

Case study aldi from global to local assignment



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BUSTER**

In the food retail business the keystone of promotion has been the managing of discount offers in a ambition with continuous quality on display. In this industry there has been elaboration, wars raged and businesses shut down. Laid is the first firm to introduce hard discount. This Assignment delivers the history, expansion and strategy of how Laid went from local to global Laid in elaborated form to discuss how it's possible to lower prices this significantly and still upheld a noteworthy amount of service and quality. Furthermore other businesses have picked up on the success of Hard discount.

In the extension of this the assignment touches upon the emerging challenges that Laid is facing today as huge global company with harsh competition in the discount area. The food retail industry is a highly competitive market and Laid is a leading retailer with over 8, 000 stores worldwide. It continues to expand in Europe, North America and Australia. The Laid brand is associated with value for money. Its stores provide customers with a wide range of products. There is an emphasis on high quality products and providing excellent value for customers.

Lid's slogan is ' spend a little, live a lot'. It works hard to keep prices low for its customers. The company buys large quantities of products from carefully elected suppliers. Its buyers are experts who choose the best quality products at the most competitive prices. The savings achieved by sourcing products in this way can be passed on to customers. Laid keeps costs down in other ways. It ensures its operations are as efficient as possible, for example, store layouts are kept simple and opening hours focus on the busiest times of the day.

This case study will demonstrate how Laid has been able to extend its activity to the international and how the company uses a lean approach to its business operations to offer its customers quality products at competitive prices. In a first part we will present the origin of Laid, then the strategies and objectives of the company and finally, its international expansion. . Origin of Laid A. Creation of Laid After the Second World War, the brothers Karl and Thee Albrecht decided to resume in 1946 the small business of their mother had open in 1913 in Schoenberg, south of Magnitude. Germany was rebuilt after the Second World War.

Karl and Thee decide to share German in 1961. Karl manages the South of the country and Thee the North of the country. In 1960, the two brothers have a network 300 stores. The store name comes from the abbreviation Albrecht-Discount in 1962. It is a private company with 100, 000 employees and suppliers worldwide. This is a specialized limited liability company in the selling cheap food and other products. Both traders will also Offer a very limited range of goods at bargain prices. Gradually, the business grows with 4, 305 shops in German. Laid is such a monument that 99% of Germans know the brand, his turnover on Germany is EURO 25, 52 billions.

Eventually the market imposes itself in the country, allowing them to expand internationally. The group realizes on 2014 a turnover average per store of EURO 3, 9 million. Laid has a turnover of EURO 40 billion with 10. 000 stores across Germany, Austria, France, United States and particularly in Australia on 2014. In 2014, at the head of an estimated EURO 18 billion fortune, the German businessman Karl Albrecht has died at thetas of 94. II. Strategies

and objectives A. Strategies of Laid The strategy of Laid since the early days of their company lies in the simple motto of “ less is more”.

Their Hard Discount principles, where they sell their product at the same level of quality as their competitors but at a lower price, are the result of focusing on efficiency throughout the value chain. Laid is almost synonymous with efficiency. They have worked in a lot of methods to reduce cost all over and still have quality as a priority. Through “ Simplicity, consistency and responsibility”, which is the core values of the business, they have implemented the Lean principles with great success. Examples: Employees - They educate their workforce in a great variety of skills to provide better customer service.

When they get this multi skilled they can carry out all the different roles which makes it a very flexible staff. The employees in the stores don't need any specialized education to get employed which makes it easier to employ staff all over the world. Furthermore they engage the employees in the development of the business and the products. Which develops the staff into a continuously improving and cost reducing entity. Jujitsu-Len-Time: Just-in-time is another step in the cost-based business of Laid. They receive their product when they need it, so all of it can be on display in the store.

It reduces stock and inventory cost to an almost zero. The products they receive are usually in ready-to-display form, or else they drive in full pallets to sell from. Products: They don't have a big variety of product so they don't need big stores and the customers have a better overview of the range. Their fruits and vegetables are mainly sourced locally which reduces journey

time greatly and contributes to their concept of time based management.

This is Some of the Core attributions which are empowering hard discount in all of Lid's stores all over the world.

Through their efficiency concept and the lean principles they gain competitive advantage with great quality for less money than the competition. "Less is more". B. LAID challenges One of the biggest challenges LAID faces is how Europe and the rest of the world are about to get over the financial crisis and because of that will drift back to more "traditional" supermarkets. For the last 6-7 years the economy in Europe haven't been very well and convenience stores like LAID and LID have for good reasons been the place to go for the average family and customer.

Although Irony Scotchman, who is the managing director of the UK arm of LID says: "I really do believe that this is a permanent change" 1, there is no doubt that LAID faces a challenge in competing with all the traditional supermarkets yet again. Another big challenge that LAID faces is all the newcomers on the discount market. J. Ginsburg will become the first of the British supermarkets to enter the discount "war" through a joint venture with Scandinavians Dansk Supermarket. Another one is Family Shopper, owned by Booker who is a cash-and-carry wholesaler.

Their strategy is to go really local from the beginning in smaller cities where the nearest LID for example is 2 miles away. This is also a big threat for LAID since they aim to be and for a long time has been the supermarket for everybody. And a newcomer like Family Shopper could with this strategy potentially take a big share of the market from LAID. One Of the biggest

threats for LAID is aggressive price action from traditional supermarkets. Especially now after that the financial crisis is almost over, traditional supermarkets can get a lot of success by making discount offers, lower prices on popular products etc.

This could potentially mean that costumers would rather go there to buy better products at discount prices and then get all the other things they need while they are there (instead of going to two different supermarkets). Then of course there is LID as a major competitor in the future. According to hagiographer in " Hard discount LAID", LID will overtake LAID in terms of sales by 201 82. Although it must be added that LAID also will grow in this time period, just not as much as LID. So this is not really a challenge LAID should be concerned about at present but more so in the longer term.

II. How did they grow from local to global? It all began in 1968, where we see Lid's first internationalization process, Laid S; d chooses to open their first store in Austria, where they today, have a total of 418 stores. Over the next 10 years Laid Nor began their internationalization to countries as Denmark, Belgium and Holland. Countries there have one thing in common, being a neighbor country to Germany. A classic Strategy when we're talking about going from local to global is using a method, where you choose countries near your own.

Where culture, language and currency often are close to each other. The funny thing here is that in 1976 Laid Suds chooses to expand to united States. In the following years after their first step in the expansion process, it is clear to see the expansion strategy of Laid North and Laid South. Laid

South begins to open stores in English-speaking countries in the form of Ireland, Australia and England. In addition they expanded to Hungary (2008, latest country they expanded into), which borders two of their current countries in the form of Austria and Slovenia.

In Laid Nor we see a different expansion strategy of their global process where as they opened their first store in France in 1988. Today they have expanded all the way to Portugal, where they opened their first store in 2008, after they been through Spain where they have opened stores since 2002. The international expansion for Laid North and Laid South is in some measure different. Both took advantage of taking one country at a time that ere bordering onto them, and subsequently started to expand further throughout the countries nearby, as it turned out to be a success.

As mentioned, Laid Suds selected went into the IIS in 1 976 and today they have 1 , 300 stores. It's obvious that Laid South was so successful in the United States that they chose to focus on English-speaking countries, as we saw them open in Ireland (1 998), England and Australia (2001 TO conclude this case study about Laid, we can see Laid has a powerful position, when we talk about " Hard discount' food retail stores. They where the first company to internationalist compared to their big competitor Lid. They have the largest marketers of their market.

The expand process for Laid, started in 1968, where they expanded to Austria and afterwards they acknowledged that their " hard Discount" concept could work outside of Germany. They chose to do it step by step, like we saw in the picture of Lid's globalization. The challenges for Laid could

be that in 2018 Lidl achieve a bigger market share than Laid. But it's important to look at Lidl's economy; they are growing year after year. So we think in the future we will see more Lidl's in the world, and it will continue to be a global success.

To conclude on the challenges that LAID faces today, one of the biggest one they face is a reaction of the traditional supermarkets in the form of aggressive price action. This is a challenge because the other supermarkets still are some big actors on the market and therefore they could end up taking some of the market share back from the discount supermarkets. LAID will of course also have to keep an eye on LID in the future, but so far LID have to overcome their problems with going global. Laid will stay global and keep optimizing their strategies so they can keep up the level of their competitors.