

# The key to aldi's business strategy

[Business](#), [Strategy](#)



Aldi sets up stores in lower middle class suburbs. Once they attract customers it expands its business by opening new stores in the surrounding area. This is cost efficient since the cost of land is minimized by utilizing the aggressive site acquisition strategy. Also, the size of Aldi stores is small which allows it to be managed efficiently in terms of size of the warehouses. Aldi is open during the prime shopping hours i. e. 9am to 7pm from Monday-Saturday and 10am to 6pm on Sundays. This implies that Aldi is open for 19 hours less/week compared to the other supermarkets in the surroundings.

This is beneficial as it cuts down the labour costs which would allow Aldi to utilize this amount towards the betterment of the stores. Staffing is kept minimal with just 5 employees including cashiers compared to the other supermarkets. This would lead to further cutting down on the labour costs. Shopping bags are not provided in Aldi stores and shopping bags should be purchased by customers which cost between 3p to 79p/bag. This leads to encouraging customers to bring their own shopping bags and an added purchase at Aldi.

Unnecessary costs such as advertising is not undertaken by Aldi and promotion of their products is through catalogs, local press advertising and web updates. Even the minimum advertising includes mainly about 'surprise buys' which change weekly and are held until stocks last. This way Aldi makes sure that costs to maintain a marketing department is excluded and inclusion of 'surprise buys' is a strategy to ensure that stocks get cleared quickly, attract more customers by providing value services.

Advertising of its premium product range would attract more customers who are willing to try which adds to allowing Aldi to grow as a leading retailer store which is their long term goal. Aldi aims at the upmarket customers or more generally the ABC1 class who like to benefit from the main theme of Aldi being a hard discounter. Since the prices of the products are kept low services such as coupons, sales, membership cards are excluded.

Membership card facilities are provided by those organisations as a means to maintain customer relationship. Customers would return to benefit from Aldi's product due to their low prices and good quality further enhancing the customer relationship. Aldi following a quality discount model, it retains its position by powering ahead of their competitors in the UK grocery store business. Thus, strategy is important to ensure that stability of Aldi or in fact any organisation to the changing environment.