

Aldi and australia

Parts of the World, Australia



The retail industry in Australia is considered as one of pillars of its economy. The industry has improved immensely as the players in the market have increased and the variety of commodities has expanded immensely. At present, the industry is populated by companies that range from multinationals to small and medium scale. Among the players, ALDI Australia is considered as a major player in the industry. The firm has expanded from a single foreign branch to a major retail chain. It operates in the main markets of Australia and in other regions across the country.

ALDI was taken from the original name of the company which was Albrecht Discount. Before expanding to Australia, ALDI established its presence in Germany Gradually, the company operations stretched to other locations across the world. ALDI is regarded as one of the biggest supermarket chain worldwide. In Australia, ALDI has approximately 160 retail chains. This number is expected to grow as ALDI continues to be aggressive in the industry. Despite strong competition, ALDI Australia has managed to establish its own identity and has already controlled a significant portion of the market.

It is imperative to study the current situation within ALDI Australia. The outsideenvironmentof the company is another important aspect to investigate. The succeeding discussion will focus on the capacity of ALDI to dominate the market. This requires evaluation of the capacity of ALDI and the external aspects that can affect its performance. The strategies used by ALDI have been working so far. But there are still rooms for improvements that needed to be manifested. II. The External Environment Porter (1979)

introduced the concept of five forces that seeks to analyse the competition in an industry.

This serves as an effective tool used in creating a picture of the retail industry. Based on the model, there are four forces that have to be assessed to determine the condition of the fifth force (McGahan, 2004). These interact with other to determine the overall condition of the market. The five forces model is critical especially to retail firms. The level of competition in the industry is high. Hence it is imperative for ALDI Australia to appraise the situation of the industry. The threat of new entrants shows the possible repercussions of the openness of the industry which is high in the industry.

The current condition of the industry coupled by the continuous increase in demand justifies the viability of the industry as an investment hub for new entrants. New entrants, however, have to consider the barriers that can affect their success. Australia is a major market and houses consumers with high buying power. This means that the opportunity for retailers to operate is high. In addition, demand for consumer products has remained high. The emergence and threat of substitutes shows the low tendency, but suddenly emerging alternative retail firms.

The conventional form of retail includes the shops and stores located in strategic areas. With the advent of technology, several forms of retailing have flourished. Online retailing has become a threat because most consumers have patronised the online retailing scheme instead of the traditional shopping. The bargaining power of the consumers determines the capacity of the consumers to purchase the goods and price sensitivity. It has

to be noted that most products in ALDI are demand inelastic and the income per capita in Australia is one of the highest in the world.

This means that price changes will have gradual effect to the buying decision of the consumers. Moreover, the buying capacity of Australian households can satisfy their needs and have spare for luxuries. Buyer preference is also another major consideration. Consumers in Australia are dynamic and susceptible to changes. It is important to weigh company goals with consumer requirements. The bargaining power of the suppliers which is high provides the capabilities of the supplier to meet the demand of the industry. Basically, the agricultural industry of Australia is of quality as evidenced by the fresh foods sold in retail stores.

In addition, raw material is cheaper making retail products highly affordable for consumers. Australia is also highly accessible some Asian countries. The possibility of importing products is given and savings gained from such strategy are high. ALDI has all the resources to satisfy the demands of the consumers and sustain changes. These factors sum up the rivalry among competitors, which intensify in the industry. The retail industry is highly competitive and can potentially allow investors to succeed. It is evident that ALDI will continually face threats both industry based and substitutes.

ALDI Australia is in an environment where it can take advantage of the opportunities. Intense competition leads to quality retailed food and eventually benefits for the customers. III. Internal Aspects Deming (1986) mentioned the need to attain quality results in all the process of production. The technical process pertains to the emphasis of quality in the different stages of operations. The rationale behind this strategy is that the <https://assignbuster.com/aldi-australia/>

continuous inclusion of quality in the process will result to highly competitive and superior products.

The social process is provided by Juran (1974) in the assumptions of TQM. The social process includes the provision of suitable tools to boost the tendency of workers to prioritise quality. ALDI Australia has to evaluate its capacity within to achieve sustainable success. One significant observation that can be made is that the company has wide range of quality food sources. This is in references to the responsible food sourcing that the company adopts. At present, ALDI boasts up to 700 different grocery products. The supplies of the company are considered as one of its valuable resources.

Because of its outstanding food production materials, the quality of the finished products has improved. Boosting the food with the finest inputs allow the company to effectively satisfy the needs of the consumers. The quality sources also make the company more cost-effective. Another important resource of the company is its identity. This is established through the brand name of ALDI. The brand has the gained the distinction of being the most trusted retailer in Australia. Over the years, the brand name has been embraced in different areas of the world.

The credibility of the company is one of its intangible resources that deserved to be recognised. It is known as one of best stores in finding cheap commodities. ALDI Australia greatly depends on its employees for positive results. Indeed, the performance of the workers will influence the success of the firm. ALDI Australia boasts a workforce loaded with competency and talent. The hiring system of the company ensures that the best are selected

at the end of the process. The company provides comprehensive training programs to continuously equip the employees with the skills needed in the industry.

At present ALDI have over 2, 000 employees across Australia. This manpower is one of the most valuable components of the retail store. It addresses the needs of the consumers and provides top-notch service. The stores are regarded as one of the finest. The stores of ALDI Australia are uniquely designed suit the shopping preference of its customers. All ALDI stores have similar sizes and designs. Unlike conventional retail shops, the stores of the company provide an aesthetic environment for buyers. The company emphasises of proper location which makes the stores effective.

The success of the stores is credited on the ability of the firm to match substance and form. It is important to instil in the minds of the consumers that more than quality food, buying at ALDI Australia stores is a wonderful experience. The franchises that the company has established worldwide has helped the company is establishing global market presence. The supermarkets represent ALDI overseas and such resource has provided huge dividends. Several investors in other countries have noticed the increased attention given to the food products of ALDI. This will translate to better opportunities for the supermarket in the future.

IV. Company Strategies Strategies of firms are considered to lean towards the strategic scope focusing on the demand, and the strategic strength concentrating on the supply. Porter (1980) further simplified the method by reducing the strategy to three dimensions that include: costleadership, differentiation, and segmentation. These aspects will be used to analyse the <https://assignbuster.com/aldi-australia/>

strategy of ALDI Australia in its objective to remain at the forefront of the competition. ALDI values the cheapness of its products. Low-cost goods available at ALDI stores entice most of its consumers and prospects.

The cost leadership strategy values efficiency. ALDI has been providing several programs to improve its efficiency. Specific strategies involve the establishment of distribution centres. Transportation expenses were reduced because of accessible distribution points. The logistic system has been improved to reduce non-performing components of the distribution process. The differentiation strategy of the company is assigned to the research and development team. ALDI have been working with suppliers. This is the initial process that will eventually lead to better products and innovative solutions.

Workforce efficiency is a major issue that the company includes in its strategies. Incentives are also provided to workers based on the quantity and quality of work. The performance of the firm is highly dependent on the manner in which customer service and operational activities are manifested by the employees. The contribution provided by the personnel along with the top-notch products sum up the offering of ALDI Australia to its customers. Porter (1985) identified primary activities and support activities in the process of value-adding. ALDI Australia has been dedicated in maximising value and minimising cost.

The company has provided top-notch inbound logistics with its equipments and machines transferring the raw materials without damaging the freshness. The handling of the food from the farmlands to the processing site is meticulously managed. Moreover, the manner in which the food are packed and processed follows quality procedures. In the processing part,
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ALDI Australia has devoted all necessary resources to maintain the high value of food taken from the finest farms in Australia. ALDI retail stores are designed to ensure the high quality of its products.

After the products have been placed in distributions centres, the sales and marketing team will work (Bonn, 2007). Aside from the television and print advertisements, the company has relied on the Internet to introduce ALDI Australia in the market. In addition, the stores of ALDI Australia are highly accessible ensuring that shoppers will experience no problems while purchasing food. The customer service initiative of the company is highly recognised since service is extended after the purchases are completed. The company has been using storage devices that emphasise on the freshness of the products.

Products that have long shelf lives are safely stored in areas free from causing damage. The transportation arteries from the company to the distribution sites are improved and results to fast travel. Cost is reduced through efficient storage devices and the consumption for energy is decreased using better delivery systems. The company strictly follows a low price philosophy. In most convenient stores, products are usually priced with high mark-ups. The strategy of ALDI is to sell in high quantity at lower prices. ALDI has created an efficient checkout system (Bonn, 2007).

This is implemented to prevent customers from spending time queuing when making payments. Aside from the checkouts, ALDI Australia has a systematised product display. Customer can easily identify the location of the goods needed without hassles. Although company savings are important for ALDI, the retail store understands that customers also need to be

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provided with ample savings in all forms. ALDI Australia sells a wide variety of products. Some stores are limited, but ALDI caters to the needs of its customers. As stated earlier, ALDI sells at least 700 kinds of products in its stores.

These products range from highly perishable to preserved products (Bonn, 2007). Aside from food, ALDI also sells other merchandises used for general purposes. The firm has been using a stringent quality control process. ALDI personnel ensure that damaged products are segregated from the intact goods. The inventory system of ALDI also assures that the fresh stocks are provided to the consumers. Expansion is one of the goals of the company. ALDI targets its store count to be in the 200 level by 2008. This means that ALDI Australia will be established in other areas where demand is high.

At present the store count of ALDI Australia is at 165 shops. Although the target still huge, it is highly realisable considering the capacity of the company. ALDI Australia remains committed to serve its customers and make the stores closer to households. V. Strategy Analysis In the retail industry, the success of strategies can be measured through operational decisions and marketing decisions (Bonn, 2007). Both are strengths of the ALDI Australia and remain as the fundamental driver of success. Because of its selling philosophy, the most logical method of market segmentation is by income.

The social structure of households in Australia is part of the middle to upper levels. Aside from this group, ALDI Australia can control the lower bracket in the society. These groups are the consumers with the lowest income. The cheap products offered by ALDI Australia fits their budget. In theory, <https://assignbuster.com/aldi-australia/>

positioning refers to the perceptions developed in the minds of the target market. It entails the creation of image of the brand and the entire organisation (Trout and Rivkin, 1996). Positioning is purely procedural and relies on the completion of stages before making further improvements.

Consumer preference is the most important aspect in this process. In addition, ALDI has to target the specific needs before making its position. It is evident that ALDI has established a niche in the industry. From this position, ALDI can become a strong player in the market. Combining the different aspects associated to marketing is vital to the company. The development of marketing mix entails strategies that are design to ensure consistency in the quality of performance (Culliton, 1948). Price and product quality are the two main components of the mix. Low price is insufficient to attract the consumers.

Combining such aspect with high product quality creates better chances of succeeding. Strategic management is one of the staple initiatives being implemented by ALDI. Mintzberg (1989) observed that strategy is linked to plans and the behaviour patterns within organisations. The technical process of realising strategic management is divided into two areas. The first phase regard planning as course for intended strategy and the patterned actions are the realised strategies. The process of strategic planning has allowed ALDI to meticulously evaluate their positions in different markets.

In addition, strategies of ALDI have remained generic. But ALDI has realised the need to make the strategies flexible to satisfy various needs of consumers. Lewin (1983) stated that corporate socialresponsibilityhighlights the duty of the organisations to their stakeholders. Instead on focusing on <https://assignbuster.com/aldi-australia/>

corporate activities, firms have decided to undertake endeavours with perceived social relevance. This has been one of the weak spots that ALDI needs to improve. Although financial gains from the process are low, ALDI can further improve its reputation. In the retail industry, perception is an important influence to buyers.

Firms that tend to provide aid to community activities are being supported by consumers through purchases. Benchmarking is another aspect that has to be developed by ALDI Australia. McNair and Leibfried (1992) contends that benchmarking is designed to leave the past behind and embrace the future. The benchmarking process has many defining aspects. It has to be purposeful, externally focused, measurement based, information intensive, objective, and action generating. All practices performed according to the needs of the firm. VI. Recommendations ALDI Australia is successful because of the pay less strategies and sound management fundamentals.

The company needs to sustain its strengths and slowly eliminate the weaknesses. A foreign venture appears to be logical because the domestic market is starting to become overpopulated. The firm has to boost its project refresh and continue the dedication to provide the best infrastructures and workforce. Combining these components with effective management and good strategies will ensure the robust growth being enjoyed by ALDI Australia. Expenses for advertisements cover most of the budget allocated for marketing. ALDI Australia has to provide inputs on matters that will improve the advertisements.

The firm also needs to provide funds for the airing of the advertisements on televisions and even radios. Advertisements done using newspapers and <https://assignbuster.com/aldi-australia/>

other prints need to reflect the essence of Marks and Spencer food products. The advertisements in the websites need to be easily viewed and accessed (Drummond and Ensor, 2001). These initiatives have to be combined with traditional processes. It is also important for ALDI Australia to maintain balance between price and quality. There are criticisms made by competitors that ALDI's initiative to sell goods in low prices is driven by the sub-par quality of goods.

Ensuring that prices remain competitive is a must for ALDI. But the company has to continuously address the need to keep product quality high. Through this strategy, ALDI will go on and improve its performance. References ALDI Australia. (2007). Company Philosophy. Date extracted: 9 November 2007, from: ALDI International. (2007). Date extracted: 9 November 2007, from: <<http://www.aldi.com/>> Bonn, I. (2007). "ALDI in Australia", in Strategic Management: An Integrated Approach. Hill, by Hil, C. W. and Jones, G. Spring, IA: Houghton Mifflin College.

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