LIDL – Doing Things Differently in Grocery Retailing

LIDL is anything but a traditional grocery store – they have uniquely positioned themselves in the initial markets they have entered as an alternative to traditional grocery. Their tagline is asking shoppers to “Rethink Grocery” and from initial shopper reactions from the Grand Opening to three weeks later as shoppers are settling into the LIDL experience, they are clearly disrupting the traditional grocery shopping experience.

For this Growth Advisory Update, we thought we would go back to the LIDL pre-Grand Opening communication – their first issue of the quarterly LIDL Magazine – Issue 1 – June 15 – August 31. We wanted to take each of our readers through the comprehensiveness of their shopper communications strategy. Without question, the summarized following pages are going to paint a picture of a different grocery shopping experience.

Brendan Proctor, the LIDL US CEO, starts off the first issue of the LIDL magazine by recognizing the efforts of the hundreds of LIDL US employees who have made the launch of their US business a resounding success from a timing and market positioning perspective. Additionally, he clearly articulates the LIDL value creation story, in very simple terms telling every reader why LIDL is different – no hype – just simple facts to create in the shopper mind why to come and shop at LIDL.

“We do things differently at LIDL. Shoppers are going to experience less complexity, lower prices, better choices, and can shop with better confidence – this is grocery rethought.”
In their launch, LIDL made a significant effort to inform the consumer/shopper about LIDL, helping them understand what to expect in the store, providing a simplified the in-store shopping experience through a well defined store layout, articulating clearly the LIDL product promise, and helping shoppers understand how to purchase products with increased confidence. All of these communication efforts were tightly integrated providing to the shopper a “seamless” understanding of LIDL, including the confidence of coming to try LIDL as a grocery alternative.
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SIMPLE, SIMPLE, SIMPLE. Six aisles, well understood aisle offerings, a focus on the emotional purchases – FRESH, SPECIALS, and BAKERY and FLOWERS, expert advice as demonstrated in wines, a return to shopping excitement through the “Surprise Aisles”, and theme week innovation. The LIDL message – we have the basics for the entire shopping experience plus more.
THE GRAND TOUR – LIDL made a significant effort to help shoppers understand the promotional offers that LIDL brings to the market on an ongoing basis.

- It all starts with Fresh, where LIDL features five specific fresh items in two specific week parts (Thursday – Sunday and Monday-Wednesday).

- LIDL features (with a very high degree of cuisine authority) flavors from around the world. When they feature a world cuisine, they own that cuisine for the week. And they keep introducing the local market to “ongoing flavor innovation”.

- Their “Surprise” section of the store is all about helping shoppers splurge a little with innovative lifestyle purchases using selective LIDL private brands and general merchandise.

- Specials – weekly hand-selected specials to further provide value to the shopper on an ongoing basis.
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**LIDL Logos to Look For** – “How we save you time (and money)” – a spectacular way to communicate the importance of LIDL private label, for both the shopper as well as LIDL.

- Curated assortment – simplifying the choice debate – and realizing a great price
- Checkout line management – more time to spend on the things you want to do
- In-case produce – less handling, better quality, all at a lower price
- Cross-trained employees – people who can really answer your questions
- Standard store layout – no wasted “hunting time” – always in the same place
- Data-driven tasks – scheduling store tasks when you are not there

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**The Lidl Way**

<table>
<thead>
<tr>
<th>What it means</th>
<th>For you:</th>
<th>For us:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Curated assortment</strong></td>
<td>Our product selection is carefully curated to offer only that items are considered top quality and best value.</td>
<td>You spend less time deciding which to buy. Who needs to spend precious shopping time on the wrong products? We do that for you.</td>
</tr>
<tr>
<td><strong>Line management</strong></td>
<td>When our checkout lines start to get long, we open another checkout.</td>
<td>Less time waiting in line, which means more time doing the things you enjoy.</td>
</tr>
<tr>
<td><strong>In-case produce</strong></td>
<td>Instead of stacking produce in fancy displays, we leave it in the cases it arrives in.</td>
<td>Less handling of your produce and lower prices. Fewer people will touch your apples or oranges, and you won’t have to answer the same questions twice.</td>
</tr>
<tr>
<td><strong>Cross-trained employees</strong></td>
<td>Our staff trained to work in any and all departments.</td>
<td>You can ask any employee any question and spend less time waiting to someone to help you.</td>
</tr>
<tr>
<td><strong>Standard store layout</strong></td>
<td>Every Lidl store uses the same tile layout for organizing products.</td>
<td>No more wasting time hunting for your favorite items. It’s in the same place across store. They know it, too.</td>
</tr>
<tr>
<td><strong>Data-driven tasks</strong></td>
<td>We use data to schedule conference room tasks, such as meetings and inventory to take place during low-traffic shopping hours.</td>
<td>You won’t have to employees while shopping our aisles so you can get your shopping done quickly.</td>
</tr>
</tbody>
</table>

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LIDL – Doing Things Differently in Grocery Retailing

“The Shopping Bag 411” – How to pack your shopping bags like a pro.

- Fruit, cereal, eggs, milk—your essential, your extras, and then some. At LIDL, it’s up to you to get those goodies from your cart into your bags, and here are a few simple tips to make loading those shopping bags easy and efficient (without any broken eggs). Here’s a hint: You have to think from the bottom up.

- Top: Don’t crack the egg! Place lightweight items at the top of your bag to prevent them from breaking. Place heavier items such as cereal or crackers around the perimeter of the bag.

- middle: Use corinbow products and vertically stack items near the perfect fit for your shopping bag sandwich.

- bottom: Items with a solid foundation. Control foods and heavier items make a great base layer for getting your grocery home without hassle.

Three Great Reasons to Bring Your Own Bag

1. **The savings are in the bag.**

   There’s no such thing as a free bag. We don’t want you to waste your money on plastic bags anymore. You’ll save money on reusable bags and save the planet.

2. **Protect your world.**

   According to the Environmental Protection Agency, consumers in the United States use more than 100 billion plastic bags a year. Those bags require 1.5 million tons of oil to create per year. Giving reusable bags can save 20,000 trees and 1,000 pounds of trash each year.

3. **Shop with confidence.**

   Who has ever worried about an epic plastic bag fail? The extra structural integrity of reusable shopping bags decreases the chances that an entryway or trash can will collapse on your spotless kitchen floor.

About Our Mobile App

- Check out LIDL’s app, your new shopping buddy, for tons of helpful features.

- Collaborative shopping lists that automatically sync with your family and friends.

- Shopping lists that can be accessed as a list or photo reminders.

- Check product availability.

- Easy access to weekly offers.

And the LIDL mobile application – LIDL positions this application as your new shopping buddy with features such as collaborative family and friends shopping, personalized shopping lists which can be viewed as a list or photo reminders, reliable product availability in store, and seamless access to weekly offers.

Education is at the core of the LIDL experience helping shoppers make more informed, highly simplified, and cost effective decisions.

“Rethinking how to pack a shopping bag” – The simplicity of both reminding experienced shoppers how to optimize packing their shopping bags, as well as educating new shoppers on “best practices” in shopping bag packing, is part of the LIDL simplified shopping experience.

Their tag line – “Bag Like a Pro”.

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“Go Local” – The promise of farm-to-store freshness is at the very core of the LIDL fresh promise. Inside the store, LIDL communicates its ongoing commitment to local sourcing of sustainable products.

In the store they highlight where many of their fresh products are sourced from, confirming to the shopper that they are providing the freshest produce, grown in sustainable conditions, at the lowest prices, through local farmers and growers.

Again, simple messaging on the LIDL fresh value proposition to the shopper.
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“Redefining the Meat Experience” - a LIDL strategy to differentiate in one of the most emerging competitive departments of grocery retailing.

Growth Advisory Update – The Guide to Shopping at LIDL
LIDL – Doing Things Differently in Grocery Retailing

“Prolonging Produce in the Refrigerator” – As indicated earlier, LIDL is all about delivering value for every dollar spent – every day, in every shopping experience.

They clearly achieve that goal in the store – with education, they are helping shoppers learn how to reduce waste at home by better managing their fresh purchases.

Their messaging is quite clear – no matter what item you purchase in fresh, we will help you keep it longer in your home, thereby getting better value from your LIDL shopping experience.

Again, simple messaging on the LIDL fresh value proposition to the shopper.
“Every step in product quality certification makes a difference” – LIDL
has and continues to use certification as a way to communicate quality at a low price. Their certification standards are at the core of their mission statement and form the basis for how they provide transparency around their sustainability initiatives. LIDL is attempting to clarify and simplify labeling for the shopper.
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“We have shopped at our traditional grocer for almost thirty years.

After four trips to LIDL in the past three weeks, we will be using LIDL for most of our regular grocery purchases.

We basically get the same products at half the price – they are great quality – and we have not been disappointed to date”.

-- A focus group LIDL Shopper

**Summarizing the LIDL Experience** – Simple to shop, easy to navigate, both within the store and with their mobile application, extreme clarity around price to value relationships, simplified choices, local merchandise, solid alignment with the community, and well trained and helpful associates.

Basically – *“GROCERY RETHUGHT”*. 
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How do you compare: (Score on a scale 1-5 – 5 is best)

This short exercise helps understand how to play in a retail landscape where LIDL is a new competitor. We encourage using the assessment to help strategize and prioritize where to invest in real growth initiatives. LIDL will continue to refine their offer/shopper experience.

<table>
<thead>
<tr>
<th>Shopping Experience Metric</th>
<th>Our Rating of LIDL</th>
<th>Your Rating of LIDL</th>
<th>Rating Your Banner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telling the story of what the banner stands for with simplicity</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extreme clarity around price to value for the shopper</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simplified, easy to navigate store layout and experience</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Clarity around promotions to help shoppers understand what to expect</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educating shoppers on how to shop your stores</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local community connection - both employee and sourcing</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clarity in differentiating the fresh offer</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clarity in differentiating the meat offer</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledgeable and helpful associates</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clutter-less stores during peak shopping times</td>
<td>4</td>
<td></td>
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