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Introduction

The capacity of businesses and organisations to accomplish their aims and objectives while retaining profitability and sustainability is what the UK defines as organisational success. A number of variables, like as financial performance, market share, customer happiness, and staff involvement, affect success. Because it can help employees feel valued, an organisational culture that is conducive to retention is likely to do so. In order to compete in the UK's fiercely competitive business climate, businesses must be creative and adaptive. In the UK, businesses that are successful are those that can add value for their clients, staff, and shareholders. They place a high value on customer happiness, make investments in their staff, and have a strong sense of corporate social responsibility (Career Guide, 2023).

Moreover, Businesses from a range of industries, including small start-ups and huge international enterprises, are among the UK's success stories. These businesses have proven their dedication to quality, innovation, and customer happiness while also being able to adjust to shifting market conditions. A number of variables, such as a highly trained workforce, easy access to finance, a supportive business climate, and a robust regulatory framework, contribute to the UK's success stories. Many renowned universities and research centres can be found in the UK, which is a rich source of knowledge and innovation. In the UK, organisational success is a dynamic and changing term that is influenced by a variety of internal and external variables. Success in the UK market may lead to tremendous growth and profitability for enterprises, making it a desirable market for both domestic and foreign companies (Career Guide, 2023).

Background of the Chosen Organisation- LIDL

Moving on with the discussion, it is important to acknowledge and comprehend the fundamental history of the organisation being discussed before an in-depth analysis and critical evaluation of the external environmental factors affecting the performance and daily operations of a business can be undertaken. In this report I will discuss about the LIDL company. Twenty-five years after the first Lidl GB shop opened its doors, we today operate over 800 stores, 13 regional distribution sites, and employ over 23,000 people throughout Britain. LIDL closely with their suppliers to make this happen and take great satisfaction in offering their clients the best items at the most competitive pricing. Additionally, LIDL passionate about using local suppliers whenever possible, and more than two thirds of their products come from British ones. In 1994, with just 800 goods available in our stores, we launched our first-ever regional distribution centre in Lutterworth and our first 10 British locations. In 1999, we moved into our Wimbledon headquarters and began selling meat and poultry. Moreover from 2000-2005, In 2001 their first regional distribution centre opened in Runcorn in 2000, and the next one opened in Belvedere. In order to enhance recycling and save expenses, LIDL installed bailers in their warehouses in 2002. In 2003, LIDL welcomed 1 million consumers into their stores. LIDL regional distribution centre in Bridgend and their first high street store in Edinburgh both debuted in 2004. LIDL started offering daily rubbish and recycling returns in 2005, which helped them lower their carbon impact (Lidl, no year).

Additionally, LIDL demonstrated their dedication to employee welfare by introducing the PWC (Personnel Welfare Consultant) function in 2006, and in 2007, LIDL adopted new energy-saving technologies. Their deluxe brand was introduced in 2008, and in Newton Aycliffe, they established their regional distribution centre. In addition to expanding staff vacation time by two days and launching half-price weekends in 2010, LIDL established their 500th shop in 2009. LIDL debuted their first bakery and staff long service awards in 2011. In addition to launching the employee discount card and opening their Northfleet Regional Distribution Centre in 2014, LIDL also implemented healthy checkouts. Their regional distribution hub in Southampton was inaugurated in 2015 (Lidl, no year).

External Factors

The German bargain grocery business Lidl, which operates in the UK, is impacted by a number of outside influences. Economic factors including growth, inflation, unemployment rates, and interest rates have an influence on the company's operations and profitability. Lidl's activities in the UK are also impacted by changes in governmental legislation and regulations as well as technical improvements. The company's product offerings are also impacted by customer behaviour and tastes, such as the need for sustainable and organic products and an emphasis on health and wellbeing. Lastly, Lidl's market share and business strategy are impacted by the fierce competition in the UK grocery sector, which includes companies like Aldi, Poundland, Tesco, Sainsbury's, and Asda. Two popular corporate strategy frameworks are PESTEL and SWOT. PESTEL analysis evaluates external macro-environmental factors that have an impact on a company's operations, such as political, economic, sociocultural, technological, environmental, and legal factors, whereas SWOT analysis evaluates both internal and external factors, such as strengths, weaknesses, opportunities, and threats. Both frameworks are beneficial for spotting potential opportunities and threats as well as creating strong strategic plans (Free Pestel analysis, no year).

PESTEL Analysis Tool of LIDL

Francis Aguilar, a Harvard professor, developed the PESTEL study as a method to carry out a full external analysis of the business environment of any industry for which data is available. This is a crucial element in developing a strategy that can ultimately outwit the opposition and increase a company's prospects of sustainability and profitability. The acronym PESTEL stands for Political, Economic, Social, Technological, Environmental, and Legal, which are all variables that have an impact on the sector as a whole.

PESTEL analysis offers useful insight into the operational difficulties that any firm in the industry seems to have, and consequently, the company in question may experience these difficulties as well. If the risk arises from, say, an unstable political regime or an unexpected economic recession, investors and entrepreneurs will be discouraged from engaging in any risky ventures if they have a thorough

understanding of the overall competitive landscape. The recent withdrawal of the United Kingdom from the European Union may serve as the greatest illustration of this. As a result of the decision's unexpected political consequences, some investors withdrew from new businesses and put a stop to their development plans (Free Pestel analysis, no year).

Political Factors

Political issues make up the initial part of the PESTEL study, thus it's important to comprehend how they affect Lidl. Supermarkets like Lidl have been impacted by government economic intervention. Lidl is significantly impacted by both the minimum wage rate and the nation's tax regulations. People are less likely to labour for low pay if the government sets the minimum wage rate. This will make it difficult for Lidl to find qualified employees. Additionally, if the government levies high taxes on those with high incomes, consumers will have less money to spend on other things, which will affect LIDL sales. To operate profitably, the corporation must comprehend the economic policies of the countries in which it does business (Free Pestel analysis, no year).

Economic Factors

Economic considerations are crucial to take into account while analysing a firm. Individual's disposable income is crucial because with more money available, individuals are more likely to spend more on food and other products, or else they will only be able to afford the bare requirements. This negatively impacts Lidl's sales. Furthermore, since people tend to spend less on items other than necessities, a recession or an increase in inflation will also have an impact on Lidl's sales. Due to its reliance on domestic production rather than exports, Lidl in the UK will be less impacted by import restrictions and tariffs (Free Pestel analysis, no year).

Social Factors

Lidl has struggled to draw in customers of all ages who truly respect its products. It has always targeted lower-class consumers, but is now aiming for middle- and upper-class consumers to compete with competitors in the market. It is committed to altering consumer perception and giving them unforgettable experiences. By removing

artificial colours from label items, it has been delivering health products. It offers fish from recognised sustainable sources by the health department. It takes client consideration seriously and cultivates close relationships with them (Free Pestel analysis, no year).

Technological Factors

Lidl must concentrate on technology developments if it wants to keep its market share and leadership. In 2017, Peterborough was given the contract for the largest regional distribution hub. This distribution will employ energy-efficient techniques and carbon-free technologies. It also aids the economy in creating jobs. Lidl does, however, invest relatively little on technology. As a discounter, it is necessary for it to invest heavily in expensive technology like self-scanning in stores while minimising costs (Free Pestel analysis, no year).

Environmental Factors

Consumers are becoming more conscious about carbon footprint emissions and environmental sustainability. Their environmental concerns are growing. Therefore, it is imperative that businesses take action in order to protect the environment and thereby attract more customers. Lidl believes it is their highest responsibility to promote "A Better Tomorrow" and environmental protection. It encourages the use of reusable bags that are simple to make from recycled cardboard and plastic. To limit the usage of electricity, warehouses include sophisticated lighting systems and motion sensors. To cut down on schedule and expense, it favours the best planning and delivery practises (Free Pestel analysis, no year).

Legal Factors

The grocery sector operates in a fast-paced environment where it is crucial to comply with all laws and regulations to prevent unfavourable outcomes and reputational damage. Lidl ensures that its operations follow the rules established by the economy. To prevent the development of a poor impression of the firm among customers, Lidl is care to address problems and, if necessary, make concessions (Free Pestel analysis, no year).

SWOT analysis of Lidl

This Lidl SWOT analysis is thorough. It analyses Lidl's advantages and disadvantages. It also looks at the challenges and possibilities the organisation faces. German budget retailer Lidl has its headquarters in Neckarsulm (Howanwhat,2017).

Strengths of Lidl

One of the top grocery merchants in Europe is Lidl. It has a lengthy history of operation in the UK, where it ranks as the sixth-largest grocery chain with a 6.9% market share. In Spain, it has a very strong market share. In addition, it ranks among the top supermarket brands in Germany, where it is most popular.

One of the UK's leading grocery companies, Lidl, is expanding quickly. Currently, it operates 13 distribution centres and over 900 stores nationwide. Over 10,000 of them are located in the USA and Europe. Over 22,000 people are employed by it in the UK.

Lidl sells a large majority of its own-label goods. This gives the business the ability to manage supply chain and production costs, which ultimately leads to higher earnings. Additionally, Lidl provides a variety of special deals that help customers save money while boosting sales.

Customers in numerous European areas are familiar with Lidl's emblem right away because to its excellent brand recognition. Over many years, it has been able to establish its brand identity and reputation, solidifying its position as a low-cost supermarket chain with a constrained product selection. Due to this, it has been able to set itself apart from rivals in a cutthroat market. It made a deliberate choice to provide a small number of items to cut expenses and maintain affordable rates for clients (Howanwhat,2017).

Weaknesses of Lidl

A critical component of Lidl's SWOT analysis is the examination of its shortcomings. In comparison to some other supermarket chains, Lidl employs comparatively few staff

members in each location to assist customers with product searches and respond to their inquiries. Some customers have trouble with this since they occasionally require help finding products.

Due to a few issues over the years, Lidl's image was in jeopardy. In the past, for instance, it was charged of eavesdropping on its workers all throughout Germany. Spying may have included, but was not limited to, keeping track of workers' highly private information and how frequently they used the loo. The charge was made by the German news outlet Stern, which looked into Lidl outlets all around Germany.

In 2021, Lidl encountered issues with their supply chain. It observed that the fresh produce, bread, toilet paper, and other things on its shelves were gone because hauliers—individuals or organisations in charge of delivering goods and supplies by road—were "boycotting" it since it had failed to modify its delivery procedure in response to the UK's driver shortage. Despite the fact that it is obvious that the sector is experiencing a severe delivery driver shortage, the corporation is mostly accused by hauliers of being less cooperative and of rejecting vehicles that arrive at distribution sites late (Howanwhat,2017).

Opportunities for Lidl

Opportunities are a significant area that is examined in the Lidl SWOT analysis. Currently, Lidl operates over 11,900 stores across 32 nations. As a result, expanding further in Europe and other nations has high potential and is also doable. In reality, Lidl is among the UK's grocery brands with the greatest growth. In the UK, especially in the capital city of London, it has enormous development potential. By the end of 2025, it wants to have 1,100 stores across the nation.

It's also interesting to consider how to introduce new items to the market. To attract clients and set itself apart from rivals, Lidl might broaden its product offering and provide better-quality items like fresh vegetables and organic goods (Howanwhat,2017).

Threats for Lidl

Threat is the final element of the Lidl SWOT analysis. In the UK and other European nations, Lidl is up against a number of rivals. Aldi is one of the largest rivals since it

offers discounts as well. Tesco, ASDA, Sainsbury's, and Morrisons are just a handful of the other rivals in the UK.

Changes in consumer habits and any political unrest in Europe might have a big influence on Lidl. Although it may sound harsh, any increase in the minimum wage may have an effect on the business's profits (Howanwhat,2017).

Porter's Five Forces Analysis

Industry Rivalry

The fight amongst already-existing businesses reveals the number of rivals who fiercely compete with Lidl. High rivalry demonstrates Lidl may be subject to intense pressure from other companies, which may restrict each other's capacity for expansion. Because businesses use aggressive pricing and targeting strategies against one another, profitability in these sectors is low. There are several major firms seeking for market share in the very competitive UK grocery sector. Established competitors like Tesco, Sainsbury's, Asda, and Morrisons provide Lidl tough competition. Lidl must continue to provide reasonable prices, a variety of goods, and excellent customer service in order to stay competitive (Academic Master, 2003).

Threat of New Entry

Threats from new competitors show how established market participants are threatened by new competitors. The danger of new entrants will be significant if the business is profitable and the entry barriers are low, which will draw in more participants. There are several major competitors in the very competitive UK food sector, including Tesco, Sainsbury's, Asda, and Morrisons. Due to the high entry hurdles and established businesses' existing economies of scale and brand awareness, the danger posed by new entrants is comparatively modest. Furthermore, Lidl's low-cost business model necessitates a sizable investment in supply chain and distribution operations, which could deter new competitors (Academic Master, 2003).

Bargaining Power of Suppliers

The Porter 5 Force Model's bargaining power of suppliers captures the pressure that suppliers place on business organisations via the use of a variety of strategies, such

as decreasing product availability, lowering product quality, or raising pricing. Due to the company's size and well-organized supply chain, Lidl has a reputation for having effective negotiation skills with vendors. Due to Lidl's access to a sizable customer base, suppliers are eager to partner with the company. As a result, suppliers have little negotiating leverage (Academic Master, 2003).

Bargaining Power of Buyers

This force has a direct impact on Lidl's capacity to meet its operational goals. Strong negotiating position reduces profitability and increases industry competition. However, when buyer power is weak, the industry becomes less competitive, which increases Lidl's profitability and expansion opportunities. Customers have a broad selection of options when choosing a shop in the price-sensitive UK grocery sector. Customers therefore have a lot of negotiating power, and Lidl needs to keep providing appealing pricing and a variety of goods to keep its clientele (Academic Master, 2003).

Threat of Substitutes

High substitution threat indicates that consumers have access to replacement goods and services from other sectors of the economy. The seriousness of this danger to Lidl depends on a number of things. In the UK grocery industry, where customers have a wide range of alternatives, replacements are a serious threat. Lidl needs to keep standing out from the competition by providing a variety of goods at affordable costs as well as by emphasising convenience and customer service (Academic Master, 2003).

Ansoff Matrix of Lidl

Market Penetration

Market penetration is the act of selling the same product into the same market while utilising a cost leadership strategy to grow market share. Strong sales on August 11th, 2019 let Lidl set a new record for high grocery market share. Despite the fact that the supermarket's overall sales were unchanged over the period, according to the most recent data, the summer of 2018 was consistently robust. Fraser McKevitt, Kantar's head of retail and consumer intelligence, said that the previous year's adverse weather combined with the low pricing levels made it tough for shops to increase their growth.

Due to the low-price strategy, Lidl's sales have increased by 7.7% in 2019 while consumer purchasing habits have increased market share by 5.9%. In addition, 489000 consumers have shown interest in the opening of additional outlets.

Additionally, the low-cost strategy has had a significant impact on customers' weekly purchasing patterns, with the average basket now costing £19 for groceries each week. Lidl has also grown its product lines by 19 percent by producing more alcohol, toiletries, home goods, and soft drinks, which now account for 13 percent of its total sales. It demonstrates how Lidl is expanding the range of its current items while keeping prices low in order to gain market share (Ansoff's, no year).

Product Development

It is referred to as a "product development strategy" when company management decide to launch a new product to satisfy the needs of their existing clientele. For instance, Lidl has been planning to reduce the amount of salt in their branded products since 2017. The firm is concentrated on achieving the Department of Health's salt goal, which is a component of the UK government's obesity policy. A plan to reduce salt is the foundation of Lidl's new product development strategy.

The goal is to cut the sugar content of nine food categories by 20% by the end of 2020, as stated in the government's childhood obesity policy from 2016. Lidl UK is steadfastly dedicated to achieving this objective, and once it has done so, it will roll out more sugar reduction initiatives (Ansoff's, no year).

Conclusion

Due to its low-cost business strategy, streamlined supply chain operations, and powerful negotiating position with suppliers, Lidl has found success in the UK grocery market. The business has been successful in attracting price-conscious clients thanks to its emphasis on providing a small selection of items at cheaper costs. Additionally, Lidl has a streamlined and effective supply chain that aids in lowering costs. Lidl is able to keep control of its expenses and sell its items at a cheaper price than its rivals by reducing the number of middlemen in its supply chain. Additionally, thanks to its substantial purchasing power, Lidl has a strong negotiating position with its suppliers. This enables the business to strike better agreements with suppliers and get high-quality goods at reduced costs. As a consequence, Lidl is able to keep strong profit

margins while providing a variety of goods at competitive rates. Lidl's stores are also planned with efficiency and cost-cutting in mind, with a straightforward structure that reduces operational expenses.

Due to its low-cost business strategy, streamlined supply chain operations, and powerful negotiating position with suppliers, Lidl has found success in the UK grocery market. The firm must contend with established rivals with strong market positions and well-known brands, like Tesco, Sainsbury's, Asda, and Morrisons. Lidl must continue to set itself apart from the competition by emphasising customer satisfaction, ease of use, and product innovation. Lidl has achieved success in the UK grocery industry as a result of its low-cost business model, simplified supply chain operations, and strong bargaining position with suppliers. Tesco, Sainsbury's, Asda, and Morrisons are just a few of the well-known competitors the company must compete against. By placing a strong emphasis on user friendliness, product innovation, and customer pleasure, Lidl must continue to stand out from the competition.

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