

**Supermarkets: Lidl**

Student's Name

Institutional Affiliation

Course Number and Name

Instructor's Name

Due Date

## **Supermarkets: Lidl**

The case study provided focuses on Lidl Supermarket and other stores competing with it in the industry. Due to the evolving world, there is a need for supermarkets to make changes to meet the requirements of all the stakeholders in the next five years. The coronavirus pandemic has forced supermarkets to implement measures for supporting people. The changes in the supermarket industry are necessary to ensure competitive advantage and service to all the important stakeholders.

### **Changes to Meet the Requirements**

There are different ways in which the supermarket industry must change to meet the requirements of all the stakeholders in the next five years. Supermarkets must engage in mergers and market consolidation (Center for Future Studies 2019). It will ensure that manufacturers, distributors, and retailers or wholesalers work closely to meet the requirements of stakeholders. Leading supermarkets can work together, and medium-sized supermarkets can be acquired to increase product offerings. It can be seen in the case study where Sainsbury's and Alda merged to gain a competitive edge over discount supermarkets. While the merger was effective, it did not succeed because there was intense competition. The goal of the merger was to beat Lidl as opposed to working with it. Therefore, when supermarkets work together, they will meet the requirements of all stakeholders in the next five years.

More supermarkets will have to offer discounts on their products. While shopping will increase, the goal of customers today is to save as much money as possible (Supply Management 2017). Only supermarkets that offer discounts will get the largest share of the market in the next five years. In the case study, Aldi and Lidl are supermarkets with lower prices on their products

when compared to other supermarkets in the same chain. It is as a result of the discounts that Lidl has a 5.8% market share on its grocery offerings. On the other hand, Aldi has an 8% market share. Lidl and Aldi have experienced an increased market share over the years as a result of the discounts on basic products. Based on this, major supermarkets will be forced to cut prices in the future (Supply Management 2017). Sales will also increase significantly in the next five years.

Supermarkets will have to open convenience stores around the country to ensure that more customers are reached. The majority of customers or shoppers today are not interested in visiting the big stores (Saut 2020). As a result of economic challenges, and especially, in the course of the coronavirus pandemic, the majority of individuals prefer only to shop a few items that they need. Apart from this, they do not want to shop outside of their localities, and they only shop once in a while.

Another important factor to be considered is the customer preferences today in which planning for food or other basic needs is not done (Saut 2020). In the case study, Lidl Supermarket has taken the initiative to open 40 convenience stores across the country. Therefore, customers in areas such as Central London, Watford, and East Acton will have a variety of product offerings that will meet their needs. In the next five years, there will be an increase in sales in convenience stores. Customers will not shop in big stores. Today, the majority of items are bought in supermarkets. For example, a large part of the population is still buying their groceries in big supermarkets (Supply Management 2017). However, there has been a decline in the number of customers that visit the big stores. In the case study, supermarkets such as Morrison's, Sainsbury's, and Asda have recorded a decline in their market share due to a reduced number of customers visiting the stores. Such big supermarkets have recorded a drop in sales. In

the next five years, big supermarkets have to take actions, such as contracting more retailers or opening more stores (Supply Management 2017). In the case study, Lidl is already opening more stores and promoting the retail sector. It has closed some of its high profile stores to accommodate traditional retailers. Tesco has followed in the same footsteps by opening stores.

Another thing that supermarkets need to do is to adapt to the changing habits of consumers. For example, the majority of customers in the future will prefer to eat out just like it is now (Center for Future Studies 2018). It will be adopted as a way of life in the future. It is not uncommon for individuals to take breakfast on the way to work or to buy takeout food for dinner. What this means for supermarkets is that there will be a reduction in sales (Center for Future Studies 2018). In the case study, supermarkets such as Lidl have taken the initiative to cut prices to lure back customers to their stores. It will be a trend to watch by other supermarkets.

### **How Supermarkets have Risen to the Challenge of Feeding the Nation**

As a result of the coronavirus pandemic around the world, supermarkets have risen to the challenge of feeding the nation. Supermarkets' managers and owners have assured customers that all the items they need will be made available (Government of the United Kingdom 2020). It has been as a result of panic buying by individuals across the United Kingdom and other countries. While there might be concerns about the effect of coronavirus on the supply chain, store managers have assured customers that they are only facing the challenge of meeting the high demand for different products. The pandemic has led to products taking time to reach the stores. However, essential items are available at all times (Government of the United Kingdom 2020). For example, there is enough food supply. Tesco is an example of a supermarket that has implemented this strategy.

Supermarkets have encouraged their customers to buy only what they need. Since the supply chain has been affected by the coronavirus pandemic, there is a slow supply of food (Watford Observer 2020). Therefore, customers have to utilize what is available effectively. While a majority of customers have been hoarding their food items due to uncertainty, they have been assured of enough supply. A strict measure that supermarkets have taken is to limit the purchase of essential items (Watford Observer 2020). For example, Tesco has limited the purchase of items to only three for every shopper (Saut 2020). Sainsbury is another supermarket that has limited the purchase of essential items such as tissue paper to only two per customer.

Employees in supermarkets have been committed to serving customers despite the fears that coronavirus has brought. Employees are aware of the risks of not adhering to the coronavirus social distancing rules. They have opted to go to work every day instead of staying at home to be safe from the virus (Government of the United Kingdom 2020). They are aware of the challenges of coming into contact with customers, but they have committed to serving them in the best way possible. To support the employees, supermarkets have taken effective measures (Government of the United Kingdom 2020). For example, Tesco closes its stores early to allow for the sanitizing process to take place. Supermarkets have also taken measures to protect their employees. Whole Foods developed clear screens for protecting its clerks (Saut 2020). Customers have also been encouraged to pay for the items using their credit cards.

Supermarkets' managers have agreed to work together to ensure that there is enough supply of essential items for customers. In the United Kingdom, this move has been as a result of the government relaxing some laws that apply to supermarkets and the need to manage the coronavirus pandemic (Government of the United Kingdom 2020). For example, the laws on

competing in the industry have been relaxed. In the case study, the merger between Sainsbury and Asda was blocked to encourage supermarkets. Through collaboration, supermarkets can share information on the available stocks in their stores (Government of the United Kingdom 2020). They have worked together to ensure that stores are open. They have also collaborated in the transportation and delivery of goods.

Supermarkets in the United Kingdom have considered the vulnerable population and the elderly. In the United Kingdom supermarkets have agreed to give such people their specific shopping hours (Saut 2020). It has been based on the need to protect the elderly and those with underlying medical conditions from getting coronavirus. The goal of setting up shopping hours is to ensure that they have enough food supply so that they can stay at home. This measure has been taken by a majority of supermarkets worldwide. In Whole Foods Supermarket, the first hour after opening is given to the elderly and the vulnerable populations before other customers are let in.

Another important step that supermarkets have taken is to hire more employees to meet the demand for items. In recent times, supermarkets have offered job positions while other industries are firing employees. In the United Kingdom, there are over 5000 available jobs in supermarkets (Watford Observer 2020). Supermarkets have encouraged interested individuals to walk-in stores and ask for jobs. The hiring of more workers is also essential to meet the supply chain that has been negatively impacted by the pandemic. Such measures have ensured that customers are satisfied.

## Conclusion

The case study has indicated some of the measures that Lidl Supermarket should take in the next five years to ensure that all stakeholders are served. Some of the measures include engaging in merger and consolidation, providing discounts, opening convenience stores, and adapting to the changing needs of consumers. In recent times, supermarkets have also collaborated to ensure that products are available to customers.

## References

Center for Future Studies (2019) *The future of UK food and drink wholesaling* [Online].

Available at:

[https://www.fwd.co.uk/wp-content/uploads/2019/06/FWD-Future-of-UK-Wholesaling\\_FINAL.pdf](https://www.fwd.co.uk/wp-content/uploads/2019/06/FWD-Future-of-UK-Wholesaling_FINAL.pdf). (Accessed 6 Jul. 2020)

Government of the United Kingdom (2020) *Supermarkets to join forces to feed the nation*

[Online]. Available at:

<https://www.gov.uk/government/news/supermarkets-to-join-forces-to-feed-the-nation>  
(Accessed 20 Jul. 2020)

Saut, S. (2020) *5 things supermarkets want you to know right now* [Online].

*World Economic Forum*. Available at:

<https://www.weforum.org/agenda/2020/03/supermarkets-grocery-coronavirus-covid19-supply/> (Accessed 6 Jul. 2020)

Supply Management (2017) What is the future of supermarkets?

*Chartered Institute of Procurement and Supply*. Available at:

<https://www.cips.org/supply-management/analysis/2017/june/what-is-the-future-for-supernmarkets/> (Accessed 6 Jul. 2020)

Watford Observer (2020) Supermarkets release 'feed the nation' statement to tackle coronavirus

panic-buying [Online]. Available at:

<https://www.watfordobserver.co.uk/news/18306571.supermarkets-release-feed-nation-statement-tackle-coronavirus-panic-buyin/> (Accessed 6 Jul. 2020)