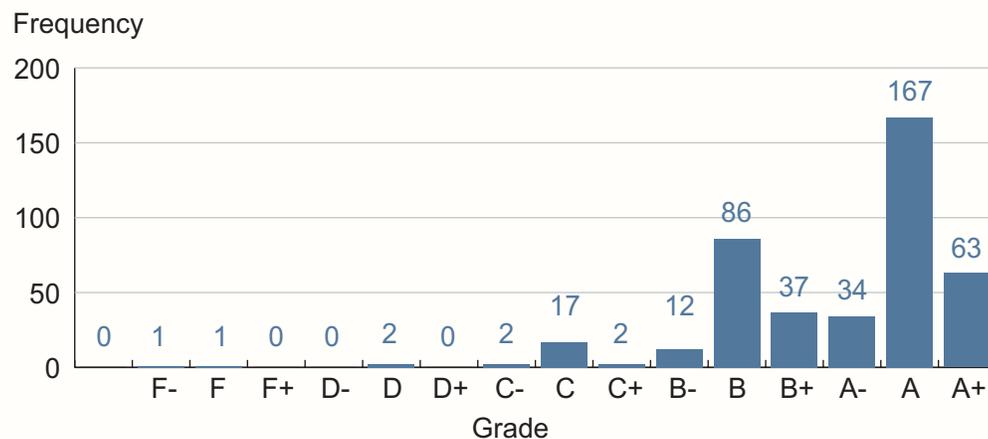
Retail customers gave particularly high grades to their local ABC liquor store for cleanliness of the store's

interior, convenience of the interior layout, courtesy and professionalism of the staff, product supply and selection, staff knowledge about products offered, and speed of checkout. Lower grades were given for the price and value for the money, and local store exterior appearance and signage.

The governance and oversight provided by local ABC boards and the local ABC stores' community citizenship to promote public health and public safety were unknown to many respondents, and those retail customers who did know about these matters gave their local ABC board and store lower grades.

Several measures to improve customer service at local ABC stores were pretested with retail customers in the study. The study found that 71% of retail customers support allowing customers to order online or by email and then pick up orders at ABC stores; 65% favor opening ABC stores on Sunday afternoons; 60% support expanding the sale of non-alcoholic items such as ice, soda, chips, and stemware at ABC stores; 55% believe operating ABC stores inside other stores, as coffee shops and banks often do now, is a good idea; and 51% favor extending the hours of store operations to open earlier and close later. Fewer retail customers – 42% – also support allowing liquor sample tastings inside ABC stores, similar to wine and beer tastings that often occur inside many grocery stores, and 37% favor selling lottery tickets in ABC stores.

424 retail customers surveyed graded the ABC store where they shop most often an average of A- overall.



Many adult non-customers similarly think these proposed measures are a good idea, as 54% of non-customers surveyed support expanding the sale of non-alcoholic items such as ice, soda, chips, and stemware at ABC stores; 43% support allowing customers to order online or by email and then pick up orders at ABC stores; 33% favor selling lottery tickets in ABC stores; 27% favor opening ABC stores on Sunday afternoons; 23% support allowing liquor sample tastings inside ABC stores, similar to wine and beer tastings that often occur inside many grocery stores; 21% believe operating ABC stores inside other stores, as coffee shops and banks often do now, is a good idea; and 14% favor extending the hours of ABC store operations to open earlier and close later.

Retail customer responses to open-ended questions about other ways in which local ABC stores could improve their customer service were similar to the findings from the structured survey items. Three major themes emerged: upgrade the local ABC store’s exterior, parking lot, lighting, and signage; clarify the local ABC board’s role and conduct in governance and oversight; and demonstrate good

community citizenship and leadership in promoting public health and public safety.

## Business Customer Results

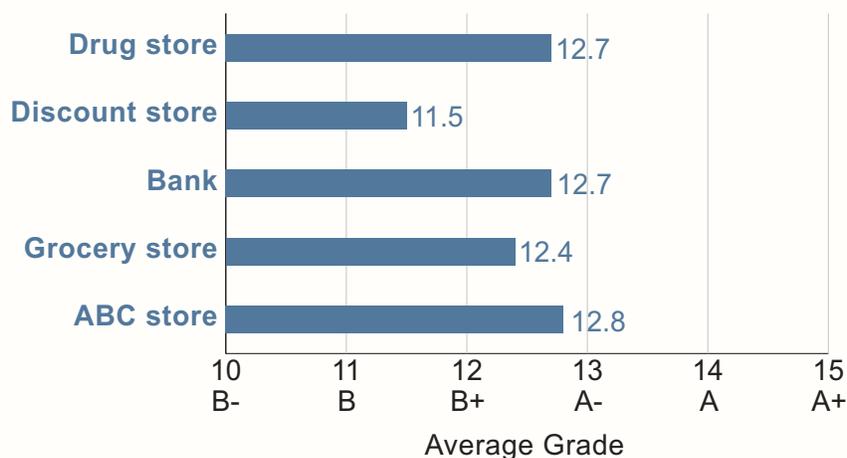
Business customer respondents were randomly selected from all North Carolina ABC Commission licensed bars and restaurants and were qualified as the person who “manages your bar and restaurant liquor purchases from your local ABC store.”

Business customers gave high grades to their local ABC store for cleanliness of the store’s interior; getting the order correct; shopping convenience and checkout; and for staff courtesy, professionalism, and product knowledge. Lower grades went to price and value for the money, and store exterior appearance and signage.

Many of the business customers did not know enough to offer an opinion about governance and oversight by the local ABC board or the local ABC stores’ community citizenship to

**Current overall customer service at local North Carolina ABC stores is now benchmarked at a high level.**

Retail customers graded the ABC store where they shop most often HIGHER than they graded their local drug store, discount store, bank, or grocery store.



promote public health and public safety. Those who did have opinions on these issues gave their local ABC board and local ABC store lower grades.

The study examined several customer service aspects that were particularly important to business customers, including the days of the week that business customers are currently allowed to order and pick up liquor by their local ABC store, the method by which orders can be placed, and options available to pay for an order. The study found that there is a good match between the days of the week ABC stores currently are open for business customers to order and pick up liquor and the days business customers would prefer to shop, as most local ABC stores allow business customers to order and pick up on any weekday. Most local ABC stores currently accept orders by telephone, fax, or in person, but many business customers would also like to be able to place an order by email or over the Internet. The most common method by which business customers can currently pay for their order is by business check, and, while this seems to be the method most preferred by business

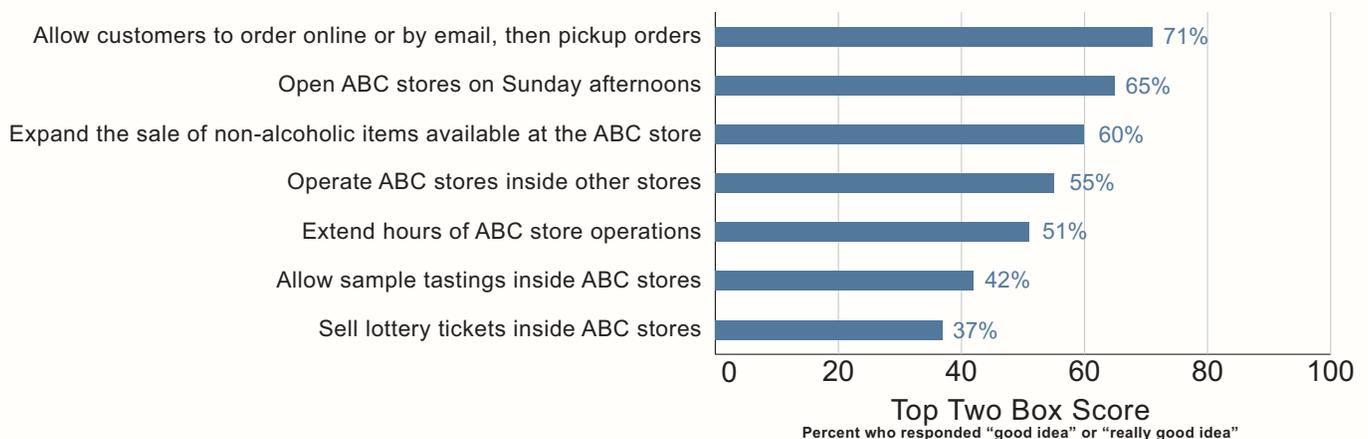
customers, many business customers would also like to have the options of paying by credit card, debit card, certified check, cash, or even by personal check.

Three possible innovations in customer service for business customers were pretested in the study: offering delivery service; opening the ABC store for shopping on Sunday afternoons; and extending the hours of store operation. The study found substantial support for each of these innovations: 83% of business customers said offering delivery service for a small additional fee was a good idea with 76% saying they would be likely to use such a service; 66% supported the idea of opening the local ABC store on Sunday afternoons with 44% saying they would be likely to buy liquor on Sunday afternoons; and 64% thought extending the hours of operation at ABC stores to open earlier and close later was a good idea with 57% saying they would likely shop during extended hours.

**Local ABC stores should stay focused on continuing to deliver in-store customer service at a high level. At the same time, local ABC stores should seek to contain or lower operating costs.**

About half the business customers surveyed had no

Retail customers support innovations in customer service at local ABC stores.



suggestions for improving customer service or convenience for shopping at their local ABC store or answered “I like it the way it is.” Others reiterated suggestions, ideas, and issues previously identified in the study including: offer delivery service; improve the exterior appearance, signage, and safety; offer more convenient hours; open on Sundays; let customers use online technology to place orders; lower taxes and prices; take credit cards and debit cards; and privatize liquor retailing across North Carolina.

### Summary and Recommendations

Both retail customers and business customers are generally quite satisfied with the levels of customer service at their local ABC stores. Current overall customer service at local North Carolina ABC stores is now benchmarked at a high level.

Customers particularly appreciate in-store customer service factors such as cleanliness, layout of the store, product selection, courtesy and professionalism of the staff, and getting the order correct for business customers. Local ABC stores should stay focused on continuing to deliver in-store customer service at a high level. At the same time, local ABC stores should seek to contain or lower operating costs.

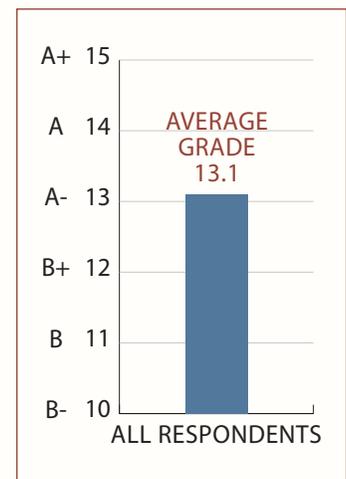
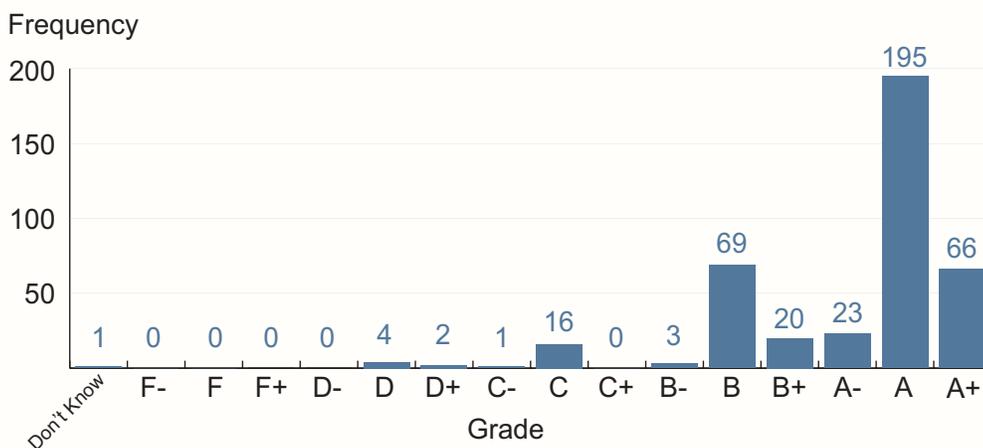
Survey results indicate that the exteriors of many ABC stores need attention or renovations in appearance and signage.

Local ABC boards need to clarify to the public their roles and responsibilities for providing governance and oversight to local ABC stores, as many customers and non-customers know nothing about these important local boards. Similarly, local ABC stores need to demonstrate good community citizenship and more effective community leadership in promoting public health and public safety.

Retail customers support several specific customer service innovations at local ABC stores including:

- Allow customers to order online or by email and then pick up orders at the local ABC store
- Open ABC stores on Sunday afternoons
- Expand the sale of non-alcoholic items at ABC stores
- Operate ABC stores inside other stores, such as shopping centers and malls
- Extend the hours of store operations to open earlier and close later
- Allow liquor sample tastings inside ABC stores
- Sell lottery tickets in ABC stores

400 business customer respondents graded the ABC store where they shop for their bar or restaurant an average of A- overall.



Business customers similarly support a number of customer service innovations including:

- Leverage existing email and Internet technology for placing orders
- Accept all reasonable forms of payment, including credit and debit cards, cash, and certified and business checks
- Offer a delivery service for a small additional fee
- Open ABC stores for shopping on Sunday afternoons
- Extend the hours of operation so that stores open earlier and close later

Finally, local ABC store customer service levels and innovations should be assessed and evaluated periodically



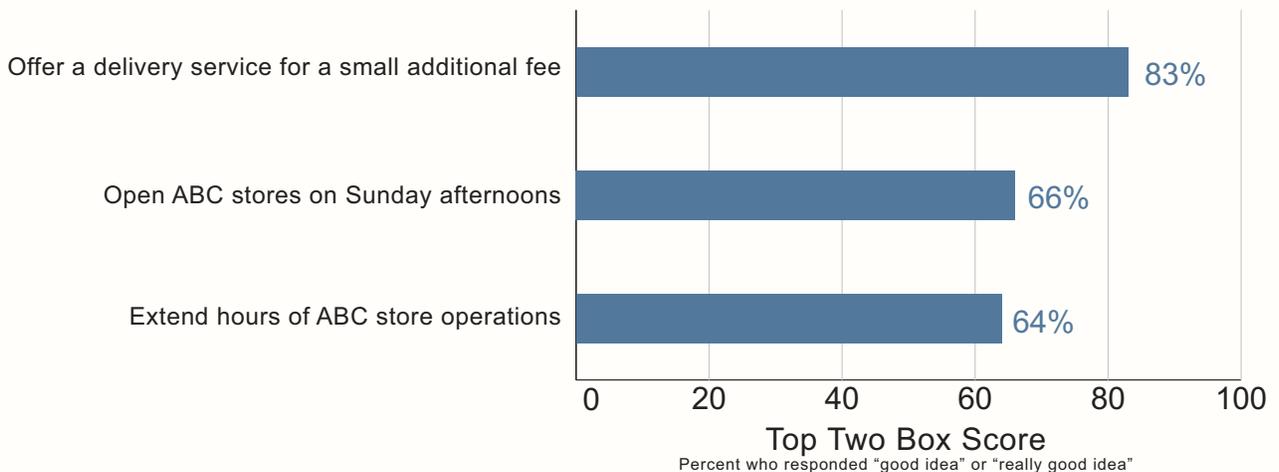
by an objective professional third party to monitor progress in providing good customer service and better community citizenship, to identify aspects of customer service that need particular attention, and to help develop and pretest potential new customer service innovations.

### Further Information and Detailed Study Results

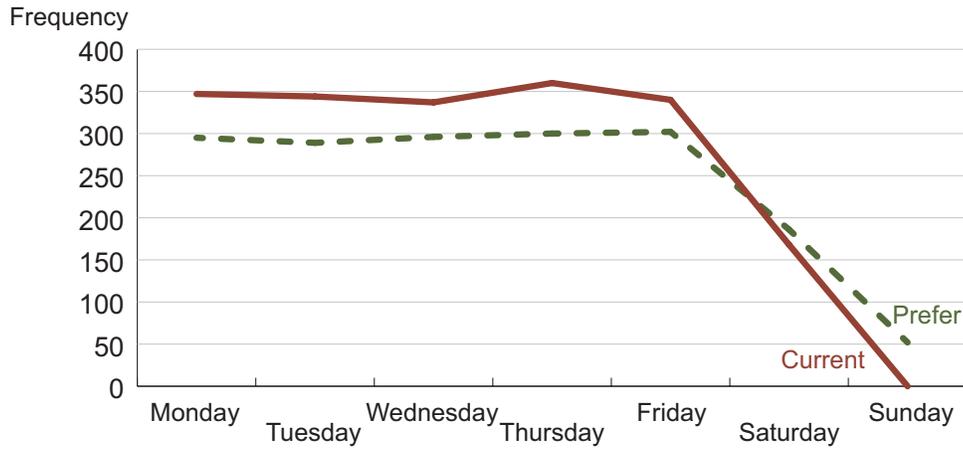
For further information and detailed study results please contact Professor Nicholas Didow at UNC's Kenan-Flagler Business School, 4516 McColl Building, University of North

Carolina, Chapel Hill, NC 27599-3490 [nick\\_didow@unc.edu](mailto:nick_didow@unc.edu) 919.962.3189 or Agnes Stevens, Public Affairs Director, North Carolina Alcoholic Beverage Control Commission, 400 East Tryon Road, Raleigh, NC 27610 [agnes.stevens@abc.nc.gov](mailto:agnes.stevens@abc.nc.gov) 919.417.0858. Detailed study results are available online at [www.abc.nc.gov](http://www.abc.nc.gov).

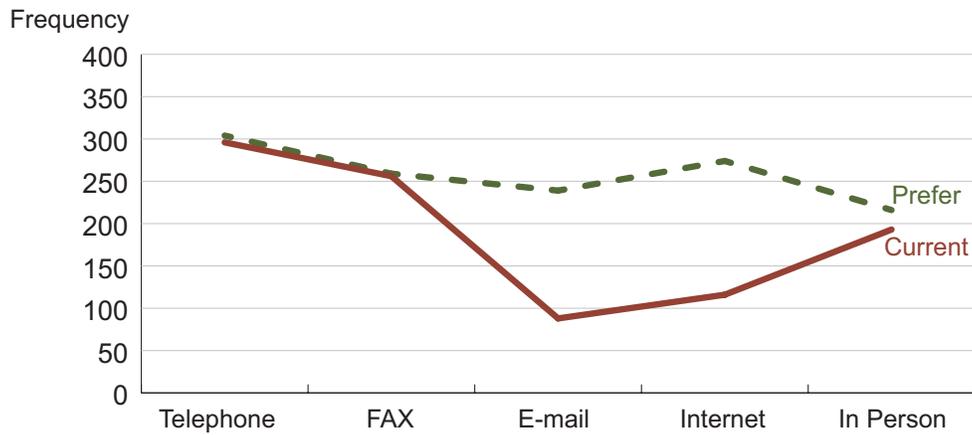
### Business customers support innovations in customer service at local ABC stores.



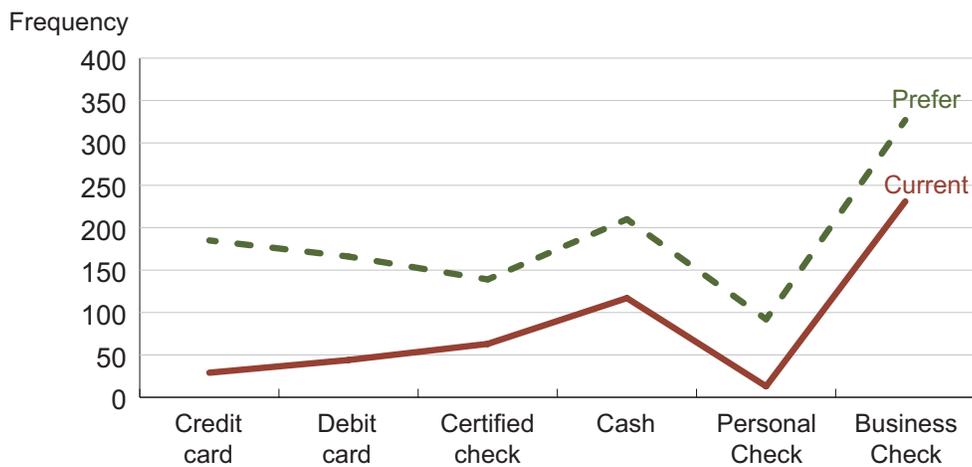
The days of the week ABC stores are currently open generally match the preferences business customers have for the days they want to order and pick up liquor.



Placing an order by email or the Internet is currently available only at about 25% of ABC stores, and business customers would like to use these technologies.



The biggest current gaps between current and preferred payment options for business customers are ABC stores' limited acceptance of credit cards and debit cards.



*The Frank Hawkins Kenan Institute of Private Enterprise pursues leading-edge programming and research in the areas of entrepreneurship, economic development, and global competitiveness. It is part of Kenan-Flagler Business School at the University of North Carolina at Chapel Hill.*



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