

(i) The nature of the proposed retailer

- 1.1 A proposed occupier has provisionally been identified as Aldi Stores although the Applicant accepts that the supermarket would be available to a range of potential operators. In reality however the size of unit and the proposed layout have been tailored specifically to meet the requirements of a discount retailer such as Aldi. The latter are one of the most successful European food retailers. The Company has a substantial ongoing development programme and is active in developing a number of stores throughout England.
- 1.2 Within the food retail market the “discounters group” includes Aldi, Lidl and Netto. Research by Verdict (*'How Britain Shops for Food and Groceries 2000'*) indicates that this group retains a high degree of loyalty from their customers, with 75% of main users saying that they would not prefer to use another store if the choice was available to them. This is mainly due to the competitive pricing structure, with 78% of regular customers stating that this is why they prefer discount food stores. Verdict concluded that nationally around 16% of shoppers visit a discounter with 5% using them as a main store. The current recession has almost certainly led to an increase in these figures.
- 1.3 The Competition Commission (*'A report on the supply of groceries from multiple stores in the United Kingdom 2000'*) recognised that discounters operate in a different sector of the retail market to mainstream food operators such as Asda and Sainsbury's. Products are often displayed in the store on their original pallets or boxes in order to minimise costs associated with conventional shelf stacking. This low cost approach together with bulk purchasing across Europe help to ensure that products are sold at the lowest possible margins to the advantage of shoppers.

(ii) Product range and pricing

- 1.4 Aldi's operation together with similar discount food retailers such as Lidl, is based on traditional supermarket retailing principles in a discount format. The company offers a limited range of high quality foods at discounted prices within an attractive shopping environment. This is achieved through the economics of pan-European bulk purchasing, minimisation of distribution costs and the careful control of property

and operational costs. An Aldi store offers a range of around 1,000 products at discounted prices. Items sold include:

- (a) a range of own-branded dry groceries, frozen foods and tertiary branded wines, beers and spirits;
- (b) a small range of fresh and frozen pre-packaged meat, but no specialist butchery or delicatessen counters;
- (c) a range of fruit and vegetables, mainly pre-packed;
- (d) pre-packed sliced bread but no bread or cakes baked on the premises;
- (e) a basic range, of essential non-food household items and weekly 'specials' occupying about 5% -10% of the sales area.

1.5 The Aldi trading style differs markedly from that of many other supermarket traders, primarily through the heavily discounted pricing structure and the strictly limited range of goods. At around 1,000 items, the range of goods is significantly smaller than that offered by other retailers such as Tesco or Sainsbury which offer up to 25,000 lines in their larger stores. Equally, Aldi does not compete in the same market as many independent or specialist traders such as confectioners, greengrocers or butchers. Aldi stores sell only a very limited selection of newspapers. They do not sell cigarettes or tobacco; they do not include pharmacies or post offices, and no meat or other food preparation takes place on the premises. Aldi stores provide an essential element of a modern, hierarchical pattern of shopping facilities and are therefore complementary to the existing pattern of convenience shopping, providing an additional opportunity and choice for consumers.

1.6 Thus the majority of the stock will comprise tertiary branded basic convenience goods such as bread, milk, sugar, tea and everyday household items, as well as a range of fresh fruit, vegetables, meat and frozen foodstuffs. A limited number of non-food items will be stocked such as cleaning and health and beauty items. A weekly delivery of special items can include both convenience and comparison goods.

1.7 Thus the company's approach is to provide relatively small but good quality stores serving local needs, in convenient locations, wherever possible within or on the edge of existing town centres and in a location which already attracts a significant proportion of shopping trips.

- 1.8 The proposed store will offer different trading characteristics relative to the out of centre Tesco and Sainsbury's stores and the in-centre Morrisons and Iceland outlets. It will operate in a 'niche' market, selling everyday foodstuffs, attracting both bulk food and walk-in trade. The principal impacts as confirmed by the economic assessment, will be on the larger supermarkets and not upon the smaller district centre shops. By the nature of the range of goods sold, the introduction of a discount food supermarket would increase choice.

(iv) Opening hours and servicing

- 1.9 The store is likely to open between 0800-2100 hours Monday to Saturday and 1000-1700 on Sundays.
- 1.10 Mindful of the need to minimise disturbance, the store would have only one delivery per day. Total unloading time is less than one hour. Waste will be recycled. All recyclable material is compacted and stored on site for collection once a month. Non-recyclable refuse is collected once a week.

