**ALDI: Simply a smarter place to shop**

We give a warm ALDI welcome to all of our new intern teams! ALDI’s goal is simple: To provide customers with the products they buy regularly and ensure that those products are of the highest possible quality at guaranteed low prices. To meet this goal, ALDI’s products are sourced from handpicked suppliers whose products are sold under ALDI’s own brand labels. In addition, ALDI implements various cost-cutting strategies in order to control expenses and pass those savings on to the customer. ALDI is confident (because they did their research!) that when customers compare their products and prices to the equivalent brand name, customers will agree that ALDI is dedicated to providing high quality groceries at affordable prices, sourced in ways that are environmentally sustainable. Now, more than ever, ALDI is emphasizing the “better-for-you” options in their US stores so that customers can be feel good and be smarter about the products they buy. To help promote the great value ALDI offers, while maintaining expense control, they are considering adopting electronic price tag systems in their stores. These systems will make it easier for ALDI employees to promote their competitive prices so that customers can feel confident that they are paying the lowest possible price for high quality products. This is where ALDI needs your input. How can ALDI best implement an electronic price tag system in stores in the Midwest region?

The team task will be to create a proposal that recommends an electronic price tag system and implementation plan that is consistent with ALDI’s cost-cutting strategies. Further, though the system will be implemented and tested in the Midwest, ALDI is interested being able to retrofit the system into existing stores throughout the US.

The first task will be meet with your team and form a team agreement (xP Team Deliverable A). The team agreement will require each team to identify meeting dates, communication methods, and general rules each member will be obligated to follow. Then, each team will analyze the industry in which ALDI operates, using Porter’s Five Forces as a framework and describing ALDI’s competitive strategy in the context of its competitive environment (xP Team Deliverable B). With this understanding as the foundation, in xP Team Deliverable C, each team will then create a proposal for a particular electronic price tag system based on a cost implementation analysis. Deliverable C will require each team to describe which system ALDI should adopt and how the system should be implemented. Finally, in xP Team Deliverable D, each team will submit a video presentation of their proposal from xP Deliverable C. In other words, Deliverable D is a video representation of Deliverable C.

Please take the time to read the K201xP Team Deliverables frequently asked questions page.
The ALDI xPerience

ALDI is such as unique experience from other grocers in the United States that it, at times becomes a barrier to acquiring new customers. ALDI attempts to do everything possible from their carts to checkout to energy-saving stores to give customers quality groceries at some of the lowest prices around. If a new customer is not already familiar with the "ALDI way", their first experience may end in frustration. Below is a list of the main things that make ALDI different from other grocery stores. Keep these in mind as you visit the ALDI web page for new customers.

Click here to visit ALDI (Links to an external site.)Links to an external site.

Why is ALDI so much cheaper than other supermarkets?

- A typical ALDI store stays open during the most popular shopping hours. Staying open later would simply add labor costs – and raise our prices.
- ALDI products undergo considerable testing by their own staff and third party consultants before deemed worthy of offering to the marketplace. If for any reason a customer is not 100% satisfied with an ALDI product, they will gladly replace the product AND refund your money.
- ALDI stores offer a narrow selection of 1400 high-volume “must have” products as opposed to the typical 40,000 or more by supermarket giants. Because they only offer products with high turnover, their overhead is lower. Perishable products like milk, meats and produce arrive 5-7 times per week, ensuring freshness at all times.
- ALDI employees are well trained to multi-task. Only 3-4 employees are required per shift, which helps keep costs down. They are put to use in all areas: stocking, cleaning, and checking out. Employees work hard and are compensated well: For example, in the Chicago area, ALDI associates start at $12.65 per hour and any employees who works as few as 25 hours per week is eligible for medical and dental coverage.
- Stocking the shelves is also much faster. Products do not have to be taken out of the box at ALDI. Boxes are designed with colors that blend in with the product packaging – an effort known as the “invisible case” project. Products with high movement, like flour and sugar are left on the pallet. Milk arrives on racks so that 80 gallons can be shelved in just five seconds.
- Stores use energy-efficient refrigeration and lighting. New stores use a lot of natural lighting; older stores are being retrofitted with energy efficient lighting.
- Produce is individually packaged and sold by the unit to avoid weighing at checkout.
Sale signs are reusable and can be changed manually.

At ALDI, the checkout process moves at lightning speed. Since ALDI stocks their own private label items, they also design the packaging for optimal efficiency. With 3–6 large UPCs on each package, scanning is much quicker.

Customers “rent” a cart by depositing a quarter, and return it at the end of their trip, which eliminates the need for ALDI associates to corral them.

Customers purchase bags (or bring them from home) and bag their own groceries.

The ALDI Marketing Strategy

ALDI has typically steered away from traditional and costly media promotion as part of their overall business strategy to keep costs low and pass the savings on to customers. Instead, ALDI relies on its low prices to create a lot of excitement and heavy word-of-mouth advertising. They also rely heavily on their weekly ads. That are distributed to each ALDI location every week.

Centralized Marketing and Messaging

Just like all things ALDI, its marketing strategy is designed for efficiency and consistency across all of its US locations. The weekly ads are designed, developed, printed, and distributed from a centralized location to all US stores. In fact, all US locations are connected to the US Headquarters in Batavia, IL via an information system. If a brand or product no longer meets the quality standards of ALDI, a notification can be sent out to all US Locations to pull the item from the shelves. They can even prevent the item from being sold by disabling the item in the system so that if a cashier attempts to scan the item, they will not be able to sell it.

The ALDI Truths and Better-For-You campaign

Now, just because ALDI does not spend millions of dollars in advertising does not mean they do not advertise at all. Check out a more comprehensive list of ALDI Truths. to better understand the principles on which the ALDI strategy is based.

ALDI has recently launched their “Better-for-you” campaign: Eating better does not have to be a chore with fresh, simple and honest foods from ALDI. The campaign introduces three main food themes: ALDI promotes foods that are “fresh” (fresh fruits, vegetables, and meats); “simple” ingredients with foods that contain no MSG, Trans fats, or certified
synthetic colors; and “honest” foods that resourced through sustainable methods and labels that are easy to read.

**Employee Recruitment**

Another component of ALDI’s competitive strategy is to reduce employee turnover. Having to hire and train new employees creates overhead for the company. One way ALDI reduces turnover is paying their employees well in all areas. The average hourly rate for cashiers is $12.00. Salaries for store managers are around $64,000 and salaries for district managers start at $80,000.

**The ALDI Supplier Strategy**

Yet another component to ALDI’s competitive strategy to keep costs low is its supplier strategy. ALDI strives to form strategic, long-term partnerships with suppliers that are committed to meet quality standards and are responsive to changes in consumer needs.

Here are just a few highlights of ALDI suppliers:

- Bills paid on time
- No returns due to purchasing decisions
- Centralized distribution eliminates need for store deliveries