

## ***Growth Advisory Update –The Return of the Shopper***



### ***Shopper Focus Groups June 2017***



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# Why did shoppers come back?

## ***Two focus groups reflecting on their original and follow up LIDL Experiences***

The balloons are gone, the media hype has slowed, and the in-store experience is returning to normal everyday food shopping. Through relationships developed the Grand Opening week, we followed up with 12 shoppers who came back to LIDL for a second shopping trip.

The focus groups were comprised of nine women and three men whose household incomes were under \$55K. Eight of the women were shopping for their households (household sizes averaged two adults and one child) and two of the men were single person households, with the third man doing the shopping as a single parent household. All of the focus group members lived in suburban to rural communities and all indicated they were struggling financially to some degree.

The following paragraphs summarize their LIDL experience one week later.

### **1. After shopping last week at LIDL what were your key takeaways?**

- *Last week's experience was exceptional. From the time we entered the store until we checked out, there were always interesting things that caught our attention.*
- *The store was friendly and simple to shop. LIDL made choices easy.*
- *We went to the store because of the media hype and thought this was going to be yet another grocery store. Were we ever surprised. From the time we entered the store until we left, this store was unlike any grocery store we have ever experienced. We definitely made the decision on the spot to go back.*
- *The product and price comparisons were awesome. We had a short list that we buy weekly, and made the decision to buy that list at LIDL. We saved nearly 50% on that list. And when we went home and used the products they were excellent.*
- *LIDL lived up to their promise of being an exciting place to shop –and the values we saw were simply excellent.*
- ***SUMMARY OBSERVATION: Nearly 100% of the focus group indicated that their LIDL experience was Very Good to Excellent. And, after their first visit decided that they would return on the next visit to try additional categories.***

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### 2. What are the key differentiators at LIDL that will drive you to keep going back?

- *The prices and value delivered. We were amazed as to how far we could stretch our dollar at LIDL.*
- *Their bakery was awesome. The “Surprise” area of the store really caught our attention. The fresh and perishables section of the store was outstanding – although we would like to have been able to see more selection.*
- *The ease and simplicity of shopping – choices were simpler than in traditional grocery stores. In most cases there were two choices –a National Brand and a LIDL Brand. For us it came down to “can we trust the LIDL Brand?” It would be fair to say that we had some concerns –but when we got home and tried the products, they were great and we were not disappointed. It just proved to us that “you can buy quality for a cheaper price”. It made us wonder about why we stuck with National Brands so long.*
- *Most of the store feels like it was built for the “locals”. I loved the fact that local farmers had their products in the store. It made me feel as if my dollars were going to support my local community.*
- ***SUMMARY OBSERVATION: Shoppers quickly changed their “multiple levels of skepticism” regarding LIDL, moving to “appreciating LIDL’s attention to detail and simplicity including feeling local.” It appeared that during this first trip, an initial wave of LIDL loyalty began to develop.***

### 3. Tell us about the purchase decision process you went through regarding the LIDL Brand products.

- *We had never seen these products before, so we really did not know what to expect. But the comparative displays were outstanding. In several cases we saw a National Brand at a specific size priced aggressively at LIDL (we know this because we do a lot of on-line price comparisons on a pretty regular basis). This National Brand was displayed right next to a LIDL Brand, which was larger in size at about half the price. This caused us to pause and ask ourselves the question “should we try this and see how good it is?” Simply stated we were delighted with the LIDL products we purchased and are going back for more.*
- *For so many years we had purchased our regular brands – brands we have trusted, in some cases for nearly forty years. So when we saw the LIDL Brands in the store, even though the prices were unbelievable, we were very skeptical of the quality. My husband and I agreed that we would try a few items that we could afford to replace if they were not as good as the brands we typically purchased. We made dinner that night with a number of LIDL items, and the meal was excellent (the vegetables were fresh and tasty, the meat was tender, and the canned goods had great flavor).*
- *We have always been skeptical about store brand products. Generally in the past when we have purchased them, we have been disappointed with both the quality and the taste. That was not the case here – both the quality and the usage results were excellent – the laundry soap we purchased for half price worked very well – clothes came out white.*
- *The packaging was outstanding – many of the LIDL Brands looked quite similar to the brands we usually purchased. We really liked the signage which explained what we were buying as well as the value being delivered.*
- ***SUMMARY OBSERVATION: With regard to private label, the shoppers clearly saw the price value relationships offered under the LIDL Brand. It became clear during the focus group conversations, that shoppers’ decisions were at least partially changed as a result of the “value for dollar spent” equation being offered by LIDL. And in some cases because the LIDL packaging was so close to National Brands, the appearance gave some comfort in the decision to switch to the LIDL Brand. Shoppers told us that they plan to continue to “experiment” with the LIDL Brand in additional categories in the coming weeks.***

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### 4. Where did LIDL disappoint you as a shopper?

- *The fresh and perishables section of the store was ok, but had a pretty restricted selection – however, they clearly had the basics. If I want specialty items I will either go to my regular grocer and/or a farmers market. Simply would like to have seen a little more choice. Quality appeared to be good for the price – and when we cooked, it was pretty good.*
- *What we noticed was that the product was constantly being restocked so the shopper had a choice of picking. Since our first trip was on opening day, we hope that the restocking continues.*
- *Too much space on health and beauty items -- and in many cases, they simply did not shop that section of the store.*
- *The parking lot was way overcrowded – hope that this improves over time.*
- **SUMMARY OBSERVATION: Shoppers were generally pretty satisfied with their Week 1 LIDL experience. We received a number of comments regarding fresh and perishables – some on quality and some on assortment – but nothing that caused the shopper to not continue shopping at LIDL. Over the next 30 –90 days we will continue to monitor and report on this issue.**

### 5. What would it take for you to go back to your regular grocery store instead of coming back to LIDL?

- *We have not stopped shopping at our regular grocery store. They have a butcher who we have known for a long time who knows exactly the cuts of meat we like. We are willing to pay a little more – and we know exactly what we are buying. More importantly, our butcher knows meat well and often gives us tips on both what cuts to buy as well as how to prepare. From the perspective of going back to our original grocer for everything, if LIDL prices continue as they are today, our regular grocer will have to match the prices pretty closely. Additionally, they are going to have to make the shopping experience much simpler than today. We really liked the simpler shopping format of LIDL.*
- *Don't know yet. We liked LIDL and plan to go there on a regular basis. They provide a pretty good value for the price. While we were there last week we did sort of a “CLUB” run only at LIDL. With the prices we saw, it was pretty easy to buy in bulk in a much smaller store and without a membership.*
- *We found the “surprise section” of the store pretty interesting. Our regular grocer recently added clothes, has some outdoor grilling items, etc. But nothing like LIDL. This alone makes us want to go back to LIDL on a pretty regular basis.*
- *We are not going to stop going to our regular grocer – but clearly we get better value at LIDL. Most likely we will continue to purchase certain categories at our regular grocer – but we believe more of the basics might move to LIDL over time.*
- *Not sure if our regular grocer can get our business back. Their service levels have been eroding, many of the in-store associates do not know much about the products and when we ask for recommendations, they read the label just as we do. The answer is simple for us – “improve the in-store experience, improve the service model with knowledgeable associates, and help us shop the store easier.” If you can't do that, why would we pay more for a similar item in a store that is not simpler to shop?*
- **SUMMARY OBSERVATION: LIDL initially caught shoppers' attention. Will it keep their attention? Unsure. However, if shoppers do return to their regular grocers, they are expecting a shopping experience that is EASY, EXPERT, and FAIR. As a point-in-time perspective, initial shopper beliefs suggest that the LIDL store is EASY TO SHOP; in-store signage provides a basic level of EXPERTISE; and without question HIGHLY TRANSPARENT MARKET LEADING PRICING.**