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# Introduction

Marketing audit is a significant element of marketing activities and evaluating micro environment and macro environment is an important aspect of it. Analysis of micro environment and macro environment consists of many important frameworks such as SWOT analysis, PESTEL analysis, etc. In this manner ALDI is the company that is chosen for the analysis. ALDI is a leading grocery chain in Australia that is famous for serving grocery products at a cheaper price (ALDI, 2015).

The present report aims to analyse the industry market for ALDI a leading grocery brand in Australia. There are many factors that prevail in industry market and understanding all of them is very important to take important decisions.The segments of the ALDI will also be identified and after that the target market will be analysed. It will also focus on the discussion of primary and secondary target markets of ALDI. These factors also impact the decisions of a company and this is why the level of involvement of primary sector in decision making will also be discussed. Later in this series the nature of competition in the grocery industry will be discussed and ALDI will be compared with Woolworths which is its major competitor. The analysis of competition in the industry will help in knowing the relative position of ALDI in the industry. The strengths and weaknesses of the company will be compared and contrasted with their major competitor that is Woolworths. After this analysis a positioning map will be created for the marketplace of ALDI.On the basis of this analysis the conclusion and recommendations will be formulated for ALDI.

The scope of this report is limited to one market since ALDI has a number of markets but the report will only focus on one market and the competition in that market.

# Macro Environment (PESTEL factor)

Macro environment analysis is an analysis that consists of a larger or macro view of an organisation. It implies that macro environment is the condition that exists in the entire economy rather than just existing in a particular region or sector. Macro environment factors are the external factors and generally a firm does not have any control over these factors. The macro environment consists of PESTEL factors that are Political, Economic, Social, Technological, Environmental and legislative(Naeem, 2013). These are the forces that influence a company very closely and they have tendency to directly affect the decisions and relationships within the organisation. Thus macro environment analysis gives a bigger picture of the position of an organisation. ALDI is also affected with all these external factors and the analysis of macro environmental factors of ALDI are described as below:

|  |  |  |
| --- | --- | --- |
| **Political (P)**  The political factors are dominating in the region where ALDI is operating.  This is why ALDI faces the problem of political instability and attitude of political parties is also negative due to which many vital policies of ALDI gets affected. | **Economic (E)**  The strategies of ALDI get affected by many economic factors like level of income, purchasing power of customers, etc. The emergence of new economic policies and depression in market are the two most significant factors that are affecting ALDI (Melanie, 2015).  Other economic factor such as cost of raw material and supply is low at present which is favourable for the policies of the company.  The two major factors that are negative for the company are prices or fuel and monetary policies. | **Social (S)**  The factors such as brand consciousness, preferences, psychological mindset, etc. are the social factors that have tendency to affect the business policies in ALDI.  At the same time the demographic factors and distribution of wealth in the region are the most significant factors for the growth of ALDI. These two factors are very positive for the company’s policy to provide goods at cheap prices. |
| **Technological (T)**  The changes in the information technology and the rate with which the new development and inventions are taking place are very beneficial for the growth and development of ALDI.  The increase in the number of mobile users has lead ALDI to focus on a large a number of customers in the market with the help of mobile application (Jones, 2008).  The company has also adopted the latest trends in e-commerce and due to that it sales has also been increased. | **Environmental (E)**  The waste disposal norm of the government re very strict and due to that ADI has to bear extra cost for this purpose. Along with that recycling procedure of the company is also not efficient ad due to that the company had to face many issues. In this manner environmental factors are fatal for the organisation. | **Legal (L)**  The consumer protection laws of the government and power of politics to affect the legal factors is something that is affecting the policies and procedures in the company (Joseph, 2009). |

# Industry market for ALDI

The grocery industry is dominated by the huge share that ALDI possess in the market. The leading supermarket chain already has 10,000 stores and is still growing with intense rate (ALDI, 2015). The three factors that are the most significant factors in this section are growth, profitability and opportunities and threats.

## Main characteristics

The main characteristic of this industry market is that ALDI holds around 12% of the total supermarket with the first store to be opened in South Australia and its expansion into Western Australia. In this industry the largest market share is retained by Woolworths which is near to 37.3%. Coles group is narrowing this gap and it has market share of over 32.5% and IGA has a market share of 9.7% which is near to ALDI (Haung & Sarigollu, 2012). The market share of ALDI is just one-third of Woolworth’s. A report revealed that on an average in a period of four week, 5.3 million Australian customers shop at ALDI and 10.5 million customers shop at Woolworths.

## Growth

The growth rate of ADI is increasing with a positive rate. In 2014 the market share of ALDI was around 10% and in the year 2015 it increased to 12%. This depicts that the industry market is positive for ALDI and due to that the company is growing with a positive rate(Hanssens, 2013).

## Profitability

The total market value of the company is $89.5 billion with its profit getting increased by .3% every quarter. The number of customers is also increasing and due to that the company is getting profitable day-by-day.

## Opportunities and threats

The opportunities that the company has, is to expand in other parts of the Australia where the customers are seeking cheap grocery products. At the same time the company has threat from new entrants in the market and the existing rivals that and the most dominating is IGA (Graham et al., 2015).

# Competition

There are many supermarkets in this industry and all of them are closely competing with each other. The most significant players in the grocery industry are Woolworths, Coles and IGA. In this industry the largest market share is retained by Woolworths which is near to 37.3%. Coles is narrowing this gap and it has market share of over 32.5% and IGA has a market share of 9.7% which is near to ALDI. This suggests that significant market share is retained by Woolworths and is the top company in the market. As compared to all these companies the market share of ALDI is around 11% (ALDI, 2015). The Porter’s five forces of competition framework that has five forces that are bargaining power of suppliers, threat of new entrants, threat of substitutes, bargaining power of buyers and industry rivalry suggest that in this industry there is no threat of new entrants as well as of substitutes but the industry rivalry is very strong. All the players in the market are doing efforts to beat each other by adopting different measure (Brindley, 2014).Every player aspires to become the number one player in the industry. ALDI is growing significantly since last few years because it has a policy to sell products at cheap prices and this is the unique point of ALDI.

## Strengths and weaknesses of ALDI as compared to that of the main competitors

Strengths: The Company has a strong network of suppliers and due to that it is able to get raw material at a cheap price and this is because it is able to keep up its promise of providing discounts for all the products. The operating cost of the company is very low and due to that its profit margin does not get affected.

As compared to its major competitor Woolworths the company is able to provide grocery products to the customers at a very low price and due to that many customers prefer ALDI over Woolworths (ADMA, 2015). Woolworths does not have such a string supplier supports and ability to minimise the operation costs.

Weaknesses: It is allegedly regarded as the store that provides goods of low quality because of its cheaper rates. The impact of ALDI is not global because of few stores as compared to that of its competitors.

Woolworths the major competitor of the firm has a reputation of providing best quality products and this is the reason that it is leading the market (ADMA, 2015).

# Consumers

Consumers are an integral part of marketing audit of an organisation. The major consumers group of ALDI belong to those individuals that are looking for lower prices grocery products. This is the reason why the company is able to allure the customers by offering affordable prices while maintaining quality as well.

## Segment and targeting

The segment of the ALDI is based on the people who are looking to purchase grocery at affordable prices. There are various bases of segmentation that are gender, age group, income, marital status and occupation (Ashworth, 2011).The basis of segmentation of ALDI is income. It has segmented the low and middle income group so as to allure them with discounts and cheap rate grocery. Along with that there are various types of market segmentation and these are behaviouralistic segmentation, geographic segmentation and psychographic segmentation. The company has geographically segmented those customers who live in rural areas and suburban areas (Ali & Talwar, 2013). The company has segmented those customers who just look to save money on grocery products and get the best products and least priceson the basis of their behaviour and the company has segmented those customers who are not concerned with brand name or advertisement on the basis of their psychology.

The target group of the company is households. The target market analysis of ALDI is analysed as under on the basis of demographic, geographic, psychographic and behavioural aspects:

Demographic: The Company targets customers that belong to lower income groups. Thus the demographic targeting is of ALDI is based on Income. The individuals who have limited income to spend are the target customers of the company.

Geographic: The Company targets rural and suburban population.

Psychographic: Those who are not concerned with the after sales services or the product range are the major target here. Locally produced vegetables and fruits and Environmental friendly packaging are the factors that do not matter here.

Behavioural: The behavioural aspects of the customers is that they want good quality products but at a lower price. These are the target groups that are not concerned with well advertised or well known brands.

## Major market segments for ALDI and Primary and secondary target market

This suggests that the major market segments for ALDI are the one in which people are looking for low priced grocery. The primary target market is thus the consumers who have lower income (AMI, 2015). A primary market is attributed with the fact that it is the market from which most of the revenue comes and most of the revenue to ALDI comes from customers who have low income. The secondary target market is the one that include future primary buyers. The secondary target market for ALDI is customers who belong to rural and suburban areas.

## Level of involvement primary segment is likely to have towards the organisation in terms of decision making

The primary market segment has huge impact over all the decisions that the firm takes. The primary market customers are the customers of the company because the company has taken a decision to provide products at cheap rates. In case the company takes decision to increase prices of the products all the customers will get tremendously affected and at the same time there are high chances that they might start searching alternative options (Aghaei, 2014).All the strategic decisions and corporate level decisions are affected by the primary market segment.

## Positioning map for ALDI

ALDI is a company that is reckoned among people for its private label and this is something that will be able to give a positioning map to the company. The company has a very strong presence in Germany and Australia. After this the positioning map of the company intends to place it internationally (Sultan & Henrichs, 2009).Thus the positioning will be entirely based on low pricing and private label.

## Conclusion

The analysis suggests that marketing audit makes the position of the company clear in the industry. It helps an organisation to know about its weaknesses, threats, opportunities and strengths. The analysis suggests that ALDI is a very strong player in the market because of its unique factor of providing products at cheap prices. But this has attributed many customers to think that ALDI is providing low quality products. This is something that has restricted the market as well as the sales of the company. Along with that a number of political, social, technological, economic and legal factors are there that are affecting the policies of the company. The macro environment analysis suggests that ALDI has a number of market forces affecting its strategies. The grocery industry has many competitors and due to that competitive rivalry is very strong. All the players are fighting to become number one player by alluring the customers. Amidst all this the market share of Woolworths is very high. But it has also been noted that the trends in the industry are changing now and due to that the market share and profitability of ALDI is increasing gradually with the time. This is indeed a positive sign for the company. As compared to its competitors ALDI has some weaknesses. The target market and market segment of the company comprise of customers who have low income and due to that the company has to do much efforts to keep the prices and operating cost low.

On the basis of this it is recommended to ALDI that it should prepare a positioning map and retarget the customers. If the company wants to directly compete with the dominant leaders that are Coles and Woolworths then it will have to focus on quality as well as middle and upper class customers.

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