

Surname 1

**Report on Aldi's Market Situation**

## **Executive Summary**

Marketing comprises an increasingly vital component of the business world. This is because it seeks to set the firm apart in terms of market competition. Aldi, similar to other firms in the retail industry, places emphasis on its ability to compete in the modern world to help it through anticipation of long-term development as part of strategic management. Aldi's marketing plan involves the renowned need to provide high quality products as well as outstanding client value. Thus, Aldi focuses on developing customer loyalty through providing clients better value and this means the company seeks to encourage existing and potential customers to shop at the stores more often. Thus, the marketing strategy at the core of Aldi's operations and processes involves cost leadership. Throughout the next decade, it is recommended that this organisation increasingly explores internet or social media marketing, which is an option that could help it improve overall customer value.

## **Introduction**

An organization operating in the increasingly competitive, modern retail industry must constantly explore the external and internal environment including client needs and trends. This also includes competitor actions. Doing so enables a company to maintain and improve its competitive edge in the market, and thus enhance results. The retail industry is dynamically changing in terms of competition and clients' needs, and companies that adapt are in a better position to emerge as leaders. Aldi is one of the firms in the retail industry that has managed to develop an innovative marketing approach, which is increasingly attributed to the firm's success. Its marketing strategy is anchored on developing customer loyalty through providing clients with increased value and, as noted by Carreno et al (2011, p. 5), Aldi operates exclusively as a value for money organization emphasizing cost leadership. The aim of such a strategy is to persuade clients to develop the urge to make repeat purchases from the company's stores.

## **Background**

Aldi Discount is an international discount supermarket that originated in Germany in 1913 and currently has over 8000 stores internationally (Emsell 2011, p. 2). Originally family based, this venture opened as a relatively small food store, and its popularity saw the development of an expansion program in Germany and eventually globally. Thus, the company is viewed as an international chain comprising of two groups including Aldi Nord and Aldi Sud. Nonetheless, Aldi is renowned to operate within the original core values, as well as principles of simplicity and responsibility, which include focus on cost leadership that underpins the culture of the organization (Emsell 2011, p. 3).

## **Marketing Analysis**

The marketing strategy that Aldi has adopted, since its founding, involves cost leadership and or differentiation strategy. According to Carreno et al (2011, p. 8), Aldi represents a conventional hard discounted store that is increasingly concerned with cost control. In this sense, Aldi's marketing strategy seeks to sell the company as cost-conscious in terms of products on offer and positing the firm as concerned with quality (James 2003). This means the marketing strategy that underpins Aldi's operations and processes exude the message about customer value. As an example, Emsell (2011, p. 3) claims that Aldi is dissimilar to other retail stores because it keeps its expenditure on celebrity endorsement and advertising relatively low, which can be understood as a cost-cutting measure. In addition, Emsell (2011, p. 3) posits that Aldi's 2010 marketing campaign included Phil Vickery the Chef as part of the company's Christmas special advertising drives, whereas other retailers used household celebrity names who, more often than not, are costly. As a consequence, it is evident that the aim is to implement savings throughout processes and activities of the marketing campaign, and subsequently pass the savings on Aldi's clients. Such an approach is increasingly popular with customers, and as Isoraite (2009, p. 114) implies, the basic concepts that should underline a marketing strategy include customer wants and needs, as well as communications and relationships. Clients are constantly seeking to increase value, and seemingly trivial techniques applied by the organization go a long way towards market penetration and creating user retention. More so, marketing is strategically aligned with the direction as well as scope of an organization's long-term activities to achieve a competitive advantage.

It becomes evident that the marketing strategy Aldi has adopted increasingly involves cost leadership, which means that the company seeks to provide clients with quality products at affordable prices and thus increased value. The promotional tactic, according to Carreno et al

(2011, p. 9), characterizes Aldi meaning unnecessary costs are always avoided, and the strategy comes across as rather unique because it means the company is increasingly concerned with cost cutting. This implies the concept of competitive pricing, which ensures that a firm keeps its prices relatively low and thus attract more customers than its competitors (Doyle 2000, p. 230). Yet, quality is never compromised, and such a strategy has helped Aldi to create a loyal customer base. This ultimately ultimately keeps clients away from rivals as well as dispirits potential entrants in the retail market (Carreno et al 2011, p. 9). According to Isoraite (2009, p. 116), a comprehensive marketing strategy should seek to get unreserved support of clients, and it can be said that Aldi has been successful because of its loyal clients. Aldi markets itself offers brands that match, and perhaps exceed, the quality of renowned brands globally. As noted by *The Times 100* (n.d, p. 1), Aldi's blind taste examinations confirmed the brands to be of equal quality, leading to the company's renowned Like Brands marketing campaign. During the drive, the firm found a platform to communicate its value and quality information effectively. The marketing strategy aligns with Porter's model of generic tactics in which the cost leadership approach helps Aldi to offer products at relatively low prices to win, as well as retain, market share in an industry characterized through increased competition and price-conscious clients (Porter 1980, p. 47). In this case, Porter's model speculates the need for marketing strategies to consider bargaining power of the targeted clients, whereby the economic situation of a particular area is analyzed prior stores start (Ryerson n.d, p. 2). What is more, the plan depends on substitute products as well as the taste or needs of the client prior to fixing a price.

### **Marketing Options**

For Aldi to remain a successful company throughout the next decade, it is recommended that the organization increases its online presence. Such a marketing option would ensure Aldi

benefits through tapping into an increasing client base that takes to the internet to get information about products and organizations. According to Fitzpatrick (2015), in the age of the internet Aldi has attempted to integrate e-marketing as part of its core marketing strategies, but full potential is yet to be realized. As an example, Fitzpatrick (2015) claims that Aldi has excelled in the area of e-mail marketing, however other components such as their website needs an overhaul altogether. In particular, their portal fails to match users' expectations in terms of presentation as well as organization. Therefore, improving company's presence in this area would serve as a powerful marketing option. The need for Aldi to develop effective online marketing is underlined through the fact that up to 94 percent of today's consumers research products over the internet prior to making purchases (Zuccaron.d, p. 4). Thus, the pointers indicate that consumers are increasingly using the internet as a major source of purchase information. It can be said that they will continue doing so in the future due to the seemingly endless opportunities presented by the internet (Baker 2008, p. 113). Accordingly, having a comprehensive online presence is increasingly important in today's marketing strategies and clients seek information about an organization. It can be said that purchase decisions in today's marketplace increasingly rests on information gained through internet channels (Roberts, 2004). For this reason, Aldi should look to explore different marketing channels available online. *The Times 100* (n.d, p. 4) states that marketing options presented through different internet channels represents below-the-line promotion approach in which diverse ways to engage with consumers are used. The internet provides users with a range of channels including social media platforms such as Facebook, Twitter, Youtube, and Instagram. These channels have been identified to be increasingly popular with modern generations. Therefore, a company can seek to target clients using them and engage its existing and new client base. More so, the methods present an organization with increased

level of control over its communications including the ability for two-way connection with clients.

### **Conclusion**

In conclusion, Aldi's marketing strategy underlines the company's desire to stay true to its original values. This includes the desire to improve clients' value. The tactic can be understood to involve a number of approaches such as competitive pricing, which enables Aldi to maintain its competitive edge in the face of a dynamically changing retail industry. In addition, the marketing strategy involves cost leadership, in which Aldi increasingly seeks to implement cost-cuttings and pass the savings to its clients. Yet, continued improvement in marketing strategies is required to improve profitability in the future. Evidently, superior online presence can help the company towards this aspiration and thus succeed in creating further inroads throughout the next decade.

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