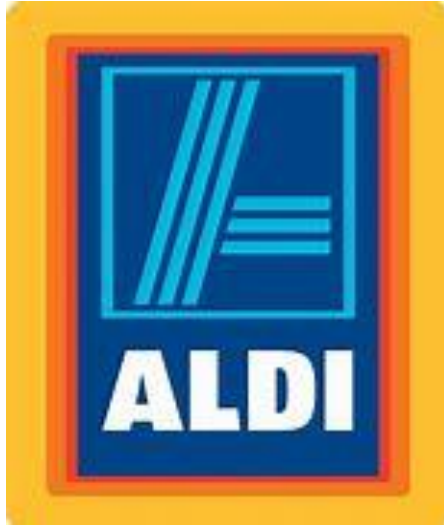




- Established in 1913 in Germany under the name Karl Albrecht grocery store by Anna Albrecht
- Sons Karl and Theo Albrecht took over the business in 1946 naming it Albrecht KG
- In 1962 the Aldi name was created
- Turnover - \$142 Billion Worldwide
- Number of countries – 20
- Number of stores – 12,419
- Opening date into UK – 5th April 1990 (Stechford, Birmingham)

Team Ceiriog: Adam Morgan, Tim Hunt, Adam Farmer & Jamie Butcher



Aldi Company Values



Here at Aldi, you won't find any price gimmicks. Instead, we focus on Everyday Low Prices, meaning our customers can rest assured they're getting top quality fresh food at affordable prices. That's why we are voted Which? Cheapest Supermarket 2021!



Whether you're a customer, a colleague or one of our many British suppliers we work with, here at Aldi our people are at the heart of everything we do. That's why we ensure that supporting our people is always a priority.



We're focusing on minimising our carbon footprint in key areas. Reducing the impact of our refrigerants, boosting our energy efficiency and recycling our waste. That's why we've been carbon neutral since January 2019!



From Farm Africa, to partnering with Teenage Cancer Trust in 2017 and continuing to raise over £6m, we're proud to do all we can for our partners and the work they do.

Satell’s Innovation Matrix

From the innovations that were reviewed it can be clearly seen that Aldi are not into spending money on developing new products and processes through Basic Research and Breakthrough Innovation, the bulk of there innovation is through sustaining and being a disruptor in the market.

Breakthrough Innovation - Agile problem solving – adding additional tills - Till Less stores	Sustaining Innovation - Low staffing levels – financial efficiencies - Adding beehives to UK Headquarters – profits from sales to UK Charity’s - Investing 1.6m in UK dairy, meat and poultry products. - Limited product offering allows Aldi to buy in bigger quantities, reducing cost per unit. - Reducing profit margins to 2-3%, compared to “big four” at around 7%
Basic Research Product Recipes	Disruptive Innovation - Product offering – low cost but quality fare, limited range, own branded, limited “special offers” for branded goods - Integrated product displays, weekly brochures highlighting seasonal offers. - Buy it now before its gone scenario - Marketing campaigns - Consumer Psychology – Low aisle heights, product on pallets - Store layout and atmosphere - Intensive international expansion - Copying popular named brands – Nestle, Brew Dog, Cuthbert Caterpillar

1. The extent to which they have shifted the company's market position

Innovative Stores:

The midlands and the north were the choice for the first stores due to a few factors:

- Lower rent
- Less affluent customers

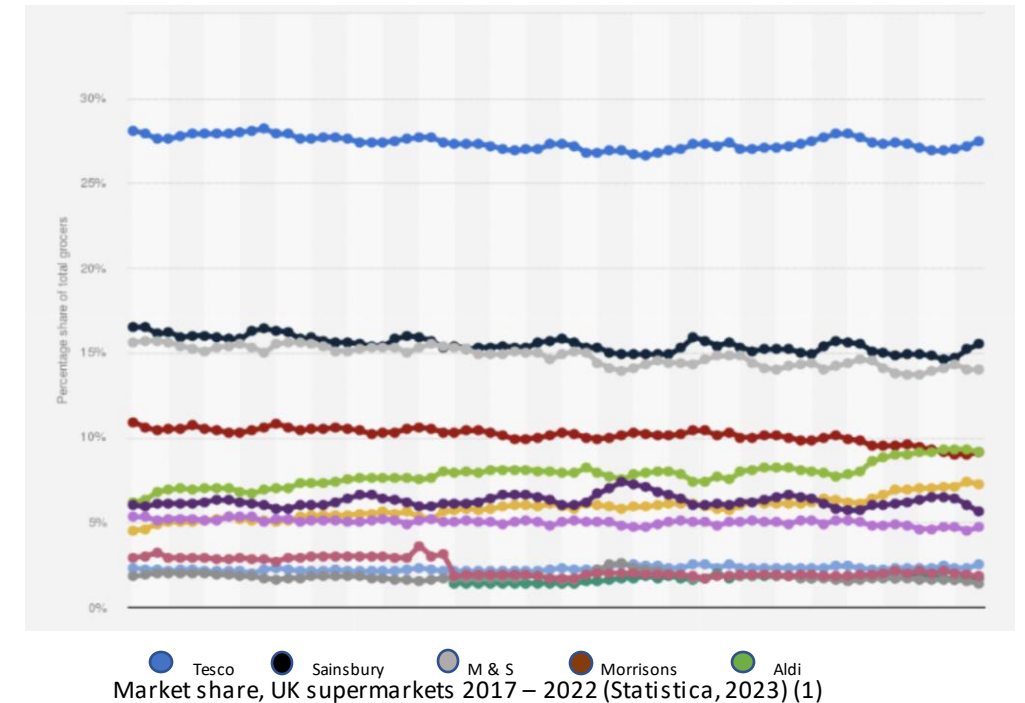
The UK market was a good fit because there were no 'big discounters' and all the competition were in the stock exchange.

In 2008 customers needed a low price, reasonable quality product. (a)

Aldi are able to offer reasonable quality products at low prices due to a few innovative actions.

- store layout – products remain on pallet, reduced till area
- lean company structure - all staff can do all tasks, minimum number of staff required
- product – only 18k product lines, barcode packaging, 90% own label

Aldi made it above Morrisons to become 4th in the UK market in 2022. (b)



1. The extent to which they have shifted the company's market position

Marketing:

Kevin the carrot - Anti Establishment IPA - Cuthbert the Caterpillar

When Aldi first launched in the UK in 1990 they didn't even put a sign in the window of the new store.

Now they are arguably the top Supermarket for innovative marketing strategies. First introducing Kevin the Carrot in 2016. A character which they continue to use today.

Next came the social media activity between Aldi and Brew dog. Communicating in a playful way quite different to how a company might be perceived.

Then, they achieved a fantastic campaign on social media regarding Cuthbert the Caterpillar.

Social media has extremely low financial cost, and Aldi's posting means it stands out from its competitors. Making innovative use of the platform.

UK grocers' market share and sales growth (%)

Market share 12 wks to Sept. 4 2022	Market share 12 wks to Sept. 5 2021	% change in sales (yr-on-yr)	
Tesco	26.9	27.4	1.9
Sainsbury's	14.6	15.0	1.5
Asda	14.1	14.4	2.2
Aldi	9.3	8.1	18.7
Morrisons	9.1	9.8	-4.1
Lidl	7.1	6.1	20.9
Co-operative	6.5	6.5	2.7
Waitrose	4.7	5.1	-4.7
Iceland	2.4	2.3	5.8
Ocado	1.7	1.7	5.2

Source: Kantar



2. The extent to which they have influenced the company's internal structures and management processes.

Innovative Stores:

- Inventory management: Smaller stores meaning a reduced inventory. Against other in the region of 25% less than their competitors offering a limited selection of products some branded but mainly private label.
- Employee training: Employees are trained to work quickly and effectively. All members are trained to cover multiple roles within the store – Tills, restocking etc. Management conduct people surveys and had an incredible response of 94% engagement. <https://www.aldi.co.uk/about-aldi/corporate-responsibility/people/training-and-development>
- Central decision-making: Allows it to maintain consistency in its operations with store layout and management processes are optimized for efficiency and cost control. With this customer navigation is easy with the consistency this does not matter if in Liverpool, Luton or Ludlow.
- **Merchandising Methods: The simplistic approach to merchandising with products displayed on simple shelving, on transportable Dusseldorf pallet and prices displayed on basic formats from the roof allows for quick reduce labour costs and faster restocking.**
- Continuous Improvement: Aldi is committed to continuously improvement, and they have used regularly surveys from customers to collect feedback to identify areas for improvement. They use marketing tools on this to boost completion rates. (shown below)



2. The extent to which they have influenced the company's internal structures and management processes.

Marketing:

Aldi's marketing strategy has always been to focus on its private label products, which are cheaper alternatives to well-known brands. This attracts customers who are looking for affordable alternatives.

The marketing strategy used promotes efficiency and cost-cutting measures. Their marketing campaigns emphasize the company's commitment to keeping costs low.

They continue to promote a culture of accountability and ownership. Aldi's marketing campaigns often highlight the company's focus on quality control and product testing, like sources of meat and Alcohol sourcing.



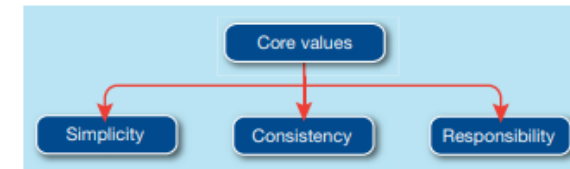
3. The extent to which they have been technology dependent (and which technologies)

- Aldi's Technological success has been Mainly focused on a Lean manufacturing Approach and Social Media Marketing
- Looking into Targeted Twitter and Instagram ads tracking using a Know what works approach with on average Aldi customers create on average 182 Social media posts per Day
- Aldi Lean manufacturing Approach is different from competitor as it focuses on getting people through the tills Quicker, they do this by double barcoding packaging items for checkouts something which is different to their Competitors.
- Just in time delivery with local supplier and eliminating waste from their supply chain minimising the time they hold stock. Using a dedicated database and ordering system. Low inventory Model only holds 1300 product per store compared to 10000 by the competitors

Know what works

[Tracking your social media engagement](#) with Maybe* shows you what content is working for your audience and what's inspiring them to communicate with you.

Aldi uses its social media channels differently but its on Twitter where the social media team really excels. Bringing humour to the table alongside a rapid response customer service team, Aldi's tweets offer both engagement and entertainment.



3. The extent to which they have been technology dependent (and which technologies)

- However, to due competitive nature in the marketplace aldi have a new innovation creating the country first till less store in London
- Customers use no checkouts. Everything is paid and scanned using the Aldis app
- Uses dedicated HI Tech Cameras to manage security
- Is the first in the UK and hope replicate the success seen in amazon Grab and Go Model in the US



3. The extent to which they have been technology dependent (and which technologies)



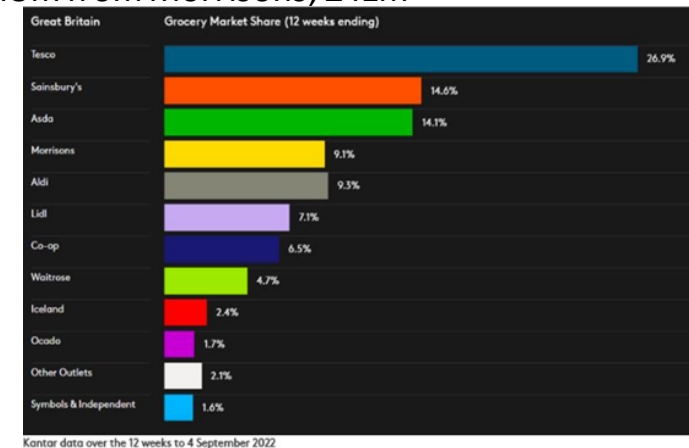
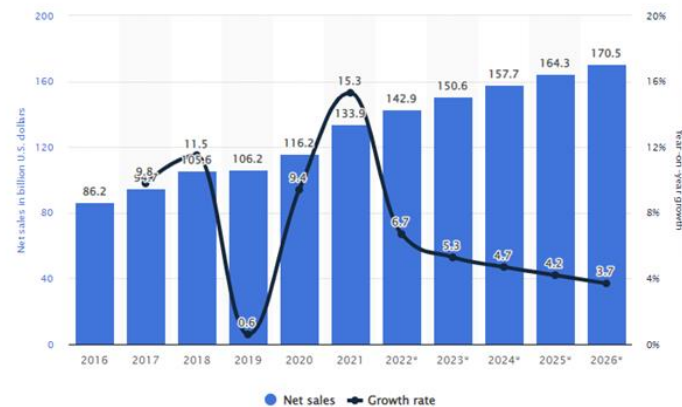
- Also, as part of aldi's will to move its partnered with Parcel labs operations experience management platform for non-grocery deliveries.
- Aldi is the first UK supermarket to integrate this technology with its existing online platform. The enhanced level of communication will also allow the discount supermarket to offer more of its range to shoppers and use delivery data to improve overall order efficiency and delivery to customers
- Improves stock holding efficiency for non-Online orders and online orders were to hold what stock around the country.



4. The extent of their success

Innovative Stores:

- According to which magazine survey for best supermarkets for shopping in store, Aldi only scored a 3 out of 5 star for store appearance, 3 out of 5 star for range of products and 2 out of 5 star for stock availability, but still had an overall 73% satisfaction, only coming in second to M&S. ⁽¹⁾
- On a global scale (According to data from Statista and Kantar) in 2020 Aldi appeared as number eight in the top 10 worlds largest retailers, to cement themselves as one of the leading brands in world retail. ⁽²⁾
- They managed to record net sales in 2021 of just under 134 billion US Dollars, taking it from 86.2 Billion just 5 years earlier.
- They have also showed steady year on year growth peaking at 15.3% in 2021.
- As a 10 year forecast between 2016 and 2026 Aldi were expected to go from a 86 Billion Dollar Business to a 170 Billion Dollar business, almost doubling their net sales in a 10 year period.
- According to latest Kantar figures Aldi has taken £170m of sales from the “Big4” in the three months leading up to September 2022, breaking that down they have gained about £64m of sales from Tesco, £43m from Morrisons, £41m from Asda and £21m from Sainsburys. ⁽³⁾



4. The extent of their success

Marketing:

- Aldi first big venture into marketing was with their Kevin the Carrot in 2016, and over the last few years have used this a successful tool to generate more interest in the character whilst promoting Aldi's:
 - Sales increased in 2016 by 15.1% and helped attract one million new shoppers ⁽⁴⁾
 - Sell out ranges in 2018, 2019 and 2020
 - In 2021 more than have the range of product sold in within 24hrs
 - KevinTheCarrot trending in 5th place on Twitter
 - In 2022 more than 76,000 shoppers tried to get their hands on Kevin and Family merchandise
 - People queuing from 4am outside local Aldi stores (with their famous “once its gone its gone” phase)



Aldi managed to put a complete spin on being taken to court by M&S for the Cuthbert the Caterpillar cake, and generated huge interest and publicity, from a negative situation:

- High profile discussions on BBC Breakfast, Good Morning Britain and This Morning
- 1400 Pieces of written coverage
- 15% Engagement rate across social media
- 8.5% increase in Aldi news sentiment – whilst M&S down by 134%
- Over £5m of media spend, despite not spending any money

The thoughts throughout the retail industry is Aldi's successful marketing campaigns have increased their sales per store by +100% over 3 years through creating more loyal customers, engaging consumers and creating positive feedback.

An outline of what each of you contributed to the review on which the presentation is based

1. The extent to which they have shifted the company's market position (Tim)

- Market position statistics
- news articles and web posts.
- Initial matrix layout for company activities.

2. The extent to which they have influenced the company's internal structures and management processes: (Adam F)

- Understanding company structure and where head offices are
- Research on importance on store layout
- Spoke with employee of local stores
- Visited four local stores
- Finding appropriate images with reference.

3. The extent to which they have been technology dependent - and if so which technologies: (Jamie)

- Looked into Technological enhancements Aldi low test high lean approach simple technological enhancement like double barcoding dedicated stock holding software.
- Also looking at Aldi future vision of till less stores and parcel force operating system.

4. The extent of their success: (Adam M)

- Initial research into what company to study and the potential innovations of that company (BMW Mini, Aldi, Just Eat & Amazon Web Services)
- The initial Satell Matrix and the categorisations of the innovations
- Research on Aldi as a company, their history and current position in the industry, and how they got there.



What each of you learned in undertaking this assessment

1. Tim

- Keeping profit margins low works as long as expenditure is also low.
- The combination of simple design features across a company can have large results
- Less product which is well aligned works just as well as high volume higher price.

2. Adam F

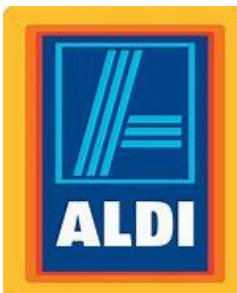
- Innovations can be as big or small, expensive or cheap.
- Learning from failures is important
- Markets constantly change and vital to keep up with this.
- Do not be afraid to be first to market
- If fail do not continue to spend

3. Jamie

- Lean Manufacturing approach
- Speed through the store dedicated data management low stock Holding
- Looking at different Technological enhancements (Till Less Stores, Parcel force future state)

4. Adam M

- How much information is available on a company if you keep digging for it.
- How turning a potential PR disaster (Being sued by M&S) managed to be turned into a huge PR, Sales and Marketing masterclass.
- Realising the smallest detail can be classed as a Innovative master stroke.
- How key principles put in place almost 80 years ago still contribute to a successful business



Research & References

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