

## Preface (2019)

We wrote the last edition in 2011. Since then, 7 years ago, a lot has happened. ALDI has successfully conquered several foreign markets like the UK, the US and Australia. By the end of this year, the first ALDI stores will have opened in Italy<sup>6</sup>. Hard Discount is still as disruptive as the online threat.

While expanding strongly, ALDI has continued to deviate from its roots and the model of hard discount. A great number of brands has been added to the assortment, centralization has increased strongly, new marketing-related departments have been established, more and more promotions also for items of the standard assortment can be found.

After the founders passed away and more and more so called professional managers took over, ALDI obviously has forgotten what were the reasons of its success. In the past, ALDI concentrated on the essentials and ignored all “nice-to-haves”. Today, ALDI concentrates on the “nice-to-haves” and ignores the essentials.

Although still strong in general and quite disruptive in new markets, ALDI faces poorer results and clear symptoms of becoming a rather ordinary company.

Assortments may change over the years, modern communication methods may be taken into account but right management instead of “best practices” and the principles of a consistent and successful business model still apply. What has been developed over the past decades is at stake. The successes abroad apply mainly to ALDI South while the deviations from its origin apply to both. Both groups become more similar and even join close forces today instead of experimenting in different directions (which would have been consistent to the model). Creative distinctiveness could have been one way forward to explore the best model of discount. Instead, both move towards the ordinary.

Dieter Brandes and Nils Brandes, January 2019

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<sup>6</sup> As in the past foreign expansion is mainly driven by ALDI South. All countries like Australia, UK, the US, Switzerland and now Italy are all run by ALDI South. ALDI North obviously has not much talent in expanding into other countries.