

## LIDL: A GERMAN GROCER IN THE UNITED STATES<sup>1</sup>

---

*Lubna Nafees, Neel Das, and Mokhalles Mehdi wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

*This publication may not be transmitted, photocopied, digitized, or otherwise reproduced in any form or by any means without the permission of the copyright holder. Reproduction of this material is not covered under authorization by any reproduction rights organization. To order copies or request permission to reproduce materials, contact Ivey Publishing, Ivey Business School, Western University, London, Ontario, Canada, N6G 0N1; (t) 519.661.3208; (e) cases@ivey.ca; www.iveycases.com. Our goal is to publish materials of the highest quality; submit any errata to publishcases@ivey.ca.*

Copyright © 2019, Ivey Business School Foundation

Version: 2019-03-06

### LIDL STIFTUNG & CO. KG OPENS SHOP IN THE UNITED STATES

In June 2017, the supermarket giant Lidl Stiftung & Co. KG (Lidl) entered the U.S. market by opening its first 20 stores throughout the southern states of Virginia, North Carolina, and South Carolina.<sup>2</sup> Brendan Proctor, president and chief executive officer of Lidl US, was given the charge of launching the hard discount grocery chain in the United States. When Lidl first opened, it lured customers away from other top competitors such as Aldi, Walmart Inc. (Walmart), the Kroger Co. (Kroger), Target Corporation (Target), and Food Lion LLC (Food Lion).<sup>3</sup> Lidl offered lower prices than its competition and quickly gained a strong advantage in the marketplace. Although this gain was profitable, Walmart and Kroger were quick to regain most of their lost shares.<sup>4</sup>

Lidl's struggle to attract new customers was attributed in part to the company's decision to open its doors to the U.S. market only one day after Amazon.com Inc. (Amazon) announced its acquisition of Whole Foods Market Inc. (Whole Foods) and plan to slash product prices dramatically.<sup>5</sup> Lidl also struggled to hit the correct target market for each of its different locations in terms of tastes and demographics. Despite high early consumer demand, according to one observer, the stores were too large, too overly engineered, and too costly to operate.<sup>6</sup> With plans for 100 U.S.-based locations by the summer of 2018, coupled with the launch of a new clothing line in June 2018, Lidl, the German supermarket giant, had set its sights high.

### ECONOMIES AND CULTURE

#### Economy

The United States had been known to have the world's largest economy; however, in 2014, the U.S. economy took second place behind China in terms of gross domestic product (GDP).<sup>7</sup> The purchasing power parity (in terms of GDP) of the United States was US\$19.36<sup>8</sup> trillion in 2017,<sup>9</sup> compared to Germany's \$4.15 trillion.<sup>10</sup> The growth rate in terms of GDP for the United States was 2.2 per cent in 2017, which was similar to Germany's growth rate of 2.1 per cent. There was also a difference in disposable income between the two countries. In 2017, the adjusted disposable net income per capita in Germany was \$31,925, while in the United States it was \$41,071.<sup>11</sup> Lidl wanted to enter the United States in hopes of taking a piece of the large U.S. market for itself. The U.S. retail and food service industry totalled \$5.35 trillion in 2015.<sup>12</sup>

**Culture**

The cultures of the United States and Germany were similar in many ways. For example, both the United States and Germany had a low power distance score combined with a high score of individualism. Power distance referred to the hierarchical extent of a country and to the degree a person could exert power over another. In Germany, citizens took pride in making their own decisions, regardless of a person's status. This was very similar to the American belief of "liberty and justice for all" and emphasis on equal rights in all aspects of society. Individualism was measured by the "degree of interdependence a society maintained among its members."<sup>13</sup> In both the United States and Germany, people looked after themselves and their immediate family before worrying about others in the community. Germany and the United States also shared the same value system. There were two types of value systems, determined by the main drive of society: to be the best ("masculine") or to like what you do ("feminine"). Both countries were considered "masculine," meaning that both countries were driven by "accomplishment, achievement, and success, with success being defined by the winner/best in field."<sup>14</sup>

U.S. and German cultures were also different in several ways. For example, unlike the United States, Germany had a higher "uncertainty avoidance" score. Uncertainty avoidance was "the way that a society dealt with the fact that the future can never be known."<sup>15</sup> This implied that the German people emphasized planning for the future and exercising caution when making important decisions; Americans, on the other hand, were known to accept new ideas and innovative products, and were more willing to explore the unknown. Germany also differed from the United States on its scores in "long-term orientation" and "indulgence." The long-term orientation of a country described how a society had to maintain some links with its past when dealing with the challenges of the present and future. With a high score in this category, education and changing cultural ideologies were the driving forces behind future planning in German society. The United States scored low on the long-term orientation scale, meaning that Americans preferred to maintain time-honoured traditions and norms, viewing societal change with suspicion. The indulgence attribute measured how social norms called for the restraint or relatively free gratification of basic and natural human desires. The German culture emphasized conservatism and only using what was needed. German society viewed its desires and gratifications with cynicism and pessimism and did not indulge often. The United States had a contradictory attitude, as defined by its work-hard, play-hard lifestyle; while America was engaged in a war against drugs, the drug addiction rate in the United States was higher than that of other wealthy countries.<sup>16</sup>

**INDUSTRY OVERVIEW**

In 2017, the U.S. retail industry ended the year with a growth of 4.2 per cent.<sup>17</sup> The retail industry included any business that sold finished merchandise to an end user.<sup>18</sup> In 2015, grocery sales accounted for 36.5 per cent of total retail sales in the United States. Grocery store sales totalled \$600.31 billion in 2016, with an increase of \$16 billion since 2015. Some of the top grocery stores in the United States in terms of sales were Walmart, with \$362.82 billion; Kroger, which had acquired Harris Teeter Supermarkets Inc. (Harris Teeter), with \$110.22 billion; Aldi, with \$23.49 billion; and Whole Foods, with \$16.02 billion.<sup>19</sup>

**The Company**

The first Lidl store was opened in Germany in 1973. By 1979, Lidl had grown to a total of 30 stores and had become a household name in Germany. Lidl could be perfectly described as a hard discounter—a store that offered a limited assortment of goods, typically 1,000 to 3,000 different items, at rock-bottom prices.<sup>20</sup> In the 1980s, Lidl's growth continued and soon reached 300 stores. Lidl began its international expansion in neighbouring France, and in 1994 continued expanding by opening its first store in the United Kingdom.

Within a decade of opening its first store in the United Kingdom, Lidl became the nation's leading discount retailer. By 2018, Lidl operated more than 600 stores in the United Kingdom alone.<sup>21</sup> Lidl first expanded into the United States in 2017, and the grocer operated more than 10,000 stores across 27 countries by 2018.<sup>22</sup>

As an international company, Lidl focused on respecting the cultures and traditions of its customers. The mission of Lidl was "to offer our communities high quality products at low prices" while continuously improving its stores.<sup>23</sup> With its launch into the United States—its first expansion outside of the European market—Lidl did not want U.S. customers to think that its products were not fresh. In order to get its message across, Lidl adopted the tagline "Our roots are European, but our vegetables are grown here."<sup>24</sup>

Environmental and social responsibility was of the utmost importance to Lidl. Lidl believed that sustainability was a key indicator of quality.<sup>25</sup> Every Lidl store had a recycling centre at the exit, where one could dispose of cans, plastic bags, and bottles. In addition, Lidl had collaborated with How2Recycle to provide recycling instructions for all of its product packaging.<sup>26</sup>

## Principles and Values

Lidl's principles and values included customer satisfaction; superior quality for the lowest price; expansion and constant improvement in Lidl stores; defined working processes and procedures; short decision paths and simple work processes; ensuring the law and internal policies of Lidl; being economically, socially, and environmentally responsible; fairness to all in the company; promoting a respectful and encouraging environment; endorsing agreements in an ether of trust; recognition, acknowledgment, and constructive feedback in daily work; and nurturing an environment for leadership growth.<sup>27</sup>

## The Customer

The typical Lidl customer was middle class or lower middle class. Lidl had a "Surprises!" section of the store where customers could find discounted appliances and other household items. All products in Lidl were discounted and yet were of a decent quality.

Lidl provided budget-conscious customers with a hassle-free shopping experience. Many were middle class families with children, or elderly customers on a fixed income. Lidl attracted this customer base by striving for the highest level of customer satisfaction through its commitment to high-quality products at low prices.

## MARKETING MIX

### Product

When walking into a Lidl store, customers immediately saw the bakery section, as well as an easily accessible household section containing cosmetics, toiletries, and the like. Having these two sections at the front of the store, rather than to the side or in the back—like Lidl's competitors did—made a Lidl visit much more attractive to customers only looking for bread or toilet paper. Lidl also had its own brand of vegetables and fresh fruits—Oaklands. Oaklands made daily deliveries to Lidl stores and gave customers a chance to experience produce from all over the world, which was very attractive to health-conscious customers. Lidl's push for cost savings was emphasized by the display of products on the shelves; products remained in the boxes or cartons provided by the distributors. Despite Lidl being a huge discount retailer, customers would be able to find what they needed quickly, without the temptation of buying everything else along the way.

Lidl prided itself on having wine expert Adam Lapierre as part of its corporate staff. As a master of wine, Lapierre enabled Lidl to offer an array of exclusive wines, attracting customers from all demographics. Lidl's private label wine selections had won 250 awards since entering the United States in May 2017. The label also won 42 medals at the San Francisco Chronicle Wine Competition, where approximately 7,000 bottles were tested. This achievement further demonstrated Lidl's commitment to its customers of providing superior quality products for prices significantly lower than the competition.<sup>28</sup>

## Quality Standards

Lidl had a set of predefined measurable standards to meet quality requirements. The company constantly tested its products to maintain these standards. In addition, Lidl conducted third party audits on product suppliers to verify the quality and safety norms. Products below the quality standards were not included in Lidl stores. Some of the quality maintenance programs adopted by Lidl were as follows:

- Lidl partnered closely with suppliers (i.e., manufacturers and growers).
- The company personally inspected farms and partnered with animal welfare groups to ensure the quality of meat and its sources.
- Lidl had a selection of vintage wines, including wine from the Napa Valley, the Oregon Coast, the South of France, the hills of Tuscany, and so on.
- Lidl endeavoured to deliver healthy and delicious foods for babies.<sup>29</sup>

## Food Safety

Lidl was committed to food safety through its established strict, science-based safety and quality standards to ensure the well-being of its customers. Lidl worked closely with suppliers to sustain its principles and drive continuous advancement through facility audits and product testing for quality assurance. Lidl's first priority was to offer consistently safe, high-quality products.<sup>30</sup>

## Supplier Relationship

Lidl associated with suppliers that shared a commitment to deliver the highest-quality products. With Lidl's inflexible assurance to exceed consumer expectations, the company searched for compatible suppliers devoted to providing and developing with the company. Lidl had long-term contracts with its suppliers and spent less time on negotiations to deliver high-quality products at extremely low prices.<sup>31</sup> In addition, Lidl expected its global business partners to adhere to and ensure non-negotiable minimum social standards such as human dignity, a ban on forced and child labour, working conditions and remunerations, a ban on discrimination, freedom of organization and assembly, health and safety in the workplace, environmental protection, anti-bribery, and operational implementation.<sup>32</sup>

## Sustainability

Lidl believed that sustainability was a fundamental sign of quality and aimed to provide transparency around its sustainability initiatives such as store drop-off recycling, How2Recycle labels on Lidl packaging, third party certifications, seafood certifications, and sourcing responsibly.<sup>33</sup>

### **Third Party Certifications**

Lidl pursued the certification of well-known agencies and organizations—namely, USDA Organic, the Non-GMO (genetically modified) Project product verification program, the Rainforest Alliance Certified seal, UTZ certification, the Roundtable on Sustainable Palm Oil certification, Fairtrade International, and True Source Certified Honey. These institutions set standards and best practices for various different industries, including fishing, organic farming and production, sustainable harvesting, and fair trade.<sup>34</sup>

Certifications for fresh and frozen Lidl seafood included those set by the Marine Stewardship Council, Best Aquaculture Practices, and Aquaculture Stewardship Council. Moreover, sourcing responsibly allowed Lidl to improve the quality of its products to provide only the best to its customers. These products included cage-free eggs, non-GMO foods, and olive oil.<sup>35</sup>

### **Price**

When Lidl entered the United States in 2017, it undercut most competitors by approximately 39 per cent<sup>36</sup>—and Walmart directly by 9 per cent.<sup>37</sup> In a typical Lidl store, milk was priced significantly lower than its competitors. The price for a bag of four organic avocados was \$2.99, which was far below the price avocados usually sold for, at \$2.99 each. Even domestic products, such as Freschetta frozen pizza, were priced at lower rates than Lidl's competitors. Domestic products accounted for roughly 50 per cent of Lidl's in-store items (see Exhibit 1). One way Lidl had been successful in its cost-saving measures was by offering many private label brands. Increasing private label brand offerings gave way to higher profit margins. Because of Lidl's pricing strategy, local Aldi stores were forced to lower their prices by 14 per cent.<sup>38</sup> Lidl believed that its customers should not compromise quality for price. Through consistency, strict standards, and third party audits of suppliers, the company was able to provide quality products at low prices. Lidl even went as far as to offer dissatisfied customers a replacement with their refund.<sup>39</sup>

### **Promotion**

Lidl used big glass windows in all its stores to attract new customers. Upon entering a Lidl store, a customer would be bombarded with large orange discount signs on almost every item. Lidl also had a “Surprises!” section with low-cost, last-minute household items, such as vacuums, T-shirts, and stepstools. These items rotated every Sunday and Thursday. Lidl also released a weekly circular highlighting some of the best deals available in stores that week. Television advertising was used to promote new store openings; however, to keep costs low, this was not a major part of Lidl's marketing strategy.

Lidl developed a mobile application (app) for both iOS and Android users. When customers entered a store, a sign encouraged them to download the app. The app promoted not only deals that were in-store but also those found exclusively online. The app also allowed customers to “clip” digital coupons for additional savings. Aldi, Lidl's biggest competitor, also had an app; however, Aldi's app only provided information that could be found in the store. Lidl's website offered information about local weekly deals, recipes, sourcing, new offers, and new store openings. Lidl had a strong social media presence; its Facebook page was updated every few days, and Facebook messages were answered within a few hours.

### **Location**

Close proximity to an Aldi location was a huge part of Lidl's criteria for deciding where to open the next store. The Winston-Salem, North Carolina, location, in particular, was 2.4 kilometres (km) from the closest

Aldi. In fact, Walmart, Food Lion, and Harris Teeter were all within 8 km of this location. When Lidl entered a new market, it gave competitors strong competition. Almost every grocery store in proximity to a Lidl was forced to cut its prices to remain competitive and retain market share. In 2018, there were 47 U.S.-based Lidl stores located across six states (see Exhibit 2). The company had originally planned for 100 locations by the end of 2018, but had been scaling back in an effort to maintain and grow the reputation of existing U.S. stores. Lidl also offered online grocery ordering and delivery in three states: North Carolina, South Carolina, and Virginia. The delivery system used a third party distributor called Shipt. Despite the fact that this service was only offered in eight of the 47 U.S. locations, it was a great push in the right direction in terms of maintaining a competitive advantage with stores like Walmart and Amazon, who had a huge online presence.

To compete with online grocery retailers, Lidl offered customers the option of ordering and purchasing their groceries online through its Shipt program using the free mobile app or website. Lidl delivered the groceries within one hour on the same day of ordering for a small fee; however, products purchased from Shipt were priced differently from those priced in the store. Customers could also simply browse the site and choose groceries, and a Lidl associate would collect the items for the customer before they arrived to the store for pickup.

## COMPETITION

### Aldi

Aldi and Lidl were very similar, having both originated in Germany. In terms of number of locations, Lidl did not have as many stores as Aldi; however, most Lidl locations were within a few miles of an Aldi. One of the first noticeable differences between the two was the cart deposit. Aldi was known for requiring a 25-cent deposit to use a cart, which was refunded when the cart was returned to its correct location. In Europe, Lidl also had a cart deposit; however, the company decided not to implement this practice in the United States. In terms of price, Lidl was generally 3 per cent cheaper than Aldi.<sup>40</sup> Most of these savings came from basic staple items such as milk and cheese; produce items, however, were usually priced similarly.<sup>41</sup> Both Lidl and Aldi were known for carrying private label brands, which helped them keep prices extremely low. At Lidl, promotions were common; upon entering the store, the entire entrance promoted the money-saving app. When users downloaded the app, they were given access to all the current discounts taking place in the store, as well as exclusive coupons only available through the app. Aldi's app, on the other hand, did not provide any additional discounts to users. At Lidl, in-store sales were promoted with a bright red sheet of paper showing the sale price. These price signs were hard to miss and really grabbed customers' attention. In comparison, Aldi used regular shelf labels, with small yellow signs showing the lower price. These were generally not as attention-grabbing as Lidl's signs. Aldi's prices were 14 per cent lower when in the presence of a Lidl store.<sup>42</sup>

### Walmart Inc.

Despite Walmart being a huge player in the U.S. grocery market, competing grocery stores tended to drop their prices in greater amounts for a Lidl entry than for a Walmart entry.<sup>43</sup> Walmart's prices were the least affected in response to the presence of a Lidl, at 2.5 per cent lower, whereas Food Lion's prices were 13.6 per cent lower. In January 2018, Walmart announced plans to close many of its Sam's Club stores. It was shortly after this announcement that Lidl, too, announced plans to scale back its U.S. entry.<sup>44</sup>

### Food Lion LLC

Although Lidl was a newcomer in the market, it was still creating big waves. With less than 100 stores, Lidl was very small compared to Food Lion's 1,089 locations. On average, Lidl was approximately 16 per cent

less expensive than Food Lion for basic everyday grocery items such as milk: where Lidl charged \$1.00 per 3.78 litres, Food Lion charged \$2.50.<sup>45</sup> On average, Lidl carried a smaller selection of products, with a larger selection of private label items; Lidl normally carried about 1,800 items,<sup>46</sup> whereas Food Lion normally carried about 38,900 items.<sup>47</sup> While Food Lion attempted to gain as many customers as possible by advertising consistently, Lidl did not; instead, Lidl saved money by advertising less often and passed the savings on to its customers through lower prices. Food Lion's prices were 13.6 per cent lower when in the presence of Lidl.<sup>48</sup>

### **The Kroger Co.**

Kroger was a major grocery chain, having also acquired Harris Teeter, another major grocery chain in the United States.<sup>49</sup> As of 2018, Kroger had 2,782 locations—far more than Lidl.<sup>50</sup> While Lidl found its cost savings by offering larger quantities of fewer products, Kroger took the opposite approach by carrying many variations of many brands.<sup>51</sup> Although both grocers offered private label brands, Kroger's private label items were priced 31 per cent higher.<sup>52</sup> Kroger's prices were more in line with other major grocery chains, such as Food Lion, and usually above Lidl's prices. Unlike Lidl, Kroger and Harris Teeter also advertised regularly on all types of media. Shortly after Lidl entered the market in 2017, Kroger sued Lidl for copyright infringement on its private label brands and logo. Kroger eventually decided to dismiss the case, and both parties agreed to pay their own legal fees.<sup>53</sup>

### **Amazon.com Inc. and Whole Foods Market Inc.**

Amazon acquired Whole Foods just after Lidl opened its stores in the United States. As a result of Amazon's news, grocery store openings dropped by 29 per cent, and some chains even considered filing for bankruptcy. Amazon's acquisition of Whole Foods came in response to data citing complaints of long checkout lines at grocery stores.<sup>54</sup> With Amazon taking over the ownership of Whole Foods, the prices of many products in Whole Foods fell.<sup>55</sup> The partnership also allowed Amazon to offer its Prime members 5 per cent cashback when using their Amazon Visa card in Whole Foods. Amazon planned to add more benefits for Prime customers in the near future. Through the Prime Now service, Amazon offered quick home delivery on thousands of different Whole Foods products. Another positive impact for customers was the ability to pick up and return Amazon purchases in all Whole Foods locations. Private label products, originally only available at Whole Foods, could now be ordered through Amazon and delivered straight to the customer's home.<sup>56</sup>

### **LIDL'S FUTURE IN THE U.S. MARKET**

In February 2018, Lidl's expansion target of 100 stores in the United States by summer 2018 was termed "aggressive" and "wildly optimistic." The initial launch in a highly competitive U.S. market was not as overwhelmingly successful as Lidl management had hoped, but it was not a closed chapter either.<sup>57</sup> A 2018 survey run by Statista found that only 4 per cent of respondents regularly bought food and products for everyday use from Lidl.<sup>58</sup> Over 4,000 respondents between the ages of 18 and 64 participated and were asked to specify from which store they regularly purchased food and products for everyday use. Results showed that Walmart was preferred by 69 per cent, Target by 37 per cent, Costco by 32 per cent, Kroger by 29 per cent, and Aldi by 26 per cent. With an abysmal 4 per cent, what could Lidl do to meet its U.S. market goals and expand into the future?

The authors would like to thank Eleftherios (Teddy) Smaragdis, Joseph Hanna, and Jamie Metreaud for collecting data for the case study.

## EXHIBIT 1: LIDL'S PRICES COMPARED TO COMPETITORS' PRICES

Food item	Milk (3.78 litres)	White bread	Potatoes (per pound)	Tomatoes (per pound)	Eggs (dozen)
Lidl	<b>\$1.03</b>	<b>\$1.05</b>	<b>\$0.49</b>	<b>\$1.45</b>	<b>\$0.99</b>
Aldi	\$1.99	\$0.85	\$0.49	\$1.59	\$1.29
Walmart	\$2.58	\$1.18	\$0.60	\$1.48	\$1.58
Kroger	\$2.49	\$0.85	\$0.50	\$1.49	\$1.59
Food Lion	\$1.99	\$0.76	\$0.51	\$1.49	\$1.29
Amazon	\$3.69	\$2.69	\$0.46	\$1.99	\$2.99

Source: Compiled by case writers.

## EXHIBIT 2: LOCATIONS OF LIDL'S U.S.-BASED STORES

North Chesterfield, Virginia—Mall Drive	Raleigh, North Carolina—Wake Forest Road	Virginia Beach, Virginia—Edison Road
Newport News, Virginia—Jefferson Avenue	Hampton, Virginia—West Mercury Boulevard	Richmond, Virginia—West Broad Street
Suffolk, Virginia—Harbour View Boulevard	Augusta, Georgia—Alexander Drive	Winston Salem, North Carolina—Fairlawn Drive
Greenville, North Carolina—East Firetower Road	Culpeper, Virginia—Brandy Road	Goose Creek, South Carolina—Saint James Avenue
Winston Salem, North Carolina—Sides Branch Road	North Augusta, South Carolina—East Martintown Road	Henrico, Virginia—Hermitage Road
Indian Land, South Carolina—Charlotte Highway	Virginia Beach, Virginia—Providence Road	Lexington, South Carolina—Sunset Boulevard
Thomasville, North Carolina—Randolph Street	Sanford, North Carolina—North Carolina Highway 87 South	Greenwood, South Carolina—72 Bypass North West
Rock Hill, South Carolina—Herrons Ferry Road	Dumfries, Virginia—Dumfries Road	Middletown, Delaware—Auto Park Drive
Richmond, Virginia—South Laburnum Avenue	Chester, Virginia—Iron Bridge Road	Manassas, Virginia—Sudley Manor Drive
Shelby, North Carolina—East Dixon Boulevard	Chesapeake, Virginia—Portsmouth Blvd	Virginia Beach, Virginia—Holland Road
Bowie, Maryland—Annapolis Road	Greenville, South Carolina—Wade Hampton Boulevard	Greenville, South Carolina—Woodruff Road
Danville, Virginia—Piedmont Place	Wilson, North Carolina—Raleigh Road	Concord, North Carolina—Christenbury Parkway
Woodbridge, Virginia—Tacketts Village Square	Kinston, North Carolina—West Vernon Avenue	Eatontown, New Jersey—New Jersey State Highway 35
Wake Forest North Carolina—South Main Street	Rockingham, North Carolina—United States Highway 74 Business	Florence, South Carolina—West Palmetto
Havelock, North Carolina—West United States Highway 70	Spartanburg, South Carolina—East Main Street	Ashburn, Virginia—Broadlands Boulevard
Newport News, Virginia—Warwick Boulevard	Morehead City, North Carolina—United States Highway 70	
Fredericksburg, Virginia—Plank and Gordon Road	Vineland, New Jersey—West Landis Avenue	
Fredericksburg, Virginia—Warrenton Road	Indian Trail, North Carolina—East Independence Boulevard	<b>A Few Upcoming stores</b>
Gastonia, North Carolina—East Hudson Boulevard	Rocky Mount, North Carolina—North Wesleyan Boulevard	Eatontown, New Jersey
Lexington, North Carolina—Fairview Road	Orangeburg, South Carolina—North Road	Union, New Jersey
Spartanburg SC—Warren H. Abernathy Highway	Norfolk, Virginia—North Military Highway	Hazlet, New Jersey

Source: "Stores," Lidl, accessed October 31, 2018, [www.lidl.com/stores](http://www.lidl.com/stores); "Grand Openings," Lidl, accessed October 31, 2018, [www.lidl.com/grand-openings](http://www.lidl.com/grand-openings).

## ENDNOTES

<sup>1</sup> This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Lidl Stiftung & Co. KG or any of its employees.

<sup>2</sup> Zlati Meyer, "German Market Chain Lidl Maps Its First U.S. Stores," *USA Today*, May 30, 2017, accessed April 15, 2018, [www.usatoday.com/story/money/business/2017/05/30/lidls-first-us-stores-carolinas-virginia/102307150/](http://www.usatoday.com/story/money/business/2017/05/30/lidls-first-us-stores-carolinas-virginia/102307150/).

<sup>3</sup> Heather Haddon, "Lidl Stores Gain Little Traction So Far in U.S.," *Wall Street Journal*, October 8, 2017, accessed April 15, 2018, [www.wsj.com/articles/lidl-stores-gain-little-traction-so-far-in-u-s-1507460402](http://www.wsj.com/articles/lidl-stores-gain-little-traction-so-far-in-u-s-1507460402).

<sup>4</sup> Ibid.

<sup>5</sup> Rachel Abrams and Julie Creswell, "Amazon Deal for Whole Foods Starts a Supermarket War," *New York Times*, June 16, 2017, [www.nytimes.com/2017/06/16/business/whole-foods-walmart-amazon-grocery-stores.html](http://www.nytimes.com/2017/06/16/business/whole-foods-walmart-amazon-grocery-stores.html).

<sup>6</sup> Walter Loeb, "Lidl Hits Roadblocks, Slows Expansion in the U.S.," *Forbes*, December 13, 2017, accessed April 15, 2018, [www.forbes.com/sites/walterloeb/2017/12/13/lidl-hits-roadblocks-slows-expansion/#657e804b7022](http://www.forbes.com/sites/walterloeb/2017/12/13/lidl-hits-roadblocks-slows-expansion/#657e804b7022).

<sup>7</sup> "The World Factbook: North America: United States," Central Intelligence Agency, last modified April 2, 2018, accessed April 15, 2018, [www.cia.gov/library/publications/the-world-factbook/geos/us.html](http://www.cia.gov/library/publications/the-world-factbook/geos/us.html).

<sup>8</sup> All currency amounts are in U.S. dollars unless otherwise specified.

<sup>9</sup> Ibid.

<sup>10</sup> "The World Factbook: Europe: Germany," Central Intelligence Agency, last modified April 17, 2018, accessed April 15, 2018, [www.cia.gov/library/publications/the-world-factbook/geos/gm.html](http://www.cia.gov/library/publications/the-world-factbook/geos/gm.html).

<sup>11</sup> "How Does German Economy Compare to United States Economy?," The Infographics Show, December 6, 2017, accessed April 23, 2018, [www.theinfographicsshow.com/home-1/2017/12/6/how-does-german-economy-compare-to-united-states-economy](http://www.theinfographicsshow.com/home-1/2017/12/6/how-does-german-economy-compare-to-united-states-economy).

<sup>12</sup> "Total Retail and Food Services Sales in the United States from 1992 to 2017 (in Trillion U.S. Dollars)," Statista, accessed April 23, 2018, [www.statista.com/statistics/197569/annual-retail-and-food-services-sales/](http://www.statista.com/statistics/197569/annual-retail-and-food-services-sales/).

<sup>13</sup> "Country Comparison," Hofstede Insights, accessed April 15, 2018, [www.hofstede-insights.com/country-comparison/germany,the-usa/](http://www.hofstede-insights.com/country-comparison/germany,the-usa/).

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Sarah Chaney, "U.S. Retail Sales End 2017 on Solid Footing," *Wall Street Journal*, January 12, 2018, accessed April 23, 2018, [www.wsj.com/articles/u-s-retail-sales-increased-0-4-in-december-1515763942](http://www.wsj.com/articles/u-s-retail-sales-increased-0-4-in-december-1515763942).

<sup>18</sup> Barbara Farfan, "2016 Retail Industry Snapshot: Overview Stats, Facts, Research & Data," The Balance Everyday, July 16, 2017, accessed April 23, 2018, [www.thebalanceeveryday.com/us-retail-industry-overview-2892699](http://www.thebalanceeveryday.com/us-retail-industry-overview-2892699).

<sup>19</sup> "Sales of the Leading Food and Grocery Retailers in the United States in 2018 (in Billion U.S. Dollars)," Statista, accessed April 23, 2018, [www.statista.com/statistics/240473/food-retail-revenues-of-the-leading-food-retailers-of-north-america/](http://www.statista.com/statistics/240473/food-retail-revenues-of-the-leading-food-retailers-of-north-america/).

<sup>20</sup> Warren J. Keegan and Mark C. Green, *Global Marketing*, 9th ed. (Boston, MA: Pearson Education, 2017).

<sup>21</sup> "Our History," Lidl UK, accessed April 15, 2018, <https://careers.lidl.co.uk/en/our-history-1819.htm>.

<sup>22</sup> "About Us," Lidl USA, accessed April 15, 2018, [www.lidl.com/about-us](http://www.lidl.com/about-us).

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

<sup>25</sup> "Sustainability," Lidl USA, accessed August 23, 2018, [www.lidl.com/sustainability](http://www.lidl.com/sustainability).

<sup>26</sup> Ibid.

<sup>27</sup> "Principles and Values," Lidl USA, accessed August 14, 2018, [www.lidl.com/about-us#principles-and-values](http://www.lidl.com/about-us#principles-and-values).

<sup>28</sup> "Lidl Exclusive Private-Label Wines Shine Bright at San Francisco Chronicle Wine Competition," Lidl US, press release, February 1, 2018, [https://assets.ctfassets.net/u41cm62nxt7/6x3zhqemPKyAqMw2s2e6SA/04630348de651c47e9501a5e3c8f478b/Lidl\\_US\\_Wine\\_Competition\\_Announcement\\_-\\_FINAL2.pdf](https://assets.ctfassets.net/u41cm62nxt7/6x3zhqemPKyAqMw2s2e6SA/04630348de651c47e9501a5e3c8f478b/Lidl_US_Wine_Competition_Announcement_-_FINAL2.pdf).

<sup>29</sup> "Quality Standards," Lidl USA, accessed August 14, 2018, [www.lidl.com/quality-standards](http://www.lidl.com/quality-standards).

<sup>30</sup> "Food Safety," Lidl USA, accessed August 14, 2018, [www.lidl.com/food-safety](http://www.lidl.com/food-safety).

<sup>31</sup> "Become a Lidl Supplier," Lidl USA, accessed August 14, 2018, [www.lidl.com/suppliers](http://www.lidl.com/suppliers).

<sup>32</sup> "Lidl US, *Lidl US Supplier Code of Conduct*, accessed August 14, 2018, [www.lidl.com/assets/LidlUSCodeofConduct.pdf](http://www.lidl.com/assets/LidlUSCodeofConduct.pdf).

<sup>33</sup> "Sustainability," op. cit.

<sup>34</sup> "Sustainability," op. cit.

<sup>35</sup> Ibid.

<sup>36</sup> Kacey Culliney, "Premium Price Wars: Lidl Undercuts Competition by as Much as 39%, Finds the Hartman Group," FoodNavigator-USA, October 5, 2017, accessed April 15, 2018, [www.foodnavigator-usa.com/Article/2017/10/05/Lidl-undercuts-competition-by-as-much-as-39-finds-The-Hartman-Group](http://www.foodnavigator-usa.com/Article/2017/10/05/Lidl-undercuts-competition-by-as-much-as-39-finds-The-Hartman-Group).

<sup>37</sup> Mike Timmermann, "New Study: Aldi, Walmart and Kroger Drop Prices When Lidl Opens Nearby," Clark Howard, January 17, 2018, accessed April 15, 2018, <https://clark.com/shopping-retail/food-restaurants/grocery-prices-lidl-vs-aldi-walmart-kroger-food-lion/>.

<sup>38</sup> Ibid.

<sup>39</sup> "Quality Standards," op. cit.

<sup>40</sup> Hayley Peterson, "America's Newest Grocery Store Chain Has an Advantage that Should Terrify Walmart," *Business Insider*, June 19, 2017, accessed April 15, 2018, [www.businessinsider.com/lidl-is-cheaper-than-walmart-and-aldi-2017-6](http://www.businessinsider.com/lidl-is-cheaper-than-walmart-and-aldi-2017-6).

<sup>41</sup> Janet Jones Kendall, "Why Does Lexington Need an Aldi AND a Lidl?," *The State*, October 25, 2017, accessed April 15, 2018, [www.thestate.com/news/business/biz-columns-blogs/shop-around/article180772901.html](http://www.thestate.com/news/business/biz-columns-blogs/shop-around/article180772901.html).

---

<sup>42</sup> Courtney Reagan, "If Your Town Has a Lidl, Your Grocery Prices Are Lower," CNBC, January 12, 2018, accessed April 15, 2018, [www.cnbc.com/2018/01/12/if-your-town-has-a-lidl-your-grocery-prices-are-lower.html](http://www.cnbc.com/2018/01/12/if-your-town-has-a-lidl-your-grocery-prices-are-lower.html).

<sup>43</sup> Ibid.

<sup>44</sup> Bryan Pearson, "German Lessons: What Walmart Could Have Learned from Lidl, and Vice Versa," *Forbes*, February 5, 2018, accessed April 15, 2018, [www.forbes.com/sites/bryanpearson/2018/02/05/german-lessons-what-walmart-could-have-learned-from-lidl-and-vice-versa/#6921347e138c](http://www.forbes.com/sites/bryanpearson/2018/02/05/german-lessons-what-walmart-could-have-learned-from-lidl-and-vice-versa/#6921347e138c).

<sup>45</sup> Peterson, op. cit.

<sup>46</sup> Kristin Zachary, "What's a Lidl? Here's the Scoop on Huge Grocery Chain Eyeing Major Expansion into Triad, United States," *Triad Business Journal*, April 8, 2015, accessed April 15, 2018, [www.bizjournals.com/triad/blog/morning-edition/2015/04/whats-a-lidl-heres-the-scoop-on-huge-grocery-chain.html](http://www.bizjournals.com/triad/blog/morning-edition/2015/04/whats-a-lidl-heres-the-scoop-on-huge-grocery-chain.html).

<sup>47</sup> "Supermarket Facts," Food Marketing Institute, accessed April 15, 2018, [www.fmi.org/our-research/supermarket-facts](http://www.fmi.org/our-research/supermarket-facts).

<sup>48</sup> Reagan, op. cit.

<sup>49</sup> Steve Watkins, "Kroger Eyeing Another Major Acquisition, Analyst Says," *Charlotte Business Journal*, January 16, 2015, accessed April 23, 2018, [www.bizjournals.com/charlotte/news/2015/01/16/kroger-eyeing-another-major-acquisition-analyst.html](http://www.bizjournals.com/charlotte/news/2015/01/16/kroger-eyeing-another-major-acquisition-analyst.html).

<sup>50</sup> "Number of Stores Operated by Kroger or Its Subsidiaries as of February 2018, by Category," Statista, accessed April 23, 2018, [www.statista.com/statistics/717760/kroger-operation-stores/](http://www.statista.com/statistics/717760/kroger-operation-stores/).

<sup>51</sup> Mary Hanbury, "A German Grocery Chain That's Coming to America Is Already Dominating Walmart on Prices — Here's Why It's So Cheap," *Business Insider*, July 2, 2017, accessed April 23, 2018, [www.businessinsider.com/how-lidl-keeps-its-prices-down-2017-6#1-most-of-its-products-are-private-label-brands-1](http://www.businessinsider.com/how-lidl-keeps-its-prices-down-2017-6#1-most-of-its-products-are-private-label-brands-1).

<sup>52</sup> Ibid.

<sup>53</sup> Kimberly Pierceall, "Kroger Ends Trademark Suit against Lidl US," *The Virginian-Pilot*, September 11, 2017, accessed April 23, 2018, [https://pilotonline.com/business/consumer/article\\_6bbafbcda-dd73-5beb-888b-44d77368469d.html](https://pilotonline.com/business/consumer/article_6bbafbcda-dd73-5beb-888b-44d77368469d.html).

<sup>54</sup> Lauren Thomas, "Amazon Wasn't Alone in Investing in Grocery Stores Last Year," CNBC, February 27, 2018, accessed April 23, 2018, [www.cnbc.com/2018/02/27/amazon-wasnt-alone-in-investing-in-grocery-stores-last-year.html](http://www.cnbc.com/2018/02/27/amazon-wasnt-alone-in-investing-in-grocery-stores-last-year.html).

<sup>55</sup> Sebastian Herrera, "A Year After Amazon Deal, How Has Whole Foods Changed?" *Statesman*, September 24, 2018, accessed September 24, 2018, [www.statesman.com/news/20180917/year-after-amazon-deal-how-has-whole-foods-changed---](http://www.statesman.com/news/20180917/year-after-amazon-deal-how-has-whole-foods-changed---).

<sup>56</sup> Nick Wingfield, "Here's How the Amazon Takeover Has Changed Whole Foods—So Far," *Boston.com*, March 1, 2018, accessed April 23, 2018, [www.boston.com/news/food/2018/03/01/amazon-whole-foods-changes](http://www.boston.com/news/food/2018/03/01/amazon-whole-foods-changes).

<sup>57</sup> Hanbury, op. cit.

<sup>58</sup> "From Which of These Stores Do You Regularly Buy Food and Products for Everyday Use?," Statista, accessed October 1, 2018, [www.statista.com/forecasts/805858/popular-stores-for-buying-food-and-products-for-everyday-use-in-the-us](http://www.statista.com/forecasts/805858/popular-stores-for-buying-food-and-products-for-everyday-use-in-the-us).