

Module: Problem-Solving and Decision Making

Module code: LCLM4004

Assignment Title: Problem-Solving and Decision Making – Component
1:Individual presentation

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Slide 1

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presentation

STUDENT NAME:

STUDENT ID NUMBER:

LECTURER'S NAME:



Introduction

- Identifying and evaluating the problem faced by the organisation is the aim of this presentation. This presentation requires to identify the problem faced by Lidl.
- Lidl is one of the largest supermarket chains in the UK.



Source: (SteveC, 2022).

This presentation consists of an overview of the nature of the problem and its impacts of the problem on the organisation, a PESTLE analysis to identify macro-environmental challenges, and an analysis of business problems with causes and effects.

Overview of the problem faced by Lidl

- Lidl is one of the successful chains of grocery stores in the UK.
- However, the market share of Lidl in the UK is only 8.1% whereas its competitors have higher market shares (Statista, 2024).
- This is due to a lack of innovation within Lidl which is creating barriers for the company to increase its sales revenue to gain a higher market share (Ladd, 2018).



Source: (Celestino, 2020).

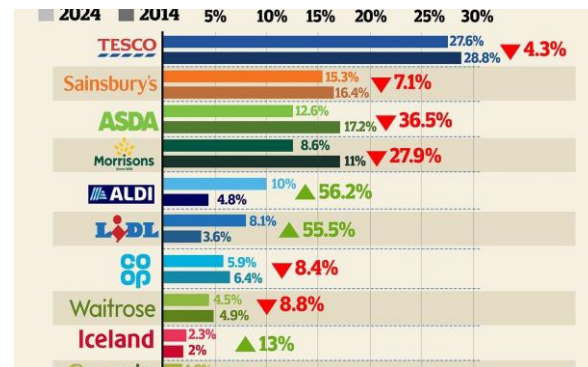
Nature of the business problem and its impact on Lidl

Nature of the problem

- Complex Issue

Impact of the business problem on this organisation

- Poor organisational performance
- Reducing competitiveness



Source: (Carrick, 2024).

Nature of Problem

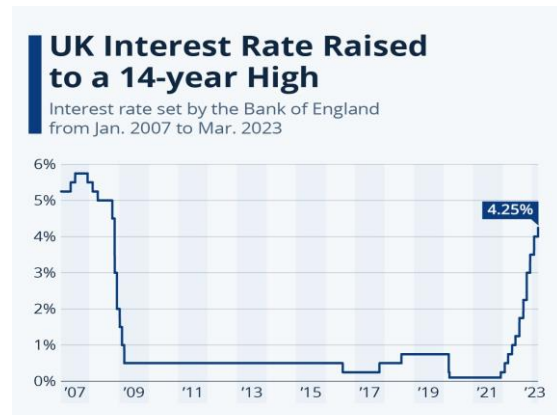
Complex Issue: The complex issue is a natural problem that requires the problem faced by the organisation is create difficulties in achieving organisational goals (Wu and Buyya, 2015). The problem that is facing by Lidl is the lack of innovation within the organisation which is creating barriers for Lidl to compete with market players such as Tesco, Sainsbury's, Aldi, ASDA, and Morrisons.

Impact of the business problem on Lidl

The lack of innovation within Lidl is greatly impacting overall organisational performance. Such as Lidl is facing difficulties in enhancing customer experiences with the brand which is causing the customers of Lidl to be attracted by the innovative services and products of competitors of Lidl (Worthington and Britton, 2023). Such as Tesco, Sainsbury's, ASDA, and Aldi have frictionless stores and many other innovative services for their customers. Whereas Lidl has a lack of innovation that is decreasing the competitiveness of Lidl within the industry (Herrity, 2021).

PESTLE analysis

- **Political:** Ukraine-Russia War.
- **Economic:** Interest rate and Inflation rate.



Source: (Armstrong, 2023).

Political: The political wars between countries such as the Russia-Ukraine war that started in February 2022 created difficulties for the supply chain of supermarkets by creating transportation barriers to import products such as corn, sunflower oil, and others (Momenti, 2023). This is causing Lidl to face the problem of addressing the demand of its customers due to a lack of innovative ideas to develop substitute products for customers (Corporate Finance Institute, 2022).

Economic: The interest rate declined to 4.75% in 2024 and the inflation rate declined to 1.7% in 2024 (Trading Economics, 2024). Such declines in interest rates and inflation rates in the UK are decreasing the operational cost of Lidl which is increasing its capability to invest in R&D to foster innovative solutions and ideas to enhance its competitiveness.

PESTLE analysis(Conti...)

- **Social:** Customer preferences.
- **Technological:** Technological Advancement.



Source: (Dooley, 2024)

Social: The emergence of the COVID-19 pandemic changes makes social people more tech-savvy as customers require more frictionless services (Worthington and Britton, 2023). This is causing a challenge for Lidl to lose its customers as Lidl does not have any frictionless stores to serve its customers which is due to a lack of innovations within Lidl.

Technological: Technological advancement introduces automation and AI technologies such as chatbots, POS, contactless payments, RFID, IoT, smart shelving, and Smart carts. These aspects are attracting customers more to visit frictionless stores which is an increasing threat for Lidl to lose its customers to its competitors (Tesco, ASDA, and Aldi).

PESTLE analysis(Conti...)

- **Legal:** Intellectual Properties Act.
- **Environmental:** Climate Action.



Source: (Rwjf.org, 2024).

Legal: The Patent Act 1977 enables the protection of the Intellectual Properties of individuals and business organisations (GOV.UK, 2007). This is an opportunity for Lidl to invest in employee training and the R&D department to foster innovation to build its intellectual property.

Environmental: Climate Action is an SDG that requires to reduction of carbon emissions to address climate change effects (Lough, 2022). This is increasing a challenge for Lidl to manage lower ESG ratings within the industry as Lidl has a lack of innovations to reduce carbon emissions. So, Lidle should focus on fostering innovative ideas to address climate change effects to gain environmental sustainability.

Analysis of the business problem

Analysis of Business Problems by Identifying Causes

- **Lack of Adhocracy Culture**
- **Lack of transformational leadership**
- **Outdated Business Practices**



Source: (Abhinaya, 2024).

Lack of Adhocracy Culture: Adhocracy organisational culture requires adaptability, innovation, and fast decision-making (Osman, Liu and Wang, 2023). However, Lidl has a lack of adhocracy organisational culture. This is causing the management team of Lidl to be less resilient and adaptive to adopt market trends such as frictionless stores, innovations of club cards, and many more.

Lack of transformational leadership: Transformational leadership requires individual consideration, intellectual stimulation, idealised influence, and inspirational motivation (Hamad, 2020). However, the leadership style of the management team of Lidl is democratic which ensures an inclusive environment but creates barriers to identifying skill gaps of individual employees to fill those gaps through individual consideration, intellectual stimulation, and inspirational motivation (Ladd, 2018). This is creating a barrier to ensure innovation within Lidl.

Outdated Business Practices: Lidl is focusing on outdated business practices such as Lidl having a limited presence on online platforms and focusing on operating traditional supermarkets and stores. This creates barriers to creating a culture of innovation within the organisation (Herrity, 2021).

Analysis of the businessproblem (Conti...)

Analysis of Business Problem by Identifying Effects

- Poor brand positioning
- Falling behind competitors



Source: (Fulks, 2019).

Poor brand positioning: Lack of innovation is causing poor brand positioning of Lidl within the industry as it has a lack of capabilities to attract new customers due to a lack of innovative ideas, services, and products (Cole, 2019).

Falling behind competitors: Lidle has only a market share of 8.1% due to a lack of innovative services and aspects to attract customers to increase sales revenue to enhance market share within the industry (Statista, 2024). This is reducing its competitiveness within the industry as Tesco, Aldi, Sainsbury's, ASDA, and Morrisons have higher market shares.

Conclusion

- The findings of this presentation address its aim.
 - The findings of this presentation identified that Lidl is facing the problem of a lack of innovation within the organisation which is due to a lack of effective organisational culture & leadership style, and outdated business practices.
 - This is reducing the competitiveness of Lidl and causing poor brand positioning.
 - Moreover, the increasing demand for customers to get frictionless service is a challenge for Lidl.
 - However, reducing inflation and interest rates and emerging technologies within the industry are opportunities for Lidl to foster innovation.
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