



Situation Analysis





Meet the Team



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HALEY BESLER



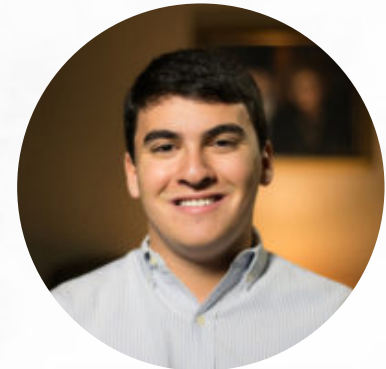
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Executive Summary

Our objective is to provide a comprehensive understanding of the Aldi brand and key factors affecting our niche positioning within the grocery category. This planbook contains secondary research on the company, consumer and category trends and competition.

Some key findings include:

- 90 percent of Aldi in-store items are Aldi-exclusive brands. Some of these items are labeled “Aldi Finds”—seasonal, on-trend, non-grocery products.
- Aldi is sitting at a niche spot within the grocery category – “specialty discount grocery.”
- The grocery category is in the midst of an evolution driven by a desire for convenience, wellness and technology.
- Young millennial consumers value brands with strong corporate social responsibility (CSR) and active social media.
- Young millennial shoppers are likely to make impulse buys since most do not engage in pre-shopping planning.
- Messaging within the category is saturated. The majority of our competition focuses on communicating low prices and high value.

Objectives

The ask assigned by the client is to educate younger millennials about Aldi’s business practices without relying on price messaging and alienating current Aldi Loyalists. To accomplish this objective and influence future advertising strategies, we created a target profile, analyzed the unique essence and positioning of the brand and conducted a SWOT analysis.

Company Analysis

Aldi is one of America's fastest-growing grocers, with about 2,000 stores across 35 states. The company operates as a cost-effective alternative to typical grocery shopping, with more than 40 million customers each month. Aldi is one of the largest privately held companies in the world and employs over 25,000 people. As a growing company, Aldi is projected to have nearly 2,500 stores by the end of 2022.

ALDI Süd

Aldi U.S. is a unit of Aldi Süd, the international parent company headquartered in Germany where Aldi was founded. Aldi Süd has more than 5,900 branches and around 139,000 employees. All locations in the United States are independently managed and operated.

Business Model

"Great quality at the best price, fair and honest product offers, and efficient business processes."



The Aldi Difference

“Our unique business model enables us to provide the highest quality products at the lowest possible prices. This value stems from the numerous efficiencies and innovations we’ve instituted at every level of our organization. Our stores offer the customer the most commonly purchased grocery and household products in the most common size – in a smaller, more manageable environment designed with sustainable, long-term savings in mind.”



Three Core Values

CONSISTENCY

Leads to reliability. We mean what we say. We are consistent in our dealings with people, product, price and all other aspects of our day-to-day professional life.

SIMPLICITY

Creates efficiency, clarity and clear orientation within our organization as well as for our customers.

RESPONSIBILITY

Stands for our commitment towards our people, customers, partners and the environment. It also includes principles such as fairness, honesty, openness, service orientation and friendliness.

Size



Over 25,000
employees



Over 40 million
monthly customers



Over 2,000 stores
nationwide

History

In 1913, Anna Albrecht opened her own small food store in the mining town of Essen, Germany. She gave birth to two sons named Karl and Theo. By 1948, Karl and Theo took over her business and expanded to four locations. In order to cut costs, the two decided to rigorously remove products from their shelves. This resulted in the first self-service store, which opened in 1954 in Essen-Schonnebeck. In 1962, the brothers split the company over a dispute on whether or not they should sell cigarettes in their stores, and they shortened the store name, "ALbrecht Discount" to "ALDI." As separate entities, Karl's stores went under the name "Aldi Süd", while Theo's stores went under the name, "Aldi Nord." By 1968, there were more than 200 Aldi Süd locations, and by 1976, Aldi Süd had made its way to the United States, though its U.S. stores are simply called "Aldi." Aldi Nord also expanded to the states, but its stores operate as "Trader Joe's." Over the years, Aldi has expanded to countries all over the world. In the U.S., we currently have over 2,000 locations and are growing rapidly.



Timeline

Anna's sons took over the business and expanded to 4 locations.



"ALbrecht DIscount" was shortened to "ALDI."

1913



Anna Albrecht opened a small food store in the mining town of Essen, Germany.

1948

1954



The first self-service store opened in Essen-Schonnebeck, a first in Germany.

ALDI

1962

1968



There are more than 200 Aldi Süd locations.

Aldi made our
U.S. debut in
southeastern Iowa.



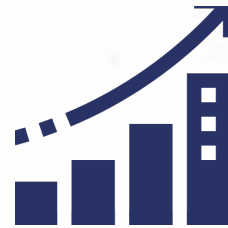
1976

1990s



Aldi expanded to Great Britain in 1990, Ireland in 1999, Australia in 2001, Slovenia in 2005 and Hungary in 2008.

New divisions opened up in South Windsor, Connecticut and Haines City, Florida in 2008, Denton, Texas in 2010 and Jefferson, Georgia in 2011.



2000s

2016+



Today, Aldi is experiencing growth in the United States. By the end of 2022, there will be nearly 2,500 Aldi stores in the U.S.

Product Offering

Aldi stores provide over 1,300 of the most commonly purchased items in the most popular sizes. Aldi specializes in exclusive brands, which makes up more than 90 percent of products sold.



Aldi offers a large variety of alcoholic beverages, including beer, wine and liquor. Aldi's wine selection has won several prestigious awards over the years, including its "Broken Clouds Pinot Noir" brand wine, which won "Product of the Year" by the Consumer Survey of Product Innovation in 2017.

However, Aldi provides more than just food. The company offers **"Aldi Finds,"** which are non-food specialty items that cycle frequently. These include products for home living, entertainment, school and more - each tending to be seasonally based.

One point of difference in Aldi is the **"Twice As Nice Guarantee."** This is a company promise stating that if customers are not 100 percent satisfied with a product they buy, Aldi will replace that item and refund the customer's money.

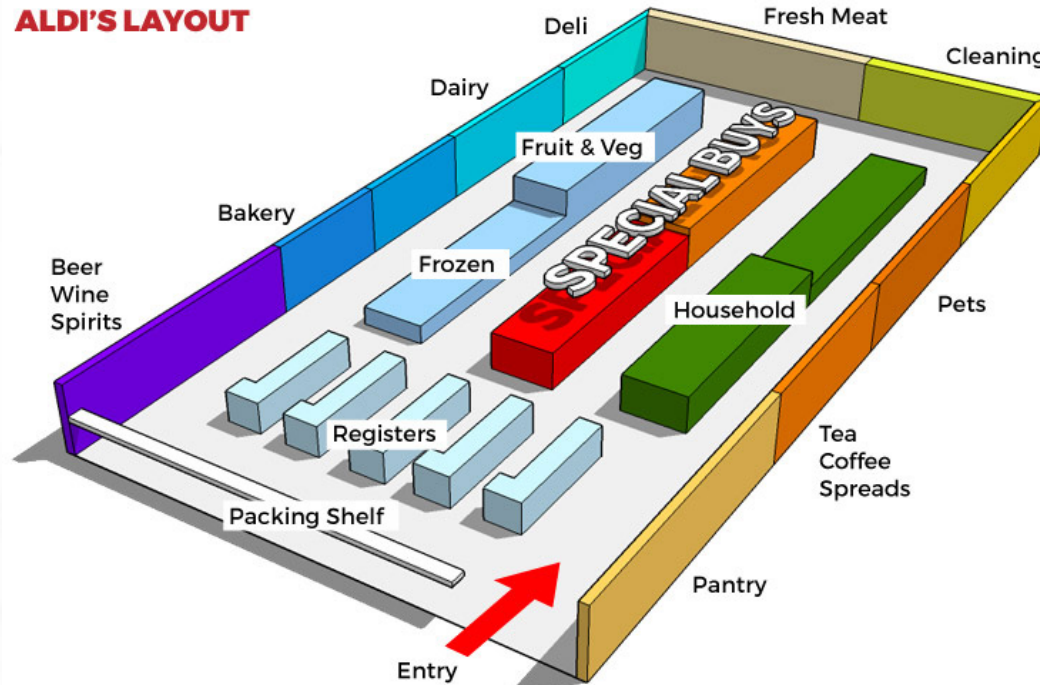


In-Store Experience

AVERAGE U.S. GROCERY STORE:
45,000 sq. ft.

AVERAGE U.S. ALDI STORE:
15,000 sq. ft.

ALDI'S LAYOUT





Aldi's narrowed product selection allows stores to be much smaller than the average grocery store. This provides easy navigation for customers and makes the shopping experience much faster, which is ideal for on-the-go visitors. Aldi Finds are specially placed in an aisle in the center of the store, encouraging consumers to explore what new specialty items are being offered.

Some other ways that Aldi functions differently than other grocers includes our bag and cart policies. Customers are encouraged to bring their own reusable shopping bags, as Aldi charges customers for each bag they use. Customers must also bag their own groceries. Store visitors that want a cart must pay \$0.25 to use one, but can get their quarter back if they return the cart at the end of their shopping run. These policies help the environment and allow Aldi to keep product prices low.

Proof Points

Aldi is based around four proof points, which are factors that emphasize the overall message of the company. Each proof point is achieved through specific actions that Aldi takes.

QUALITY

- Quality benchmark tests
- Taste test kitchen
- Healthy and organic food

SELECTION

- Hand-picked, narrow product offerings so that customers only get the best of the best

VALUE

- Smaller selection and efficient operations allow low prices while maintaining high quality

EASY TO SHOP

- Smaller store size and layout set up for ideal customer navigation, allowing an in-and-out shopping experience

Corporate Social Responsibility

Aldi is active in corporate social responsibility (CSR), which means our business is socially accountable to our company, stakeholders and the public. It focuses in categories including the environment, supply chain management, and charitable organizations.

ENVIRONMENT:

- Member of the Sustainable Packaging Coalition (SPC) to make packaging more sustainable
- Partners with How2Recycle, which helps label products with information that will encourage customers to recycle
- Reduce carbon footprint emissions by dimming lights, lowering HVAC controls, installing solar panels and reducing & optimizing truck driving



SUPPLY CHAIN MANAGEMENT:

- ALDI Animal Welfare Policy that prevents animal abuse or neglect throughout the supply chain
- Programs to reinforce ethical and safe workplaces

CHARITABLE ORGANIZATIONS:

- Every store partners with Feeding America, a food bank that helps in-need individuals around the country and contributes to disaster relief
- Established the ALDI Smart Kids Program, which provides funding and gift cards to organizations that promote kids being active and healthy
- Partners with Action for Healthy Kids (AFHK) to encourage healthy, active lifestyles for students, teachers and family members in communities across the U.S.



Aldi in the News

delish DINNERS SLOW-COOKER HALLOWEEN DELISH KIDS COOKBOOK

Every Single Aldi Store Is Getting A Makeover

They're adding hundreds of new items — and keeping all your faves.



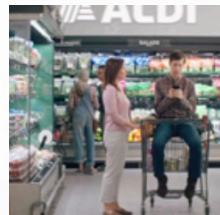
Aldi expands U.S. Instacart delivery tie-up in time for Thanksgiving

Discount supermarket chain Aldi Inc [ALDIEI.UL] said on Tuesday that it was expanding its Instacart grocery delivery tie-up to 35 U.S. states from four cities in ti...

reuters.com

CNN Money Companies Markets Tech Media u.s. ▼ 🔍 ☰

Aldi is going granola to compete with Whole Foods



Aldi set to kick off national ad campaign

'Shop differentli' slogan aims to differentiate chain from other grocers

supermarketnews.com

ALDI Named '2018 Retailer of the Year'

Exclusive Products at Great Prices and Aggressive Growth Strategy Earn ALDI Top Honor from Supermarket News for Second Time in Four Years

prnewswire.com

Sponsored and Earned Media Coverage

≡ CookingLight

I Tried Aldi's New Healthy Products—Here Are the 10 I Loved

 **ALDI USA** ✓
@AldiUSA

Did you see us on @BravoWWHL last night? Our award-winning Trestoria Rosé made a cameo! Grab a bottle (or two) and get ready for the weekend: bit.ly/2GSu22P



BEVCOOKS.COM

Bacon-Wrapped Beans with a Chardonnay Cream Sauce - And My Wine Trip with ALDI! I Bev Cooks

WINE. There's just no other way to begin this blog post (or any blog post for that matter). I went to Washington! Washington State. Wine country. Don't you just love the words wine and country back to back? A few weeks ago, I



BRAVOTV.COM

Pick a Real Housewives City and We'll Guess Your Perfect Wine

If you think about it, The Real Housewives are a lot like a fine glass of wine. They'r.



Social Media Presence



differentli
 \di-fərnt-lē
 From our Test Kitchen and Twice as Nice Guarantee to award-winning products and fresh produce, ALDI does things differentli to bring you amazing products at low prices.

ALDI USA ✓
 @AldiUSA

Welcome to the official ALDI USA Twitter Page! We'll show you the many ways ALDI is helping you to Shop differentli.

aldi.us

74 Following 95.2K Followers

[Follow](#)

aldiusa ✓

[Follow](#)

ALDI USA
 We do things differentli to bring you the highest quality goods at low prices. Tag your hauls with #ALDIHaul for a chance to be featured. linkin.bio/aldiusa

Our Wine... Occasions Our Reci...

584 posts 224k followers 135 following

differentli
 \di-fərnt-lē
 From our Test Kitchen and Twice as Nice Guarantee to award-winning products and fresh produce, ALDI does things differentli to bring you amazing products at low prices.

ALDI USA ✓
 Grocery Store

[Contact Us](#)

Home About Posts Photos Videos

2.3M Total Likes 2.3M Total Followers

ALDI USA

43,498 followers · 85 following

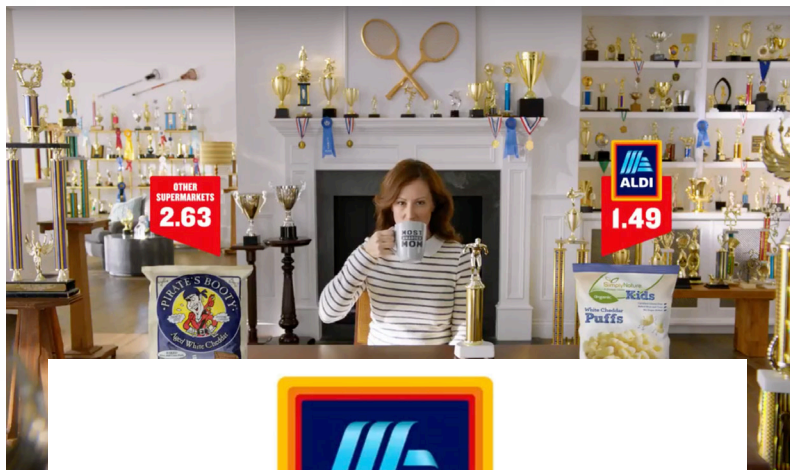
aldi.us
 Batavia, IL · Welcome to ALDI USA - where inspiration for your next favorite dish is just a pin away! Follow along for our best recipes and tips to inspire all year round.

[Boards](#) Pins Tried

EASY GLUTEN FREE SPAGHETTI CARBONARA

Ad Campaigns

The tagline, **"Simply Smarter Shopping,"** was used in a variety of TV spots that highlighted how national brands compared with Aldi's private-label ones. In 2018, Aldi unveiled a new campaign featuring the tagline, **"Shop Differentli,"** that took a humorous approach to the benefits of shopping at the chain.



Simply Smarter Shopping.®



Category Analysis

Speciality Discount Grocery

Aldi is sitting at a niche spot in the grocery category. Aldi encompasses a trait not claimable by all brands in the category – discount pricing. We also carry specialty “Aldi Finds”. The unique combination of grocery, discount pricing and retail products places Aldi in a category beyond general grocery. Aldi lives in the speciality discount grocery category.

To understand this category, it is important to look closely at the landscape of the general grocery category. This lays the groundwork for Aldi’s unique category placement.

State of the Category

The grocery industry is economically healthy, bringing in net sales of \$61,011,992. Although the economic state of the category remains consistently strong throughout the years, behavioral trends in the industry pose rapid change.

These are not changes that can be glossed over. Every brand in the grocery category will have to accomodate to one or all of the factors driving the grocery evolution.

Key factors driving the grocery evolution include convenience, wellness and technology.

Category Forecast

SHIFT IN CONSUMER SHOPPING HABITS:

The grocery industry is predicted to become a \$700+ billion industry within the next five years.

It is one of the most rapidly changing industries in today's market. Retailers are forced to be increasingly strategic when deciding where to place their focus. This is due to two dynamic changes in the industry: 1) a shift in consumer shopping habits and 2) technology advancements.

ONE OF ALDI'S MAIN BUSINESS FOCUSES, OR "PROOF POINTS", IS TO SELECT QUALITY PRODUCTS TO PLACE IN THE STORES. ALDI STORES ALWAYS CARRY ORGANIC FOOD, WHICH IS IN-LINE WITH HOW COMPETITORS ARE TRYING TO IMPROVE THEIR IN-STORE EXPERIENCES.

Retailers are striving to improve the in-store experience by doing the following things:

- Adding catering services
- Providing more freshly prepared meals and meal kits
- Incorporating grab-and-go items
- Having a broader selection of natural and organic foods
- Carrying items that cater to specific diets

Consumers are shopping 15 percent more at discount retailers than before.

**ALDI FITS INTO
THIS CATEGORY.**

**ALDI PARTNERED WITH INSTACART
IN 2018. INSTACART IS A SAME-
DAY GROCERY DELIVERY SERVICE.
SHOPPERS SELECT GROCERIES
FROM VARIOUS RETAILERS, AND
THE ORDER IS DELIVERED BY A
PERSONAL SHOPPER. INSTACART
IS PARTNERED WITH SEVERAL
OTHER BRANDS IN THE CATEGORY,
INCLUDING KROGER, ALBERTSON'S,
SAM'S CLUB AND LOBLAW.**

TECHNOLOGY ADVANCEMENTS:

While most shopping is still done in stores, 30 percent of our millennial target audience does some of their grocery shopping online. According to 2017 Mintel research, 69 percent of millennials shop all in-store, 30 percent shop mostly in-store and some online and 2 percent shop mostly online and some in-store. Brands in the category are aiming to get ahead of the online shopping trend by incorporating online grocery options.

Category Trends

CONSUMER:

In the midst of the rapidly changing grocery landscape, consumers continue to make purchase decisions based on some general areas of preference:

- Loyalty to a convenient location, not a specific store or chain.
- Quality being most important to consumers, followed by price, then brand.

THE ALDI BRAND IS EXPANDING GEOGRAPHICALLY. OVER 100 STORES HAVE BEEN BUILT IN 2017 AND 2018. IT IS ESTIMATED THAT OVER 2,000 ALDI STORES WILL EXIST NATIONWIDE BY THE END OF THE YEAR. THIS ALIGNS WITH THE CONVENIENT LOCATION TREND AND WILL IDEALLY DRIVE MORE CONSUMERS TO THE BRAND.

ADVERTISING MESSAGING:

A large majority of messaging in the category focuses on savings. The category is highly saturated with this message, and it is becoming increasingly difficult for brands to stand out on the basis of price.

Another common message in the category revolves around community. Several brands, including Aldi and Hy-Vee, promote recipes on social media that use products from their store. #FamilyMealsMonth was a promotion also executed by more than one brand during the month of September. The campaign focuses on the importance of eating together as a family and highlights recipes using products from the store. Hy-Vee and Kroger, a regional grocer, have participated in #FamilyMealsMonth.

A majority of the advertising in the category targets families.



ALDI HAS A FAIRLY STRONG SOCIAL MEDIA PRESENCE, WHICH IS SOMETHING THAT YOUNG MILLENNIALS VALUE. WE HAVE THE OPPORTUNITY TO MARKET OURSELVES TO MILLENNIALS IN A CATEGORY THAT SPEAKS PRIMARILY TO FAMILIES.

Industry Advertising

National Family Meals Month™ is a nationwide event designed to underscore the benefits of family meals and to challenge consumers to pledge to share one more meal at home per week with their families using items purchased from the grocery store.



Family Meals Month Dinner Ideas | 4 Easy Recipe...

blog.aldi.us

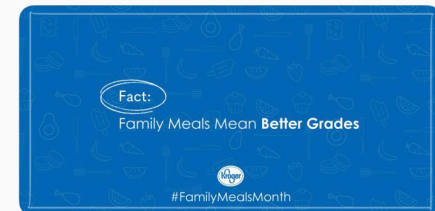
Family Meals Month means whipping up delicious meals for love...



Families that eat
together have kids who
do better in school.



According to recent calculations, elementary through high school aged kids who eat meals with their families 4 times a week earn better test scores and succeed in school! fmi.org/family-meals #FamilyMealsMonth



Category Opportunities

Based on the current health trend and the consumer trend that places quality as the most important factor, there is an opportunity to make organic foods more accessible.

According to Mintel, 70 percent of consumers are forced to visit more than one store in a shopping trip to meet all their needs. Stores that can provide a one-stop-shop experience will stand out. A strong in-store experience while also keeping up with technology advancement is invaluable in reaching consumers.




Competition Analysis

Aldi is a hybrid of a discount grocer and a specialty store due to our narrow selection of food items and aisle of fun, seasonal items. The consumers who shop at these stores are looking for quality goods at low prices. Aldi has recently announced plans to remodel and expand over 1,300 U.S. stores by 2020 and aims to expand to about 2,500 stores by 2022 to further its market position.

Aldi has national and regional competitors, along with a special direct competitor with Aldi's exact store model - Lidl. All stores in this discount grocer category seek to have the lowest prices while still maintaining great quality, freshness and convenience.



	LARGE SELECTION	SPECIALTY ITEMS	SAMPLES	COUPONS	ORGANIC	GROCERY PICKUP
ALDI		X			X	
Walmart  Save money. Live better.	X	X			X	X
COSTCO WHOLESALE	X	X	X		X	X
 Sam's Club.	X	X	X		X	X
meijer	X	X		X	X	X
Save <i>a lot</i>				X		
piggly wiggly	X	X		X	X	X
LIDL		X		X	X	

National Competitors



Walmart was founded in Rogers, Arkansas in 1962 by the Walton family. Walmart is the world's largest company by revenue as well as the largest private employer in the world. They are best known for low prices, a massive selection and virtually being on every corner of the street. Their total revenue was \$485.9 billion in 2017. Walmart targets price-sensitive shoppers and wants to make them feel "smart" by focusing on their "live better" motto. Walmart delivers on their everyday low prices and carries popular, trusted brands. They also focus on marketing an "easy, fast, one-stop shopping experience."



Sam's Club was founded in Midwest City, Oklahoma in 1983. It is a membership-only retail club owned and operated by Walmart. Sam's Club sells in bulk, yet has half the amount of sales as Costco. Sam's Club's revenues totaled \$14.8 billion in 2017. Sam's Club has revamped their strategy recently this year in order to try and outperform Costco. They committed to focus on respect, service, excellence and integrity. Convenience has become their main focus and have carried this into their new scan-and-go app as well as digital displays throughout the store. They have adopted the mission "to be the membership you love the most."



Costco was founded in Seattle, Washington in 1983. Costco is a membership warehouse club and is best known for selling products in bulk, having a wide range of outdoor products and clothing and for serving plenty of samples. Their total revenue was \$129 billion in 2017. Costco focuses all of their resources on sales volume, so they do not advertise. They sell a fraction of the brands which increases sales volume and discounts. The firm's mission emphasizes quality and cost leadership, which are factors consumers usually look for in the retail market. Costco's generic strategy is cost leadership, meaning they want to have the lowest prices in their categories. They have high sales volume and high efficiency, but their membership-only policy limits the amount of customers they have and makes non-members feel unwelcome.

Regional Competitors

The Meijer logo features the word "meijer" in a bold, red, lowercase sans-serif font. Above the "i" and "j" are two blue dots.

Meijer was founded in Greenville, Michigan in 1934. About half of the company's 242 stores are located in Michigan, with additional locations in Illinois, Indiana, Kentucky, Ohio and Wisconsin. Meijer made \$16.6 billion in 2017. Meijer focuses on being positioned as the one-stop shop and claims to not abandon its large-format stores any time soon. Recently focusing their efforts on maintaining a good customer experience, Meijer has tried to adopt the curbside pickup strategy with a flat \$5 service fee for pickup, but is struggling to make it profitable for them.

The Save-A-Lot logo features the word "Save" in a large, bold, red sans-serif font, and "a lot" in a smaller, blue, cursive script font below it.

Save-a-Lot was founded in Cahokia, Illinois in 1977 and is headquartered in Earth City, Missouri. A majority of Save-A-Lot stores are owned and operated by independent licensees. Most of these stores are located in small rural communities in Kentucky, Tennessee, Michigan, Indiana, Ohio, Western Pennsylvania and Western New York. The store made \$3.2 billion in 2017. Save-A-Lot focuses on their exclusive brands, small store format for a quick and easy shopping experience and low prices. Their locations are in generally lower income areas where they do not have to pay much for rent. They also stock mostly dry foods and do not carry organic or fresh produce.

The Piggly Wiggly logo features the words "piggly wiggly" in a bold, red, lowercase sans-serif font.

Piggly Wiggly was founded in Memphis, Tennessee in 1916. More than 600 independently owned stores operate in 17 states, primarily in smaller cities and towns of the Southern and Midwestern parts of the U.S. They made \$60.8 million in 2017. Piggly Wiggly was America's first self-serve grocery store. They also were the first to introduce the checkout format and price mark every item in the store. After being so innovative in the past, they have struggled to stay competitive as bigger stores have taken their format and capitalized on it. Their newest advertising campaign communicates to consumers that if they haven't shopped at Piggly Wiggly lately, they are missing out. They focus on high quality and competitive prices.

Direct Competitor



Lidl is the chief competitor of Aldi. Lidl was founded in 1930 in Germany. The first Lidl discount store was opened in 1973, copying the Aldi concept. Schwarz Gruppe, the company that owns and operates Lidl, rigorously removed merchandise that did not sell from the shelves and cut costs by keeping the size of the retail outlets as small as possible. Most of Lidl's locations are in East Coast states. Business Insider reports that Lidl's prices ring up as 9 percent cheaper than Walmart and 3 percent cheaper than groceries found at Aldi. Both stores focus heavily on their private label brands which allows them to keep prices low, but still have a variety of organic, gluten-free and vegetarian options. Aldi and Lidl both have their own private label brands of alcohol that have won many prestigious awards. Aldi has the initial growth advantage over Lidl currently, but Lidl is making progress.

What can we learn from the competition?

Every competitor focuses on conveying how they either have low prices or an amazing value for their price. We have the lowest prices, so we should continue to emphasize that while conveying that we do not sacrifice value. The most common phrases and feelings among competition in this category are low prices, good value, simplicity, freshness and high standards.

Aldi is different than the competition because we have a small format store, specialty items, organic foods and the best brands on the floor within the condensed selection. These differences are what make us stand out and are what will win us over with the consumer who seeks efficiency, values the product itself more than the brand name, appreciates healthy items and will be intrigued with specialty and seasonal items.

Seeing the similarities in what the stores in this category choose to focus on allows us to see the things that Aldi does best, the "Aldi Difference."



Consumer Analysis

Aldi's Current Consumer



Average Income \$40-60,000



Caucasian and married



Average age 55+ and college students



Suburban and rural populations

Psychographics

- Not concerned with a wide product range
- Does not need after sale service (packing of the bags)
- Environmentally conscious
- Appreciates locally produced fruits and vegetables

Behavioral

- Wants good quality products at a cheaper price
- Does not need the well-known advertised brands
- Values a quick and efficient in-store experience
- Shops for large, pantry stockings basket sizes (21+ items)

TYPICAL PURCHASE CYCLE:
29.2 DAYS

AVERAGE BASKET SIZE:
18.2 ITEMS

AVERAGE BASKET PRICE:
\$38.19

Current Market

The current Aldi customer is typically married and earns a lower income, meaning they have limited money to spend on groceries. The majority is Caucasian and resides in suburban and rural populations. Essentially, Aldi is underrepresented in metropolitan areas. The typical customer shops at Aldi to pantry stock and is not concerned with product range or post-sale service (packing of bags). They value environmentally friendly packaging and locally produced fruit and vegetables. These consumers want high quality products at a cheaper price and do not need the well-known, advertised brands.



Current Customer Perceptions

Aldi customers have the expectation of purchasing products with consistent quality and efficient checkout practices. Customers expect and appreciate Aldi's promises to keep wastage low in all of our marketing practices. Non-loyal consumers often perceive Aldi's products to be low quality because of the lower prices.

Opportunity Market

The opportunity market that Aldi is looking to grasp are young millennials aged 22-28. These individuals want fresh, healthy groceries considering their tight budget. This demographic values brands that are socially and environmentally conscious, adept at using technology and have active social medias.

Shopping Habits

“Receptive Value Seekers” do not engage in pre-shopping planning activities, such as scanning newspapers ads or collecting coupons. They are pressed for time and are motivated to process in-store stimuli and make in-store decisions. They want to spend as little time as possible shopping, so they enjoy a smaller store format. They value quality over quantity, and as a result, are more likely to shop at multiple retailers to ensure the freshness of their food. They are typically smart shoppers who are less price-sensitive and more food savvy. While they are conscious of their personal tastes, they are also adventurous in trying new food choices.

Target Profile

Receptive Value Seeker

Insights:

- Health conscious, but not willing to allocate most of their money to buying healthy food
- Justifies buying items on impulse by seeing the value in it rather than the price
- Goes to the store with an idea of what they need to get, but does not stick to a grocery list
- Adventurous in terms of trying new flavors and different products
- Places more importance on the quality of a product than the brand in the purchase decision process
- Values a positive shopping experience without crowded aisles and long checkout lines

"When I go shopping, I don't bring a grocery list, which is probably why I get sucked into impulse purchases. I choose stores with positive shopping experiences rather than going to chase a deal. I don't have time to clip coupons or keep up with rewards programs, but I like to know that I am getting a good value. Nutrition is important to me, but it does not dictate my life. I will choose a healthier or organic version of a product if it is something I was already going to buy. I am open to trying new things and love finding new flavors. The quality of a product matters more to me than the brand name. I am willing to try a new product in a different brand, especially choosing the store's generic brand for cheaper."



- 
- **CONSISTENT STORE FORMAT**
 - **QUALITY PRODUCT SELECTION**
 - **LOW PRICES**
 - **GROWING COMPANY**
 - **EMPLOYEE TREATMENT**

- **CONFUSION ABOUT QUALITY PRODUCT SELECTION**
- **CONFUSING OPERATION**
- **BRAND LOYALTY**
- **NOT A ONE-STOP SHOP**
- **NO LOYALTY/REWARD PROGRAM**

- **ALDI RECIPES**
- **POPULARITY OF ORGANIC FOOD**
- **PREVALENCE OF IN-STORE SHOPPING**
- **CURATED ITEMS**
- **STRONG BUSINESS ETHICS**
- **DELIVERY AND PICKUP SERVICES**
- **SOCIAL MEDIA AND WEB PRESENCE**
- **ENVIRONMENTALLY FRIENDLY PRACTICES**
- **PROMOTIONAL CONTENT**

- **LOCATION AND CONVENIENCE LOYALTY**
- **ONLINE SHOPPING**
- **CONVENIENT FOOD OPTIONS**

Strengths

- **Consistent store format:** Unlike many of our competitors, Aldi has a small store with the same aisle layout in each store, leading to less congestion and less time searching for products.
- **Quality product selection:** Two of Aldi's proof points, quality and selection, relate directly to our available products. All products are tested by employees to ensure great taste and the best value. We carry the most common household products in the most frequently purchased sizes.
- **Low Prices:** Consumers know about Aldi's low prices due to past promotions and word-of-mouth.
- **Growing company:** Aldi predicts we will have about 2,500 stores in the U.S. by the end of 2022. Almost all of our stores have been or are being renovated to match the new store format and brand image. More than 40 million consumers shop at Aldi per month.
- **Employee treatment:** Aldi values our employees and offers competitive wages, including entry-level positions. Employees complete surveys about workplace quality, and cashiers are allowed to sit while working.

Weaknesses

- **Confusion about quality product selection:** Aldi's positioning focuses more on price and does not mention quality or selection.
- **Confusing operation:** Aldi requires customers to bring their own shopping bags, borrow shopping carts with a quarter and bag their own groceries. Other grocery stores do not have this operation.
- **Brand loyalty:** Aldi offers few brands that are not our own private-label brands, which may be an issue for consumers who are brand loyal to national brands.
- **Not a one-stop-shop:** Aldi has a small selection, so consumers may have to shop at multiple stores to get everything they need.
- **No loyalty/reward program:** Aldi does not offer a loyalty or reward program like some competitors and does not accept manufacturer coupons.

Opportunities

- **Aldi recipes:** Aldi creates recipes using products from our brands on our social media. With the rising popularity of meal kits, these could be turned into meal kits sold in stores.
- **Popularity of organic food:** Organic food is a growing trend in the grocery industry. Aldi sells organic foods and fresh produce, which appeals to our target consumer.
- **Curated items:** Aldi carefully selects the brands and products offered in our stores, which many consumers do not know about. Aldi can communicate our selection process to attract young millennial consumers.
- **Strong business ethics:** Aldi stands by our core values and integrates them into our business practices. Our target consumer is aware of business ethics and considers ethics when making decisions.
- **Delivery and pickup services:** Aldi is partnering with Instacart and plans to offer it at all of our locations by the end of November 2018. This is a growing trend in the category, and Aldi can communicate this as a way to appeal to young millennials.
- **Social media and web presence:** Aldi is beginning to share user-generated content and is encouraging engagement on our social media. Our website has a confusing and outdated layout, which can be updated to be more aesthetically pleasing and user-friendly.

- **Environmentally-friendly practices:** Aldi integrates practices to reduce energy usage and food waste. We require consumers to bring their own shopping bags which reduces plastic bag usage. Young millennials place importance on environmentally friendly practices, and we can communicate this to appeal to their values.
- **Promotional content:** Every grocery store, including Aldi, tries to position themselves in relation to price or value in their promotional content. Aldi would stand out from the clutter by focusing more on quality and selection over price.

Threats

- **Location and convenience loyalty:** Consumers tend to shop at grocery stores close to them, which means they would easily pick a competitor over Aldi if the competitor was closer and more convenient for them.
- **Online shopping:** More grocery competitors are offering online shopping options and delivery services for groceries. Aldi's partnership with Instacart makes this less of a threat.
- **Convenient food options:** Most of Aldi's competitors offer to-go meal options or samples. Some grocery stores have in-store restaurants and catering.

Key Takeaways

As the Situation Analysis team for Aldi, we conducted secondary research and presented a plan to aid Aldi in reaching young millennials as the brand continues to expand within the specialty discount grocer category. The following are our recommendations for further research that can be used by Aldi and teams two and three.

Continuously Improve In-Store Experience

- Young millennials are more interested in spending their money on experiences rather than possessions. They want their trip to Aldi to be convenient and enjoyable.
- These consumers want to spend as little time as possible shopping. They are no longer impressed with quantity, but value quality much more. As a result, smaller retail formats like Aldi have begun to thrive.

Emphasize Digital Relevance

- Our target prefers brands with a well-developed social and mobile media presence. These consumers are highly adept at using technology and are very active social media users. Aldi needs to ensure that they have a robust digital position to succeed in this group.
- Aldi's partnership with companies such as Instacart allows for the brand to reach out to consumers on various fronts and to keep up with the digital trends within the category.

Highlight Corporate Social Responsibility (CSR)

- Young millennials associate quality with high brands that have high levels of CSR. They are influenced by products marketed as ethical, sustainable or environmentally friendly. Aldi's established business practices would position us well with young millennials.
- Examples of CSR initiatives include environmentally friendly practices and positive employee treatment in regard to compensation, benefits and workplace relationships.

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