Review of Retail Aldi (Germany) & Reliance (India) of Retail Technology Followed in Their Main Markets

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Abstract: The focus of this research is on the grocery industry sector and the comparative analysis is between ALDI Supermarket (Germany) and RELIANCE supermarket (India). This study aims to figure out what the retailing and the merchandising procedure used by the Aldi and the Reliance store in their respective countries to increase the sales of their stores & market and what type of techniques they use to fulfill their customer demand. To make a more holistic assessment, this study develops a framework that accounts for all the relevant environmental factors relating to retail/e-commerce activities in different countries. Variables related to consumer shopping behavior such as basket size. This framework is used to build a Life Cycle Analysis model. The model is applied to different retail methods for fast-moving consumer goods & consumer packaged goods. The purpose of the study is to determine the differences between the Aldi store & the Reliance store strategies to target consumer, forms of retailing, product category, how they fulfill their customer demand in their respective countries, their future scope in retailing, pricing strategy & retailing techniques.

Keywords: Organized Retailing, Retailing Strategies, Reliance Market, Aldi Supermarket, Merchandising Techniques, Retailing Concepts.

1. Introduction
Aldi is a Germany supermarket which opens in 1961 founded by Theo & Karl Albrecht. There are about 4100 stores in Germany worldwide 7600. It is the oldest discount grocery store which only focuses on keeping a customer happy & the store had a simple layout and provided plenty of products at a low price. Aldi shops are also in Australia & U.S. most German town and villages have at least one Aldi shop. Aldi's goal is simple; ‘to provide our customers with the products they buy regularly and ensure that those products are of the highest possible quality at guaranteed lowest prices.’ Aldi's products are sourced from hand-picked suppliers whose products are sold under Aldi's own brand labels. Aldi is a German-based, global deep-discount grocery retailer. (Aldi, Aldi , 2018)Reliance started their retail journey in Nov. 2006 with the first Reliance fresh store. Today reliance located over 93 cities in all over India with more than 700 stores. Reliance Retail opened the first Reliance Market in 2011 and since then Reliance Market has grown rapidly with 46 stores serving over 2.5 million member partners. Reliance is the largest grocery & personal care retailer store in India but it also the only retailer who has successfully fulfilled the entire spectrum of Indian consumers needs. Reliance market provides personal care product, electronic items, footwear, lifestyle, good quality fresh produce, dairy& bakery products, over and above the staples and FMCG products with happy customer demand fulfillment. Reliance market, the wholesale cash, and carry store chain aim at supporting their growth and providing them with a modern distribution system. Indian retail has traditionally been an unorganized sector as compared to other countries, where retailers lacked the means as well as the will to develop or expand. Retail could also never enjoy the endorsement of the Indian consumer, who is famous for being miserly and who treats shopping as a form of leisure, enjoying the thrill of discovering bargains and discount deals in his own time. But western culture consumer doesn't have this type of attitude the western attitude of splurging, indulging and shop-till-you-drop has slowly entered the country and led to organized retailing. The retailing technique of the Aldi is different as compare to the Reliance market. (Organized Retail Strategy – A Study at Reliance Mart, 2020)

2. Purpose of the study
1. To study the growth of the Aldi & Reliance in their respective retail country.
2. To know the consumers’ sensitivity of their stores on the kind of shopping.
3. To know the behavior of customers in their respective country.

3. Objective
1. To study the various strategies of retailing using by the Aldi & Reliance Market in their respective country.
2. To determine the growth of the Aldi & Reliance by using their strategies.
3. Make the comparative analysis of Aldi supermarket & Reliance market.
4. To figure out what the retailing and the merchandising procedure used to fulfill their customer demand.
5. To determine the business model of Aldi & Reliance market.
4. Literature Review

Aldi - Since opening its first store in 1913, Aldi has established itself as one of the most reputable retailers in the global business market by providing great value and quality product. The singular focus of the firm is to deliver "the best quality product at the lowest possible price to their customer," and the architecture of its entire supply chain executes against this organizational objective. Historically, this has translated into little-to-no-emphasis on technically improving the supply chain, opting instead for driving efficiency via an almost entirely private-label product offering with limited SKUs and long-standing supplier relationships. More recently, the inquisitiveness of digital solutions in everyday life has contributed to a shift in consumer preferences, e.g., the adoption of e-commerce, and a shift in the art-of-the-possible of B2C (business to consumer) supply chains, e.g., the big data analysis. Market research identified that 80% of Aldi's customer base also shop at other supermarkets. These customers spent around £20 billion per year in the other stores. Aldi's marketing strategies, here upon, focus on generating customer loyalty. Aldi focuses its marketing endeavor on encouraging customers that are already familiar with the brand to shop at Aldi more often. They manage products by buying in bulk but reducing their economies of scale. This is the Limited Assortment Concept which acknowledged by Aldi. Aldi deals in about 700 to 1500 items. (Essayswriters, 2018)

The benefits of digitalization for Aldi are coherent with these observed across industries, subsequent lower economic costs across the board: search, replication, transportation, tracking, and verification. In some cases, Aldi offers 30% cheaper pricing than its immediate other competitors do. This is because these stores operate in a very efficient modus. Efficiency relate to the link between outputs and inputs. Aldi thereby operates efficiently by reducing their costs in all sectors of the business. The main areas where Aldi reduces its costs of operation comprise aspects of saving time, effort, energy and space. This helps the firm to run its business around the general principles of lean thinking Aldi operates on a no-nonsense system of approach to its spreading of the business. As compared to other retailers in the industry who offer their customers elaborate displays, exaltation or boost, and additional services, Aldi operates on its core value that is to ‘provide value and quality to our customers by being fair and efficient in all we do’. All activities of Aldi are for giving their customers the value for their money. Aldi plows back the profits back into the business and thus use this in meeting the business objectives for growth. They use the no-frills policy or strategy to help them in a cost-saving program. They eliminate certainly and virtually any extras. They have no check cashing, fancy displays, baggers or programs deploy to customers savings. The customers shop from open displays and these displays are very easy to replenish and needs very limited labor for arrangement. This is by the use of a system of cart rental. This system requires the customers to put a coin into their grocery cart. When the cart returns, then the customer gets the coin back. Since every customer must return the cart in order to get their coin back, it reduces the costs of labor, as there is no need to remuneration employees who retrieve the carts. The stores receive daily shipments from many, decentralized territorial logistics. Eventually after the centers are in constant contact with its vendors, it makes the firm to replenish its products in a very efficient manner. Aldi had been using the cross-docking for over thirty years using the same service. It works very nearby with its suppliers to help in the streamlining of the packaging process. Their savings from the efficient operating methods is then passed to the distinctive end user and thus the rock bottom prices to the customers. (Aldi, Creating Value Through The Marketing Mix, 2016)

Reliance - Reliance Market is a wholesale supermarket chain which forms part of the retail business of Reliance Industries of India which is headed by the corporate giant Mukesh Ambani. With a vision to generate inclusive growth and prosperity for farmers, vendor partners, consumers, Reliance Retail Limited has grown into an organization that caters to millions of customers, thousands of farmers and vendors. Based on its core growth strategy of undeveloped integration, Reliance Retail Limited has made rapid progress towards building an entire value chain starting from the farmers to the end consumers. Reliance plans to infusion of capital in excess of Rs 25000 crores in the next 4 years in their retail division. The company launched its first wholesale format under the name Reliance Market in Ahmadabad. The store covers an area of 1, 00,000 sq. ft of area and sells over 21,000 foods and non-food products. Now, it has 15 such stores, including six in the last three months: in Anand, Bengaluru, Chennai, Faridabad, Guntur, and Mumbai. The format caters to kirana stores, small businesses, restaurants, and various other institutional buyers. Reliance market operates on the principle of less is more (buy for less – operate for less – sell for less) relying on higher efficiency of asset utilization and passing on higher value to customers to fulfill the demand. The societal value thus created by RM (Reliance markets) helps in supporting member partners to be more profitable. (Organized Retail Strategy – A Study at Reliance Mart, 2020)Reliance market enjoys strong patronage of its registered member partners by offering them a wide range of assortment of home & personal care products, groceries, apparel, footwear, general merchandise & home appliances. By sharing benefits of strong sourcing capabilities and relationship with a large network of vendors, it offers regional, national and international brands to its partner and helps them to promote our selves. Reliance markets strong own brand portfolio further brings the relevant offering to its selves thereby offering a
large assortment of core and complementary products to the customers. The Reliance market would be selling the products on EDLP (every day low price) basis at prices 15-20 percent lower than market prices or other retail stores. To grow faster and superior in local markets with higher margins, it has focused largely on local brands instead of national brands or private labels. This is in addition to 100 private labels that Reliance plans to display to the customer. Keeping local brands at the outlets is more profitable & low cost and also makes the supply chain more efficient. Being a bulk purchaser, Reliance Market can offer products at very low prices. Also taking into consideration the local brands, the products at the outlets would be easily acceptable by the customers because of the trust in the brand. And there would be comparatively fewer efforts needed by the marketer to explain the product to the consumers. (Monalisha Pattnaik, 2015)

**5. Methodology**

Efficiency cannot be in a short-term period but has to be a long term process attained through lean and feasible thinking. This helps the firm to meet its business objectives. This helps the firm in developing an ambitious investment program with new properties and suppliers. It also helps in the provision of benefits to employees. Marketing as the process ‘The process responsible for identifying, anticipating and satisfying consumer requirements profitably.’ This places consumers at the heart of every organization. The marketing mix is often referred to as the four Ps. It involves creating a unique blend of the right product, sold at the right price, in the right place, using the most suitable methods of promotion. ALDI’s strategy focuses on providing high quality products at low prices. The main key elements of the low price element of the strategy are:

1. Exclusive brand products
2. Limited range
3. Focus
4. Price change policy

**Exclusive brand products**

Central to ALDI’s strategy is its focus on exclusive brand products. ALDI forms partnerships with leading manufacturers to produce own-brand goods. Only a few name brand products, such as Vegemite, are offered and even these are targeted for replacement when a low cost, high quality alternative can be sourced.

**Limited range**

ALDI’s capacity to reduce costs is the provision of only a limited range of products. Products are made available in their most popular size, not in all sizes. As a result, unlike traditional supermarkets which stock up to 20,000 lines, ALDI stocks only 600 to 700 lines. By stockling only one size of each product ALDI significantly reduces costs.

**Focus**

ALDI’s strategy involves a strict focus on what it sees as core business. Thus they are not following the Woolworths and Cole’s practice of expanding their retail base to include petrol, pharmaceuticals, liquor and online shopping.

**Price change policy**

ALDI policy on price changes is to be the first in the industry to pass on lower costs to customers and the last to increase prices when costs increase. They point out the change to customers through placing a note on cartons in the stores.

**Structure ALDI’s structure has three key characteristics:**

1. Flexibility built around formalization of key elements
2. Decentralization

Flexibility built around formalization of key elements

Clear reporting lines allow for quick information flow and consensus decision-making. To avoid misunderstanding and increase efficiencies, rules and expectations are specified in the ALDI Management System, occupational health and safety manuals, training manuals and job descriptions. High formalization in these areas sends clear messages to staff in regard to what they can and cannot do, with even extreme situations covered. Staff reported the formalization as enabling rather than constraining, because they provide clarity as to the context within which discretion may be applied. (trendsource, 2018) Decentralization Warehouses only support 60 to 70 stores. Once the capacity is reached, a new region is created and the roles replicated. Store sizes are also capped. An ALDI store has 10 to 15 employees with four to six cash registers. Rather than make an existing store bigger, ALDI will open more stores in an area. Decentralization also extends to performance monitoring. While regional management monitor the sales, inventory and productivity of individual stores, financial viability is not monitored on a per store basis. Minimization of functions ALDI’s focus on core business and cost minimization also takes the form of it not having marketing, public relations, human resource, information technology or legal departments. They are lean. They only focus on what is necessary, on efficiency and being prudent. This is because ALDI prefers to rely on word-of-mouth and localized advertising. Reliance market offers some unique services to the shoppers like tailoring, shoe repair, watch repair, a photo shop, gift services and laundry services, all within the store. The store also houses its own fresh bakery, serving “hot, off-the-oven” bread and bread products throughout the day and local savories, an ice-cream train for the kids, a chakki, ready-made batter and loose tea and pickle for the housewives. Reliance market will also house a health and wellness store providing pharmaceutical drugs and other wellness products. For the shopper’s convenience, the store has a providing quality food and beverages for ready consumption, an ATM machine and a consumer service / membership desk to provide the customer a truly international shopping experience (Shenoy, 2016-17) Reliance Retail stores offer goods at extremely competitive prices with setting up big and attractive supermarkets, the number of people coming inside wish to buy in bulk. Reliance offers them a price which is generally lower than general stationery stores. This strategy is mostly applied in FMCG sector. This is possible from getting the products directly from suppliers in bulk and their connection with the
farms. However, in the clothing sector and in footwear, Reliance Retail offer mid-range to premium pricing, this is because they offer premium quality products from well-known brands.

6. Comparison

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<th>S.No.</th>
<th>Type</th>
<th>Aldi</th>
<th>Reliance</th>
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<tr>
<td>1.</td>
<td>Product</td>
<td>High quality ‘Like Brands’. The products are privately labeled, and there exists no furniture or decorations within the stores. This offers a large surface area for stocking their products.</td>
<td>High quality product with the local brand which gives low cost and more profitable.</td>
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<td>2.</td>
<td>Price</td>
<td>Aldi offers lower prices than its competitors without compromising on quality.</td>
<td>Reliance market would be selling the products on EDLP (every day low price) basis at prices 15-20 percent lower than market prices or other retail stores.</td>
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<td>3.</td>
<td>Place</td>
<td>Aldi will undertake a full Transport Assessment as part of the planning application to ensure the proposed regional training centre and food store would not cause a significant increase in queuing or delays on local roads.</td>
<td>Reliance market first placed at Sahi bag Ahmadabad which has very good transport facility and parking facilities &amp; this location have very good traffic of peoples for the shopping. The Reliance markets their location strategy according the need of the customer &amp; the need of the area.</td>
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<td>4.</td>
<td>Promotions</td>
<td>Aldi uses a combination of above-the-line and below-the-line promotions with a focus on its Like Brands’ and ‘Swap &amp; Save’ campaigns.</td>
<td>Charging lower prices for local brand compare to other retailers to help them enter the market and gain market share quickly.</td>
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<td>5.</td>
<td>Market penetration</td>
<td>Charging lower prices for new products to help them enter the market and gain market share quickly.</td>
<td>Using local brand products helps them to enter in the new market &amp; there is no need of promotion of their local products.</td>
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<td>6.</td>
<td>Competitive pricing</td>
<td>Pricing at a slightly lower price than competitors retailers.</td>
<td>Pricing at a lower price than the other competitors retailers.</td>
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<td>7.</td>
<td>Store atmosphere</td>
<td>Physically planning and layout of the shops or stores, it is like that they are very trendy in their design. The stores are about 1000 square meters, and the items available in stock are commonly dry items like cereals. Aldi deals in about 700 to 1500 items with limited SKU and assortment. Customers pay in cash, debit cards or by use of food stamps. The shelving system is very simple with a range of freezers. All products are in shipping boxes onto the shelves, on the floor or in the freezers. All these features are meant to save labor and time thereby reducing costs in the long run.</td>
<td>Store atmosphere is conceptualized as the buying environment of a retail store that creates a positive effect in the mind of the customers, thereby increasing their likelihood of making a purchase. The store covers an area of 1, 00,000 sq. ft of area and sells over 21,000 foods and non-food products with higher SKU &amp; wide assortment. Customers pay in cash, debit cards.</td>
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7. SWOT Analysis

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<th>For</th>
<th>Strength</th>
<th>Weakness</th>
<th>Opportunities</th>
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<tr>
<td>Reliance</td>
<td>1. It owns various private label brands&lt;br&gt;2. Strong backing of the parent company</td>
<td>1. Product variety is available but more SKU's are not present due to inefficient back end infrastructure&lt;br&gt;2. Poor inventory control at certain locations is a concern</td>
<td>1. Large potential to reduce operation cost in cities using strong supply chain&lt;br&gt;2. Fastest growing format</td>
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8. Future Scope Of study

1. The company just announced a $1.6 billion investment dedicated to rolling out its store of the future to 1300 current Aldi locations.
2. They plan to invest $3 billion in opening 650 new stores.

9. Conclusion

Aldi has a Clear approach to retailing that has given it a competitive advantage in a crowded marketplace. Aldi’s unique balance of the marketing mix enables it to provide high quality, own branded products at the lowest possible price. Reliance has distinct approach to retailing that has given it an advantage of marketplace and branding. Reliance provide high quality, local and branded product
at the lowest cost & they also provide private label product at low cost compare to the other retailers like Aldi do but Aldi provide more private label product compare to reliance. Reliance sells the product at everyday low price strategy but Aldi sell the product at low price by no-nonsense system of approach to its spreading of the business. Aldi put limited SKU with limited assortment but compare to Aldi Reliance put wider SKU and assortments in the store. Aldi is supermarket which has food retailing grocery product with limited assortment but Reliance market has food product, lifestyle product, electronic product, and grocery item with home appliances with the wider range of assortment. Their activity is engaging consumers and creating positive feedback.

10. Bibliography


1. Author Profile