**Inside Aldi: Britain’s Biggest Discount Store Part 2 Channel 5 Documentary**

In year 1 of Business a lot of the content covered is about **tactics**. These are short term actions taken by a business. In year 2 you study more about **strategy**. These are the medium to long term actions taken by a business.

In the first part of the programme you watched, a statement made about the growth of Aldi in the UK was “It is nothing but good for the supermarket industry and for shoppers”. Here the *industry* would include *competitors and suppliers*. *Shoppers* would include *customers and the community*. These are called **stakeholder** groups*.* Astakeholder is anyone who is affected by or interested in the actions of a business*.* Consider the extent to which you agree with this statement below about Aldi, based on each stakeholder’s point of view. Justify your decisions.

**It is nothing but good for the supermarket industry and for shoppers”.**

|  |  |
| --- | --- |
| Stakeholder  | Strongly agree Strongly disagree  |
| Competitors  | 10 9 8 7 6 5 4 3 2 1  |
| Justification  |      |
| Suppliers  | 10 9 8 7 6 5 4 3 2 1  |
| Justification  |      |
| Customers  | 10 9 8 7 6 5 4 3 2 1  |
| Justification  |      |
| Community  | 10 9 8 7 6 5 4 3 2 1  |
| Justification  |      |

An important skill to practice and develop over your studies is the ability to make judgements and fully justify these. We call this skill evaluation.

Watch the second part (approx. 15 mins.) of the Channel 5 documentary “Inside Aldi”. Add to your spider diagram from last week, to show any actions that you think Aldi takes to gain a competitive advantage.

<https://www.channel5.com/show/inside-aldi-britains-biggest-budget-supermarket/>

Last week we took a look at Porters Generic strategy - From this matrix, you probably decided that Aldi falls into the Cost Focus section.

**What evidence is there of Aldi successfully cutting costs and increasing efficiency?**

A topic you will study in year 1 is **motivation**. Motivation is the reasons why people behave in the manner that they do. A business that can motivate the workforce is likely to gain a competitive advantage. Motivation can take the form of financial incentives e.g. bonuses and non-financial incentives e.g. increased responsibility.

<https://www.youtube.com/watch?v=ppPClode2A0>

|  |  |
| --- | --- |
| **Theorist** | **Motivation beliefs** |
|  |  |
|  |  |
|  |  |
|  |  |

**What evidence is there of Aldi motivating its workforce?**

For further study from this clip

Business is sometimes a power battle. Big businesses will use their power to influence suppliers. This can be in the form of forcing suppliers to offer lower prices or, in the video you have viewed, forcing suppliers to stop supplying products to a competitor.

Why do big businesses have power?

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**Ethics** is behaving in a way that is thought to be morally correct. To what extent do you think the big supermarkets behaved in an ethical manner when faced with the threat of Aldi entering their market?

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**Branding** is a promotional method that involves the creation of an identity for the business that distinguishes the business and its products from its competitors. How important is branding to you?

How has Aldi challenged our perception of brands?

In 2013 Aldi had 300 stores in the UK. By 2017 this had increased to 2017 and 874 by 2020. An important quantitative skill in Business is the ability to calculate percentage change. Fill in the table below to show percentage change between these years. If you are unsure how to do this watch the following YouTube clip <https://www.youtube.com/watch?v=FOsrkEiZUlg>

|  |  |  |
| --- | --- | --- |
| 2013  | 2017  | 2020  |
| 300 stores  | 600 stores  | 874 stores  |
| % change:  |     |   |

 In business you will learn a lot of new terminology. In this worksheet you have been introduced to 6 key terms.

* Tactics
* Strategy
* Stakeholders
* Motivation
* Ethics
* Branding

You will also be expected to gain confidence in quantitative skills. In this worksheet you have been introduced to quantitative skill (QS) 2 calculate, use and understand percentages and percentage change.

You have also had a brief introduction to the 4 functional areas of business.

|  |  |  |  |
| --- | --- | --- | --- |
| Marketing  | Finance  | People  | Operations/resource management  |
| Branding Competitive advantage Market share Marketing mix  | Cost savingsTotal costs  | Motivation  | Location Efficiency  |