I. Introduction
ALDI is a German-based corporation that was formed by the Albrecht brothers in 1961, short for Albrecht Discount\(^1\). Since then, the company has experienced tremendous success. One reason for their success is their ability to expand extensively throughout the United States. Another factor which has contributed to ALDI’s success is its ability to market to a focused industry-segment by distributing off-brand goods at substantially lower prices. ALDI’s success in marketing to their target customer and low-cost initiative has kept them a top competitor for years now.

II. Competitive Strategy

- ALDI’s Competitive Strategy

ALDI differentiates themselves with their high quality and low cost products. A large part of how ALDI is marketed is concerned with how low their prices are. ALDI has their own exclusive brand, allowing them to cut out the hidden costs that come with national name brands. The savings this generates, ALDI passes onto their customers. The ALDI brand is tested so that they meet or exceed the quality of highly recognized national name brands.\(^2\) This is just one way the low-price grocery store cuts out costs. In addition they charge for bags to encourage customers to bring their own. They also charge a quarter to rent a cart, giving the quarter back if you return the cart; this process limits the workforce needed, saving costs that ALDI returns right back to the consumer. Relative to other companies, ALDI utilizes value-price pricing to maximize profits as their products have exceptional quality while still having extremely low prices.\(^3\)

- Products & Pricing Strategies

ALDI strives to provide the lowest cost to a target segment, therefore its focus is limited to a particular industry segment. Their patrons can be narrowly defined as low-income and cost-sensitive consumers who still want quality products. These customers are bargain hunters who don’t mind private-label brands\(^4\). ALDI’s entire business model is centered around serving these specific customers, from renting out a smaller store to only keeping popular items in stock\(^5\), ALDI saves money anyway they can. Those savings are immediately passed to their loyal customers. However, ALDI isn’t a one-stop-shop for everything you need, and that’s why they appeal to only a specific segment. Their methods save their customers a lot of money, but also prevent ALDI from being the industry-wide leader. By distributing mostly private-label goods,

\(^1\) [http://www.nytimes.com/2011/03/30/business/30aldi.html?_r=0](http://www.nytimes.com/2011/03/30/business/30aldi.html?_r=0)
having a substantially smaller selection, and minimizing its labor needs, ALDI is able to keep prices very low, which attracts many customers in the United States.

III. Competitor Analysis

- **Description of Walmart**

  Walmart is an international chain retailer with a vast product selection including groceries, clothing, home appliances, and more. Walmart has a strong focus on giving their customers a great amount of value. The store is known to be somewhat of a “one-stop-shop” for many American customers because of its vast product lines and its competitive prices. Walmart is a gigantic public corporation, boasting $476.29 billion of revenues in 2014\(^6\). Based on revenue, Walmart is the largest corporation in the world\(^7\). Walmart has a very strong presence internationally, with subsidiaries operating in many countries including Argentina, Brazil, China, India, Japan, the United Kingdom, Botswana, Ghana, and many others\(^8\). Walmart currently has plans to grow into more urban areas, as well as open many more superstores around the world, so Walmart will continue to be the world’s most ubiquitous retailer.

- **Walmart’s Similarities to ALDI**

  Walmart and ALDI share many characteristics. Both are very large corporations which focus on distributing low-cost goods. ALDI primarily sells private label goods, which allows it to sustain profitability regardless of their very low prices. On the other hand, Walmart sells mostly branded goods. They are able to attract many of their customers because they promise to have the lowest prices out of any of the major domestic retailers. If a customer finds the same product being sold at another store at a lower price, Walmart promises to match the advertised price with their “Price Match Guarantee” policy\(^9\). Another similarity the stores have is that they both employ the same competitive strategy, cost focus. Both stores appeal to their customers by advertising that they have very low prices. Many customers constantly search for the best deals, and both ALDI and Walmart attract this group of people.

- **Walmart’s Differences from ALDI**

  Although ALDI and Walmart are both very large international retailers, they have many more differences than similarities. First of all, Walmart is a public company, while ALDI is private. This requires Walmart to release reports every quarter on how their stores are performing, satisfy

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\(^6\) http://www.marketwatch.com/investing/stock/wmt/financials  
\(^8\) http://www.bloomberg.com/research/stocks/snapshot/snapshot_article.asp?ticker=WMT  
\(^9\) http://corporate.walmart.com/policies
their thousands of investors, and be much more exposed to public scrutiny by the press and 
general public. With ALDI being a private company, they are not required to release reports to 
the public, and they only have to satisfy people in their corporate offices and their few private 
investors. Another difference is that Walmart mainly distributes branded items, while ALDI 
primarily focuses on selling private label goods.

A very significant difference is the physical size of the stores. ALDI’s store in Queens is 17,500 
square feet, which is about 16% the size of an average Walmart. With a much smaller footprint, 
ALDI’s costs are much lower. ALDI’s lower operating costs are what allow them to sustain 
satisfactory profitability while keeping prices very low. Although Walmart and ALDI share the 
common mission of offering exceptional value to their customers, their marketing strategies and 
business models are very different.

**IV. Conclusion**

Ultimately, ALDI employs a cost focus competitive strategy to attract customers who want high 
quality products at low prices, who don’t mind the smaller variety of products. Because ALDI 
distributes mostly private-branded goods, they do many things to low the amount of employment 
needed, and are able to cut out many other smalls costs because of their business model, they are 
able to keep their product costs very low. These characteristics attract the business of customers 
that are either low-income or very cost sensitive, thus their tremendous success of being a 
supermarket that is cost-focus. Overall, because ALDI offers a shopping experience that is so 
desirable to their target market, the corporation has had great success in the United States 
supermarket industry.