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ALDI SWOT & PESTLE ANALYSIS

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Company Name : Aldi

Company Sector : Retail

Operating Geography : Germany, Europe, Global

About the Company :

Aldi is a family-owned company, started by Karl and Theo Albrecht, that operates as a retail chain across the globe. The ownership is divided into two parts since 1960, which is through Aldi Nord, which operates in northern Germany and Aldi Sud which operates in the Southern part. Both the companies use 'Aldi' as a brand name across the globe. Aldi is known for being a discount leader in Germany and the international market. The company operates with a decentralized structure. For Aldi North there are 35 regional companies that operate in Northern, Eastern and Western Germany. Each of these is represented by a managing director. Same structure is followed by Aldi South which owns 32 regional companies in Germany. Aldi as a company has a total of 4500 stores in Germany and 2000 stores in USA. The other countries that Aldi operates in are Denmark, UK, France, Portugal, Spain, Poland, Australia, China, Hungary, Switzerland, China, Italy, Austria, and Slovenia. Only Germany and USA are the two countries where both the Aldi companies operate. More than 80% of the retail customers in Germany shop at Aldi. The biggest rival of Aldi is Lidl. Aldi operates more than 10000 stores across the globe. Aldi has often been ranked among the top five retail chains of UK. The UK retail chains struggle to compete with the pricing of Aldi. Currently it has around 874 stores in UK which it plans to expand to 1,200 by 2025. Aldi is known for staple items such as food, beverages, toilet papers and sanitary articles. For majority of product categories Aldi offers its private labels. These brands mostly produce the products that are like other major brands. For this Aldi has been criticized by many retailers and customers. Aldi uses minimal advertisements which are only used to inform the price drops for products, as they believe the marketing expenses saved can be passed on to the customers.

Due to the Covid crisis Aldi has started giving the curb side pickup option as well as home deliveries in some areas. But the company believes in its discount pricing model and is expanding the store network rapidly. The company operates with high efficiency to maintain the costs. It is better positioned to survive the crisis as it offers necessary food items at the minimum price which has been the consumer focus lately.

Revenue :

Euro 12,969 million - FY ending 28th May 2020 (y-o-y growth 10.36%)

Euro 11,752 million - FY ending 28th May 2019

SWOT Analysis :

The SWOT Analysis for Aldi is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> 1.Dominant position in Germany 2.Leader in discount-based pricing 3.Decentralized structure of store chain beats local competition 4.Successful expansion outside Germany 	<ul style="list-style-type: none"> 1.Poor service experience in stores 2.Lack of e-commerce capabilities 3.Controversies that demean company image
Opportunities	Threats
<ul style="list-style-type: none"> 1.Increasing popularity of curb side stores to help in expansion 2.Investments into smart stores 3.Introduction of IoT in supply chains 	<ul style="list-style-type: none"> 1.Discount store growth slowing down due to saturation in markets 2.Price wars resulting in low margins 3.Intense competition from foreign retailers 4.Possible defamation due to false advertising litigation

PESTLE Analysis :

The PESTLE Analysis for Aldi is given below:

Political	Economical
1.VAT cut will encourage consumption	1.High disposable income due to pandemic curbs
Social	Technological
1.Increased health consciousness affecting food retail products 2.Growing demand for organic food 3.Presence of numerous retailers resulting into fading customer loyalty 4.Meat alternatives booming in Europe	1.Automated warehouses to increase efficiency 2.Predictive analytics for optimized inventory management
Legal	Environmental
1.Tightening of agri-produce procurement regulations 2.Copyright issues to obstruct sales	1.Emerging bans on plastic packaging 2.Carbon neutral operations helpful in environmental compliance

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