



Oxford Cambridge and RSA

Monday 19 October 2020 – Morning

A Level Business

H431/03 The global business environment Resource Booklet

Time allowed: 2 hours



INSTRUCTIONS

- Use the Resource Booklet to answer all the questions.
- Do **not** send this Resource Booklet for marking. Keep it in the centre or recycle it.

INFORMATION

- The business described in this Resource Booklet is a **real** business.
- This document has **8** pages.

Lidl

Extract A – About Lidl

'About Lidl', www.info.lidl, Lidl. Item removed due to third party copyright restrictions.

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Source: Adapted from <https://en.wikipedia.org/wiki/Lidl> (accessed on 19/12/19)

Extract B – Lidl scales back digital marketing investment

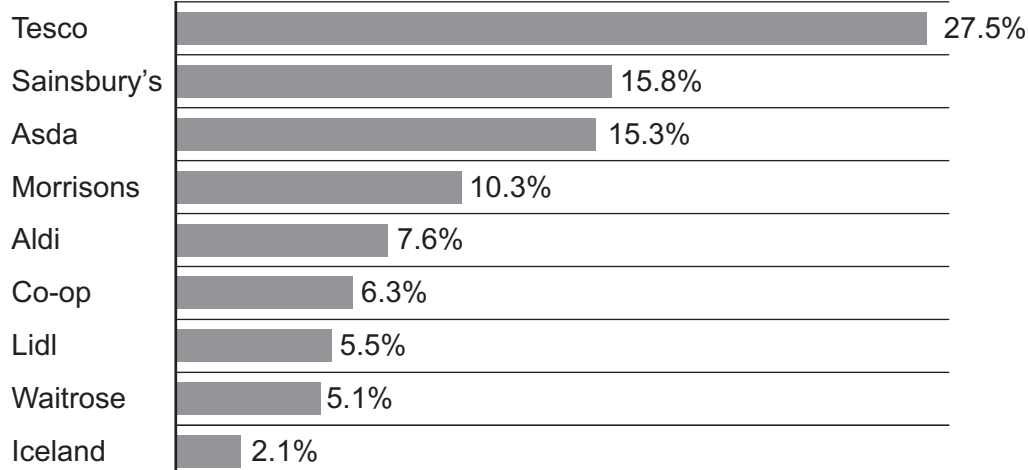
Lidl has reduced its investment in digital marketing to a more 'appropriate level' after finding that its return on investment was not as effective in digital as in other media channels. The discounter has rapidly increased its marketing spend over the past five years, from £28m in 2013 to £75m in 2017. It could see the impact it was having on the brand and, more importantly, sales. It also shifted where it invested – not exactly catastrophic change – from print and flyers to TV and digital, with the latter a 'very important part' of its promotional mix. However, Lidl's Head of Media found the effectiveness was very different across different media channels. While in broadcast it had an 'incredibly successful response', the same was not true in digital.

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Source: Adapted from <https://www.marketingweek.com/2018/05/03/lidl-scales-back-digital-media-investment> (accessed 05/11/18)

Extract C – Top 9 supermarkets' market share in the UK (4th November 2018)



Source: Adapted from <https://www.kantarworldpanel.com/en/grocery-market-share/great-britain/snapshot> (accessed 05/11/18)

Extract D – Aldi or Lidl – which supermarket is better?

There are Aldi and Lidl stores everywhere you look – but which one are you better off shopping at? With both shops offering weekly deals and slightly different offers, the similar profit margins mean it can depend on exactly what you want in your shopping basket. But what if prices are not your only criteria?

Here are a few other ways you might be able to pick between the two:

‘Extras’ offering – At Aldi, you can pick up ‘Special Buys’, which can include kitchenware and clothing, but also (famously) hot tubs. Lidl has a similar section, though based on their website and a glance at local stores, they seem to have less variety.

Big-name brands – While both do feature some branded products, evidence from shoppers suggests you are more likely to find branded bargains at Lidl.

Workers’ rights – If it is a close call on price, why not pick a company who will share at least some of the cash you spend with its employees. Given their low prices, it is perhaps surprising that both have boosted wages for the lowest-paid staff over recent years. Lidl became the country’s first supermarket to offer the ‘living wage’ in 2016, paying workers outside of London at least £8.45 an hour. But it was beaten by Aldi in January 2018, with the offer of £8.53 for the lowest-paid workers.

Verdict: It depends what exactly you are looking for, but honestly, they are very similar. Personal preference and location probably make the biggest difference.

Source: Adapted from <https://www.chroniclive.co.uk/whats-on/shopping/aldi-or-lidl-which-better-13531685> (accessed 20/09/18)

Extract E – Like shopping 30 years ago: Jack’s first customers sample new store

‘Jack’s’, a new discount store owned by Tesco, is an attempt to fight off the German discounters Aldi and Lidl. Tesco’s chief executive, David Lewis, has pledged that Jack’s will be the ‘cheapest in town’. While a typical large Tesco supermarket sells more than 25 000 products, Jack’s will stock only 2600 – about the same as Aldi and Lidl. About 80% of the food on the shelves will be sourced from the UK.

David Lewis said the group planned to open 10 to 15 Jack’s stores over the next six months. Tesco has hired the former Aldi executive, Lawrence Harvey, to run Jack’s. The new store is a bid to win back shoppers lost to the discounters, who now account for more than £13 out of every £100 spent in UK supermarkets – twice as much as five years ago.

Several shoppers said it reminded them of shopping 20 or 30 years ago. “I’m not sure how I feel about the packaging. It looks like it has come out of the 1950s. It looks a bit out of date to me,” said one woman who declined to give her name.

Source: Adapted from “Like shopping 30 years ago” by Miles Brignall, The Guardian (accessed 20/09/18)

Extract F – Lidl will soon start selling BMWs

Lidl will soon sell used BMW cars to its customers in Germany. Lidl's company cars are currently all from Audi, but BMW has now gained that contract. Lidl would get a 48% to 50% discount on the BMW catalogue price when it buys the cars for its staff and then those company cars can be sold at Lidl's stores 'second hand' to customers. Several locations across Germany will start selling these cars after six months, but it is not clear how the cars will be priced. BMW will sell 10 000 cars per year to Lidl in any case.

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Source: Adapted from <https://www.retaildetail.eu/en/news/food/lidl-will-soon-start-selling-bmws> (accessed 26/03/18)

Extract G – Lidl to stop using black plastic packaging for fruit and vegetables

Lidl UK says it will remove black plastic from its entire fruit and vegetable range by the end of the month. Black plastic packaging is not recyclable in the UK, as it cannot be detected by the sorting systems used for plastic recycling. The supermarket chain says its move will save an estimated 50 tonnes of black plastic waste a year. The move is part of its plans to make 100% of its own-label packaging – which it says will only be used where necessary – widely recyclable, reusable or refillable. Black plastic packaging will be replaced by an alternative, which Lidl says will be fully recyclable, but which could include clear plastic.

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Source: Adapted from <https://www.theguardian.com/environment/2018/sep/21/lidl-to-stop-using-black-plastic-fruit-and-vegetable-packaging> (accessed 21/09/18)

Extract H – Lidl moves into Serbia with 16 store openings at once

German discount supermarket chain Lidl has added Serbia to its list of countries: the group has opened 16 stores at once in the Balkan country, five of which are located in the capital Belgrade. The choice of Serbia is no coincidence: its economy has grown by 4% this year as a result of rising private consumption, increased investments and exports. Serbia imported more than €2bn of goods from Germany last year, while German companies have already invested a similar amount in Serbia since 2000.

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Source: Adapted from <https://www.retaildetail.eu/en/news/food/lidl-invades-serbia-16-store-openings-once> (accessed 02/12/18)

Extract I – Estonia

Estonia is the most northerly of the three Baltic states. It joined the European Union (EU) in 2004.

Estonia's information technology and telecommunications industries began to grow at the end of the 20th century. Major highways link Tallinn (Estonia's capital city) with St. Petersburg (Russia) and Riga (Latvia). The majority of Estonia's goods are carried by road, but are also transported by rail and sea. Estonia's main rail lines connect Tallinn with Tartu and Narva (Estonia's second and third cities). There are three commercial ports near Tallinn and another inland port at Narva. The country's major airport is at Tallinn, but there are also other city airports.



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Source: Adapted from <https://www.britannica.com/place/Estonia> (accessed 05/11/18)

NB: All data was correct at the time of writing (December 2019)

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