

Growth Advisory Update – The Flyer as a Growth Driver



Traffic and Basket Building Week 2 June 2017



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A perspective on how the LIDL flyer is driving innovation in the trip experience

Weekly Ad – June 22 – 28, 2017

The LIDL weekly ads are clearly different than other retailers' weekly ads. They start out their ads reminding shoppers to "rethink grocery". The ad layout clearly demonstrates week part offers for food coupled with lifestyle, event, and occasion merchandising. The food offers are the basics of everyday living – both fresh and center store. The lifestyle offers in this flyer introduce the consumer to a "Greek eating festival" – the ad itself clearly demonstrates category authority in Greek eating. The Fourth of July offer clearly offers the shopper a one-stop shop for a holiday event and/or picnic. And the summer wear and summer experience offers are well positioned to help shoppers realize their outdoor summer dreams – all cost effectively.

Overall, this weekly flyer is well constructed, has powerful imagery, outstanding pricing, and reminds shoppers that they can enjoy their summer through LIDL.

1. Week part merchandising reminding shoppers that LIDL deals help them live better all week long with quality at a lower cost.



- **SUMMARY OBSERVATION: They lead off with fresh items coupled with prices including promotional discounts, telling a powerful "Quality for Value" story.**

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- In the ad itself they provide a clear focus on fresh and have identified the “fresh 5” specials – again, week part merchandising.

- SUMMARY OBSERVATION: It's all about the basics of fresh and perishables. The simplicity of this page is remarkable. Meat, fresh vegetables, and fruits – again, price and discounts are clear, making the shopper decision quite easy -- “what’s for dinner” is easily understood.***

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2. Introducing a “Greek Fest” clearly gives the LIDL shopper meal ideas and flavor/taste differentiation for the week.

The flyer features a 'Greek Fest' theme with the following items and prices:

- ENJOY THE FLAVORS OF GREECE** (Main headline)
- Starting Thursday 6/22 - while supplies last** (Left banner)
- Starting Thursday 6/22 - get 'em while they last** (Right banner)
- halloumi grilling cheese**: \$4.99* (NET WT. 7.94 oz. (225 g))
- pastry with spinach and cheese filling**: \$4.99* (NET WT. 35.3 oz. (1.0 kg))
- original feta cheese chunks in brine**: \$5.99* (NET WT. 21.1 oz. (600 g))
- goat cheese slices in brine**: \$4.99* (NET WT. 14.3 oz. (405 g))
- filled pastry swirls**: \$3.99* (NET WT. 24 oz. (680 g))
- Zeus' tzatziki marinade flat iron beef steaks**: \$6.99*/lb (NET WT. 1.08 lb. (490 g))
- spreads with feta cheese**: \$1.99* (NET WT. 6.7 oz. (190 g))
- pastry with Lemon and Cheese Filling**: \$4.99* (NET WT. 35.2 oz. (1.0 kg))
- filled pastry swirls 4pc**: \$3.99* (NET WT. 24 oz. (680 g))
- USDA CHOICE** logo

- **SUMMARY OBSERVATION:** *It appears the approach LIDL is executing in lifestyle merchandising is to own a lifestyle for the week. From our perspective, it is a very unique way to both differentiate in the market, as well as provide a level of unexpected innovation to the shopper.*

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- The range of unique Greek items is extensive from meal ingredients, to hor'dourves, to nearly prepared dinners, to desserts. They create a total Greek food experience.

Starting Thursday 6/22 – get 'em while they last

Starting Thursday 6/22 – get 'em while they last

featured calamari rings
 • frozen
 • 24.7 oz.
 No. 20394

\$5.99* e.o.

ERIDAN@US
 Calamari - Squid Rings
 NET WT. 24.7 oz. (1 LB 8.70 OZ.)

\$5.99* e.o.
 greek extra virgin olive oil
 • product of Greece
 • first cold pressed
 • 25.6 fl. oz.
 No. 20376

\$3.99* e.o.
 kalamata extra virgin olive oil
 • product of Greece
 • 16.9 fl. oz.
 No. 20377

ERIDAN@US
 SOUVLAKI DINNER KIT WITH 6 FLOUR TORTELLA WRAPS, LEMON DILL SAUCE AND SOUVLAKI SPICE MIX. ADD MEAT AND TOPPINGS.
 1 oz. (365g)
featured
\$2.99* e.o.

\$1.99* e.o.
 wine leaves stuffed with rice
 • product of Greece
 • 9.9 oz.
 No. 20353

ERIDAN@US
 Wine Leaves Stuffed with Rice

\$1.99* e.o. ADD ITEM
 greek tomato sauces
 • choose from tomato sauce with feta cheese or grilled eggplant
 • product of Greece
 • 10.2 oz.
 No. 20355

ERIDAN@US
 Smoked Tuna in Oil
 • choose from mediterranean style or salted
 • product of Greece
 • 5.64 oz. net weight
 No. 20356

ERIDAN@US
 Sundried Tomato Stuffed Olives
 • choose from green or kalamata sundried
 • tomato stuffed olives
 • product of Greece
 • 12 oz. net weight
featured
\$3.49* e.o.

ERIDAN@US
 Green Pitted Olives
 • product of Greece
 • 56 oz. net weight
 No. 20379

\$7.99* e.o.

\$2.49* e.o.
 greek stuffed peppers
 • choose from hot red chili, hot pickled green chili, or hot green chili peppers
 • product of Greece
 • stuffed with cheese
 • 9.52 oz. net weight
 No. 20364

\$1.99* e.o.
 bulgur wheat
 • durum wheat
 • product of Cyprus
 • 17.6 oz.
 No. 20360

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- SUMMARY OBSERVATION: Again, from our perspective, no competitor has this range of Greek merchandise in the market – at least not in the way that LIDL does. The change we observed in the Grand Opening Flyer and the Week 2 Flyer was quite interesting. The Grand Opening Flyer focused on how to shop at LIDL. The Week 2 Flyer focused on multiple levels of merchandising innovation – quality at a lower cost.**

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- Overall, the Greek food experience is on six pages of the weekly flyer. To the shopper, this level of merchandise choice clearly demonstrates lifestyle authority.



- SUMMARY OBSERVATION: The approach LIDL uses in telling and educating the market on Greek eating is spectacular. It is broad ranging, the product images across the lifestyle category are highly consistent and look as if they are integrated, ensuring the shopper has a marvelous Greek dining event. If this is the go forward approach on lifestyle merchandising innovation, other retailers are going to be challenged in their go-to-market offers – LIDL is selling intrigue and excitement – not just products on a page.**

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- 4. And they begin the Fourth of July Holiday by setting the stage for both home decoration and holiday personal wear.

Starting Thursday 6/22-get 'em while they last

stars, stripes & savings

Starting Thursday 6/22-get 'em while they last

ESTIMO fashionable tunics
 • choose from a variety of styles and colors
 • made of easy-care, dry clean
 • sizes 4-12
 No. 281212
\$12.99*

ESTIMO men's americana socks
 • men's sock set
 • made with 7% cotton, 1% polyester and 2% Elastane
 No. 281213
\$2.99* / pair

ESTIMO canvas shoes
 • choose from a range of colors
 • soft fabric lining and athletic color rubber sole for comfortable wear
 No. 281214
\$9.99* / pair **featured**

framed burlap flag
 • dimensions: 14.5" x 26.2"
 • material: burlap, wood and MDF
 No. 281215
\$15.99*

americana wooden wall plaques
 • dimensions: 12.5" x 18"
 • material: MDF
 No. 281216
\$14.99*

patriotic banner
 • stars and stripes inspired banner and flag
 • length: 72"
 No. 281217
\$5.99* / pack of 2

patriotic bunting
 • stars and stripes inspired banner and flag
 • dimensions: 18" x 36"
 No. 281218
\$5.99* / pack of 2

ESTIMO handbags
 • choose from a range of styles and colors
 • an all-occasions fashion accessory
 No. 281219
\$19.99*

ESTIMO dresses
 • choose from navy and off-white/navy striped colors
 • elegant leisure wear
 • sizes 4-8
 No. 281220
\$14.99*

painted flag men's boxers
 • made of 100% cotton jersey
 • men's sizes 4-8
 No. 281221
\$4.99*

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- **SUMMARY OBSERVATION: As you will see this is but the first merchandising element of a LIDL offer for a wonderful and complete Fourth of July celebration.**

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- This is followed by the “Party Experience”, offering items that help shoppers celebrate the Fourth of July seamlessly.

Starting Thursday 6/22-get 'em while they last

party in the U.S.A.

picnic picks all 89¢*

- napkins and plates: 99¢/pk
- divided round plate sets, 1 count
- 22 oz. plastic tumblers, 4 count
- 44 oz. bowls, 2 count
- 2 quart pitcher, 1 count
- 6 quart serving bowl, 1 count
- 21 oz. bowls, 3 count

Starting Thursday 6/22-get 'em while they last

- kitchen sets: \$8.99*/set
- Annin american flag with pole: \$6.99*
- tablecloths: \$3.49*/pk
- Pan De Oro red, white & blue organic corn tortilla chips: \$1.99*/pk
- Campfire red, white & blue roasters: \$1.49*/pk
- patriotic mesh wreath: \$12.99*/pk
- Loft House frosted sugar cookies: \$2.99*/pk
- Firecracker popicles: \$3.49*/pk
- americana throw pillow: \$5.99*/pk

- SUMMARY OBSERVATION: LIDL started with the home and the person and continued with decorating the table and placing on it a few food basics.**

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4. And finally, they offer merchandise to ensure that the Fourth of July food has a way to be properly cooked.

Starting Thursday 6/22-get 'em while they last

Starting Thursday 6/22-get 'em wh

barbecue accessories

- choose from four double skewers, 8 corn cob holders, bbq blower, or telescoping barbecue fork
- durable stainless steel material

\$3.99*

grilling accessories

- choose from charcoal basket, hamburger press, chicken griller, or grill basket
- durable stainless steel material

\$5.99*

3-in-1 grill brush

- stainless steel scraper with wire brush and sponge

\$2.99*

grill plates

- choose from poultry, round, large or small grill plates
- perfect for grilling or roasting

\$4.99*

wireless meat thermometer

\$12.99*

get 'em while they last

featured

\$79.99*

ventilated charcoal grill

- choose from red or green styles
- with active ventilator
- perfect roasters within minutes
- double shelf, cooking grate, includes tote bag

- SUMMARY OBSERVATION: From our perspective, these last three ad pages reflect superior 360° event/holiday platform merchandising. A one-stop shop to buy all of your Fourth of July needs – again, simple, very cost effective, easy to shop, and reminder based. Pages are not crowded – they convey a story of a seamless shopping experience with solid shopper-tuned choices.**

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- The seasonal offers are compelling with a number of activity based merchandising offers for all family members – both young and old.



- SUMMARY OBSERVATION:** *The LIDL messaging is spectacular – all about needs and usage states for the entire family. This merchandise is in the “Surprise” section of the store, and even though LIDL is a grocery store, the advertising has the look and feel of an upscale retailer to some degree.*

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6. From Week 2 of LIDL in the US Market, it appears that their weekly flyers are designed to both increase trips as well as build baskets. And from our initial analysis, the format, content, messaging, and imagery seems to be hitting the mark from a differentiation perspective.



7. Summary Recommendations:

- In response to market entry, **RETAILERS** should at the very least consider the following:
 - Avoid an all out price war. Yes, shoppers of a specific nature are going to LIDL, but not every shopper will go there. Perhaps a better strategy would be to optimize pricing on the items that are most important to your shoppers – 500 to 1000 maximum. And then use the rest of the banner experience to drive traffic and baskets.
 - Make merchandising platform innovation a new core competency. WIN by helping shoppers shop SMARTER, SIMPLER, and MORE EFFECTIVELY during every transaction they have with you, regardless of how they purchase.
 - Revisit your private label offering. Are your current private label efforts in the right categories? Does your current private label packaging differentiate enough? Is your private label offer positioned with the optimum price/pack architecture? And, is there a potential to develop a premium/super-premium, and/or ultra-premium private label offer for your shoppers? Private label will be a key differentiator against LIDL. Partner on private label innovation where needed.
 - Intensify the use of data and analytics to understand and react to changing shopper behaviors – and most importantly model predictive changes in your shopper behaviors. And use these predictions to anticipate your banner’s shopper responses.
- And **CPG MANUFACTURERS** should consider the following:
 - Do not over react to new pricing demands – dusting off the brand marketing capability inside a manufacturer is critical. LIDL does not just compete on price – it ultimately competes on “quality per dollar delivered” to the shopper. They are positioning their brands as high quality at a lower cost. The question for manufacturers: “What changes in your brand(s) will provide the most leverage as both LIDL’s private label, and private label across all of retail further develops?”
 - Ensure that specific capabilities are used to guarantee profitable retailer specific investment strategies: price optimization, assortment optimization, marketing effectiveness, trade and promotional effectiveness, price/pack architecture innovation, shopper marketing, and brand loyalty innovation.