ALDI

Research Report

RESEARCH OBJECTIVE

Using quantitative and qualitative data, determine the values most important to key target audiences, compare those to attitudes regarding the brand, then determine how to align those values and sentiments with Aldi's outward-facing messaging to combat negative press.

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About

Aldi is an international grocery store, touted often for being quirky and innovative. It is known as a “bare bones” retailer, which means that they increase efficiency in order to give consumers the best prices (Aldi, 2018).

Awards, not including various product-specific awards, won by Aldi include:

- America’s Best Large Employers (Forbes, 2016-2018)
- National Top Workplace (Workplace Dynamics 2017-2018)
- Best Place To Work: Compensation & Benefits (Indeed, 2018)
- Top Diversity Employer Award (Hispanic Network Magazine 2017-2018)
- Best and Brightest Companies To Work For In The Nation (National Association for Business Resources 2017)

I. Problem

Predictably, the problem does not lie within the store’s treatment of staff. However, something could be said about the operations, namely quality control. News outlets such as The Sun and Time have indicated issues with the Aldi chain’s treatment of food (Veevers, 2018), (Ducharme, 2017). While some of these issues have arisen specifically in the United Kingdom (The Guardian Staff, 2013), the entire outlet’s reputation is at stake whenever these issues occur anywhere, especially since these issues have been happening over a period of years. The logic behind this is: If this could happen in this store, what could keep it from happening at my store? This is especially true, because Aldi boasts its own product ALDI exclusive brands in all of its stores, meaning they’re in charge of production and distribution (ALDI US - FAQs, n.d.). This means that they hold all responsibility for products in the eyes of the public and failing to deliver will give consumers the idea that Aldi's bare-bones approach is also indicative of food quality.

II. Research Objective

The objective for this research is to determine the values most important to key target audiences, compare those to attitudes regarding the brand, then determine how to align those values and sentiments with Aldi's outward-facing messaging to combat negative press. This is important so that Aldi's messaging shows off its superior innovations while keeping the public's trust.

III. Research Questions

What are the key audiences for this brand?

What are the general attitudes regarding this brand?

How does this brand perform compared to its main competitors?

What makes a good shopping experience?

What do people look for in a grocery store?

IV. Methodology

The methods of data collection regarding this research were: primary research, secondary research, qualitative research, and syndicated research.

To collect notable news data and background information from Aldi, it was best to go to the source. Using their website, FAQ page, and other Aldi-written and sponsored pages, I was able to understand the brand and its accomplishments more clearly.

Then, secondary research was conducted to better outline the problem. This was done by collecting various news samples regarding incidents surrounding the brand. This also helped me understand how coverage in one region can drastically impact the reputation of the entire chain.

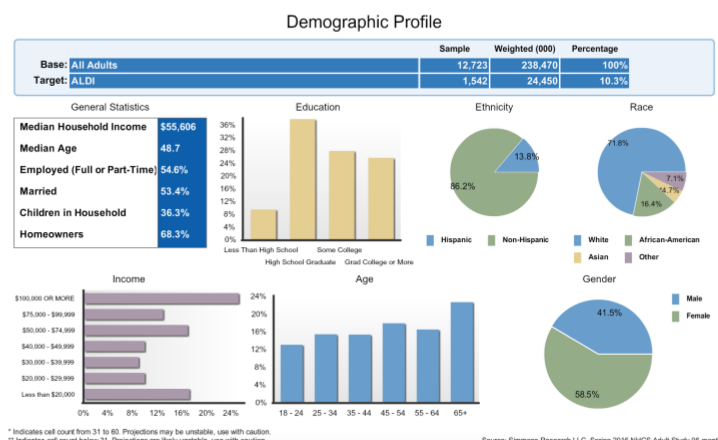
Qualitative research, such as one-on-one interviews and projective techniques, were utilized to understand public attitudes about the brand and form better questions before confirming the insights gained with syndicated research. The syndicated research was gathered from Simmons OneView and Mintel to help form recommendations and solidify insights gained from qualitative data.

V. 3s & Qualitative Findings

RQ 1: What are the key audiences for this brand?

Answer: Aldi has a good command over the 65+ group, and the average shopper at Aldi is around 50 years old, showing that elder groups find the brand reputable and shop there. With the responsibility shifting onto the shoulders of the younger crowds, however, it would be wise for Aldi to market to them to bring in and retain those loyal customers, regardless of press coverage.

Figure 1



		Total	18 - 24	25 - 34	35 - 54	55 - 64	65+
Total	Vertical %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Horizontal %	100.0%	11.8%	17.5%	34.2%	17.0%	19.6%
	Index	100	100	100	100	100	100
	Total %	100.0%	11.8%	17.5%	34.2%	17.0%	19.6%
I GO SHOPPING F FREQUENTLY	Vertical %	10.5%	12.6%	10.0%	11.0%	9.6%	9.5%
	Horizontal %	100.0%	14.2%	16.7%	36.0%	15.5%	17.7%
	Index	100	120	95	105	92	90
	Total %	10.5%	1.5%	1.8%	3.8%	1.6%	1.9%
ALDI	Vertical %	10.3%	11.2%	8.9%	9.9%	9.9%	11.8%
	Horizontal %	100.0%	12.9%	15.3%	32.9%	16.4%	22.5%
	Index	100	110	87	96	96	115
	Total %	10.3%	1.3%	1.6%	3.4%	1.7%	2.3%

* Indicates cell count from 31 to 60. Projections may be unstable, use with caution.

** Indicates cell count below 31. Projections are likely unstable, use with caution.

Figure 2

Conclusion: Demographic data showed that shoppers at Aldi lean older, more educated, and will probably be white. There was no statistically significant finding regarding sex, so the next logical step was to see which age groups the best target markets would be. Since young adults are shouldering more responsibility, including that of grocery shopping more often for themselves, they would be the best market. Improving relations between the 25-34 age group would likely show results using the same tactics needed to retain the 18-24-year-old crowd and the younger end of the 35-54 group. Older groups do not need so much effort, as they are either already Aldi shoppers or show no aversion to the brand and also shop less often.

RQ 2: What are the general attitudes regarding this brand?

Answer: The online conversation surrounding this brand is mostly neutral, but the negative greatly overshadows the positive. In one on one interviews with Millennials (3 female, 1 male), there were both positive and negative sentiments.

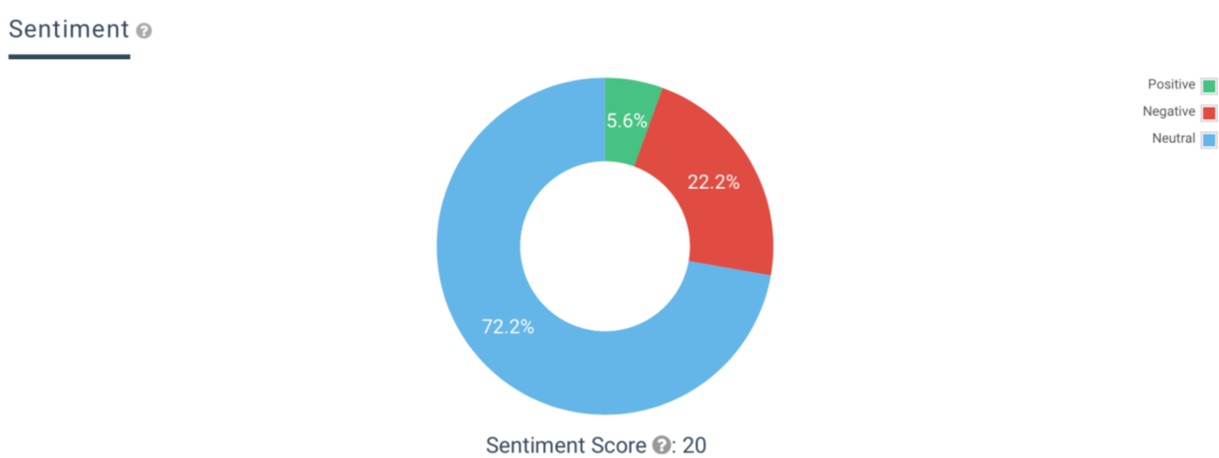


Figure 3

"I think they could do better to be more convenient."
"I'm put off by how much harder it is to shop there until I remember that it's for a good cause."

Conclusion: Online sentiment analysis gathered from Keyhole indicate that conversation surrounding this brand if mostly neutral. What is most important in these findings, however, is that the negative conversation is larger than the positive. So, while the negative conversation is not in the majority, it is crucial not to ignore it, especially since it would be very likely to impact younger audiences. Within one-on-one interviews, there were both positive and negative attitudes exhibited, with positivity towards their simplicity and eco-friendly initiatives and produce.

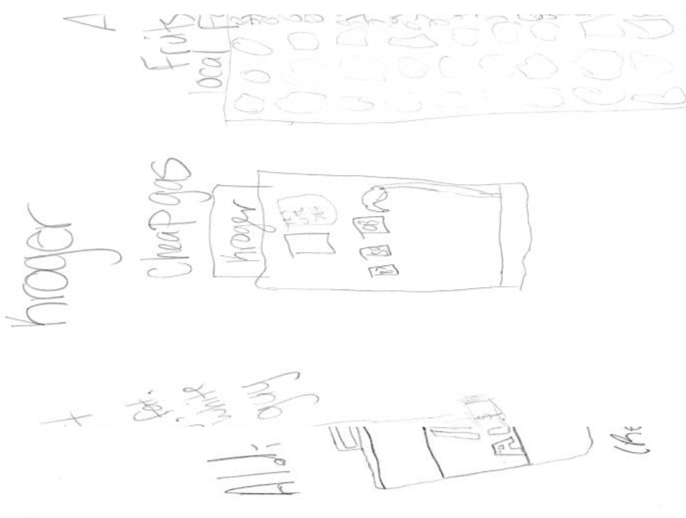


Figure 4

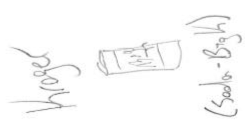


Figure 5

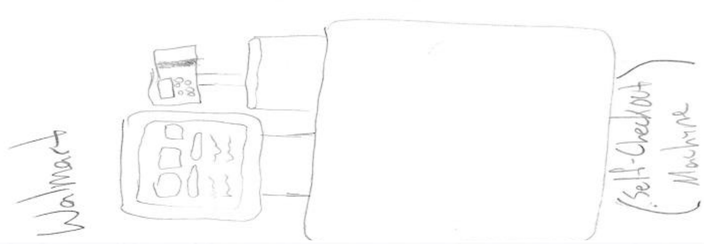


Figure 6

RQ 3: How does this brand perform compared to its main competitors?

Answer: It performs well, given the values of its consumer base.

		Total	ALDI	WALMART SUPER CENTER	KROGER
Total	Vertical %	100.0%	100.0%	100.0%	100.0%
	Horizontal %	100.0%	10.3%	59.4%	15.2%
	Index	100	100	100	100
	Total %	100.0%	10.3%	59.4%	15.2%
NUTRITIONAL VALUE IS THE MOST IMPORTAN	Vertical %	46.1%	51.1%	45.4%	48.1%
	Horizontal %	100.0%	11.4%	58.4%	15.8%
	Index	100	111	98	104
	Total %	46.1%	5.2%	26.9%	7.3%
OFTEN I CAN BE SWAYED BY COUPONS TO TRY	Vertical %	33.2%	40.6%	35.2%	36.1%
	Horizontal %	100.0%	12.5%	62.8%	16.5%
	Index	100	122	106	109
	Total %	33.2%	4.2%	20.9%	5.5%
I LIKE THE TREND TOWARDS HEALTHIER FAST F	Vertical %	54.1%	55.8%	52.5%	58.2%
	Horizontal %	100.0%	10.6%	57.6%	16.3%
	Index	100	103	97	108
	Total %	54.1%	5.7%	31.2%	8.8%
I PREFER TO EAT FOODS WITHOUT ARTIFICIAL	Vertical %	48.2%	51.7%	45.7%	48.7%
	Horizontal %	100.0%	11.0%	56.2%	15.4%
	Index	100	107	95	101
	Total %	48.2%	5.3%	27.1%	7.4%
I NORMALLY COUNT THE CALORIES OF THE FO(	Vertical %	20.1%	23.6%	19.9%	19.9%
	Horizontal %	100.0%	12.0%	58.6%	15.0%
	Index	100	117	99	99
	Total %	20.1%	2.4%	11.8%	3.0%
I TRY TO EAT GOURMET FOOD WHENEVER I CA	Vertical %	19.2%	18.9%	17.3%	18.4%
	Horizontal %	100.0%	10.1%	53.4%	14.5%
	Index	100	98	90	96
	Total %	19.2%	1.9%	10.3%	2.8%

Figure 7

Conclusion: These specific competitors were chosen due to their volume and advertised similar values to Aldi. Data from Simmons OneView confirmed what projection techniques showed to be a possibility. The results from the drawing exercise (Figures 4-6), where participants were asked to draw what came to mind when mentioning these grocery retailers showed that people found Aldi to be associated with rural farmland, fresh produce, and eco-friendly practices. Kroger was more highly associated with low prices, from its own store brand to gas; Walmart was centered on self-serving and convenience (and capitalism).

RQ 4: What makes a good shopping experience?

Answer: It is important for a grocery store to carry the kind of products that consumers are looking for, and this is what makes a good shopping experience. Health, low price, convenience, and environmental responsibility were shown to be consistent factors in food choices, but younger audiences cared far more about environmental responsibility, probably due to a heightened feeling of responsibility and awareness of global events.

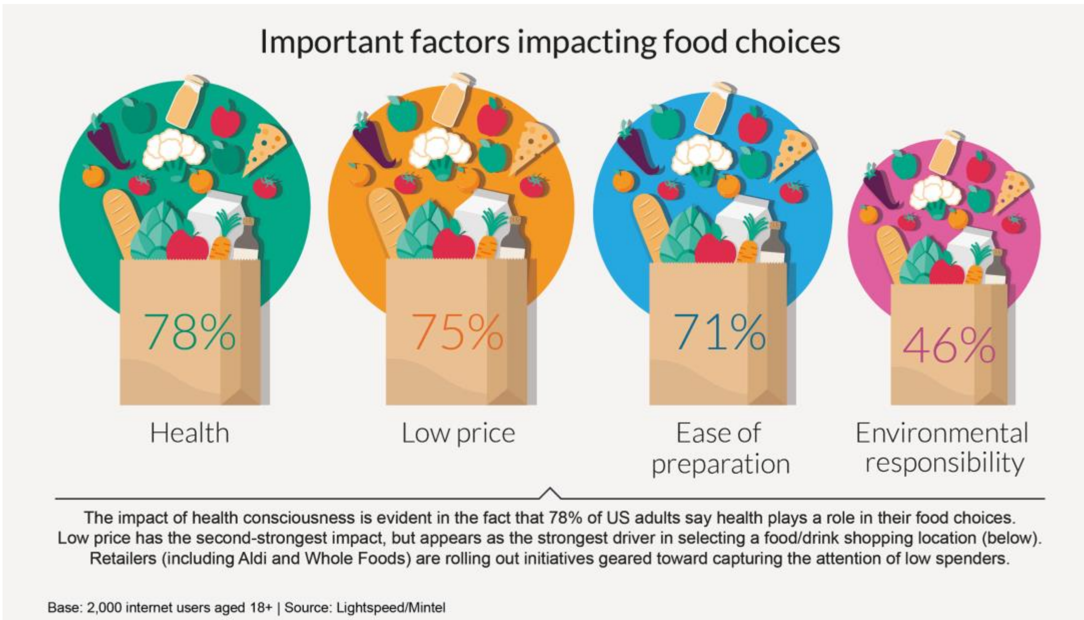


Figure 8

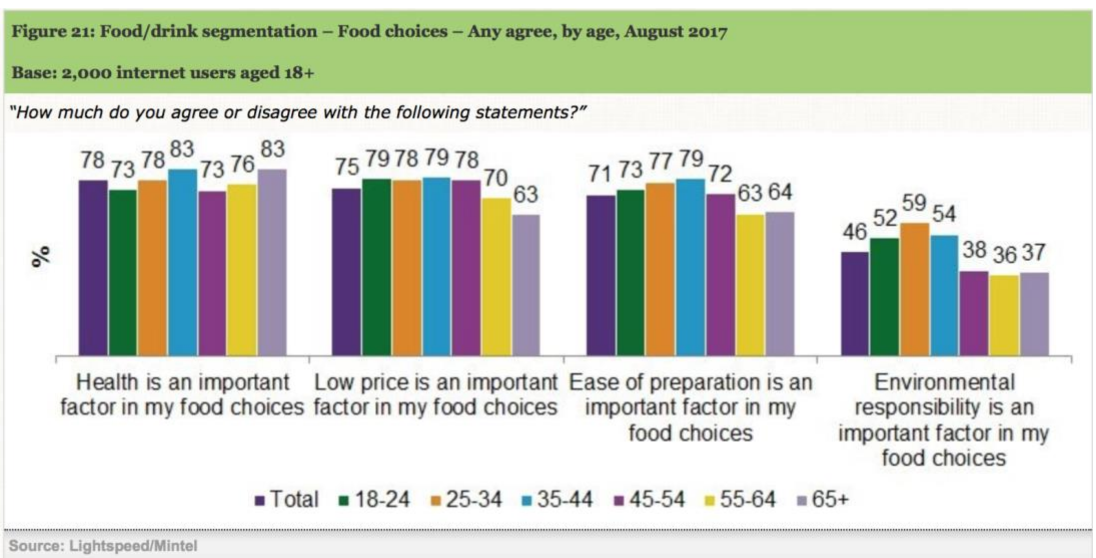


Figure 9

Conclusion: After defining a "good" shopping experience, it was clear that four factors stood out. What was important, then, was finding out which factors mattered to which age groups. In this case, environmental responsibility was the least impactful factor, but the younger audiences found it to be more important than older audiences, so it isn't one to be discounted. All age groups found the other factors impactful, but low price was the most consistent factor and would most likely be a deciding factor.

<u>RQ 5: What do people look for in a grocery store?</u>

Answer: Fresh products, low prices, and convenience.

Figure 10

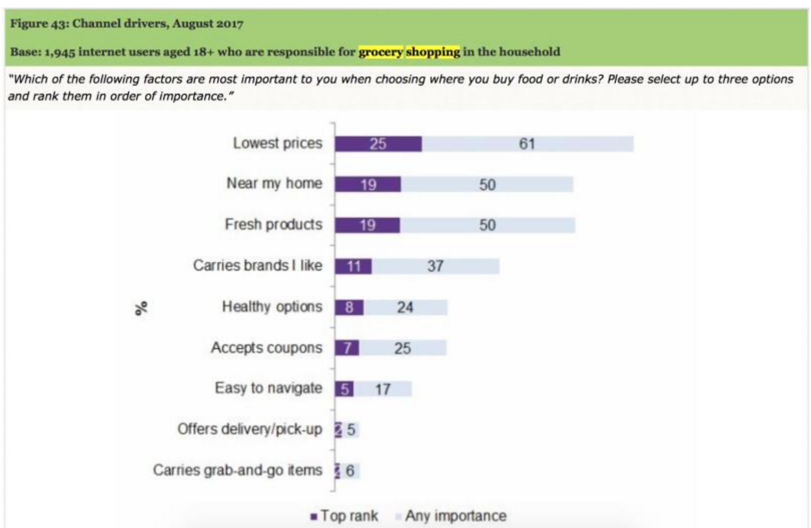


Figure 11

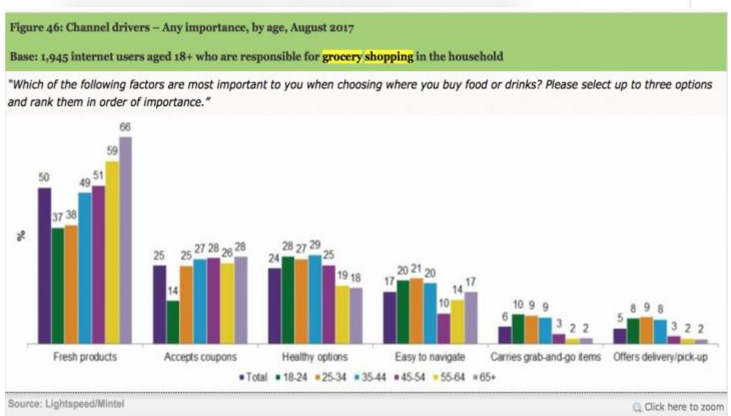


Figure 12

Conclusion: Mintel's data suggests that fresh produce and cost were the highest determining factors in what people looked for in a grocery store. However, convenience was not far behind. However, produce and shelf stable items were seen as healthy and a good value, meaning this is where Aldi should continue to focus its efforts in the future to target their key markets. Meal kits are all the rage right now and might be able to offer some convenience options as well, especially since their bare-bones approach leaves them without a deli, bakery, etc.

VI. Results

Insights

- Aldi is valued for its low cost and seemingly healthier stock. Produce and shelf-stable items are the key products to push to entice customers to come in and keep coming back.
- Customers of all ages are enticed by these factors.
- Aldi has the components of what people mostly value in a grocery store, just not the luxury amenities like a deli.

Recommendations

- Utilize media marketing initiatives that push Aldi's natural and low-cost image, from fresh produce to reusable bags, emphasizing quality
- Create a social media response team that regularly posts about the brand, quickly responds to negative conversation, and uses SEO tactics to push negative press deeper into search results.
- Conduct more research into generational marketing tactics to get loyal demographics to shop more often, bringing more revenue
- Aldi should be transparent about their food sourcing in the future to give customers peace of mind and combat negative press

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