

# A PUSH FOR FRESH FOOD, FEEL AT ALDI

Chain unveils new products in investment to attract customers

BY GREG TROTTER

Chicago Tribune

Some 10 years ago, Aldi didn't sell olive oil; today it sells four kinds. The Batavia-based discounter also now sells vegan kale burgers, organic hummus and a slew of gluten-free products.

Amid a major remodeling and expansion effort nationally and in Chicago, Aldi is also accelerating its launch of more premium products marketed as fresh, natural and organic. By early next year, Aldi will have significantly more fresh food offerings and new products in all of its nearly 200 Chicago-area stores, which are in the process of being remodeled, Aldi executives said Wednesday.

Make no mistake: Aldi is still the thrifty-minded store where shoppers pay a quarter to check out a shopping cart and, if they don't bring their own, buy their shopping bags at checkout, too. Samples are only doled out at store openings to keep costs down. A gallon of milk still costs about 95 cents.



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But Aldi is also betting that recent investments in new products and more aesthetically

pleasing stores will attract a broader base of customers.

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nate more and more with what the customers want. ... We think we found the sweet spot of concept that resonates throughout income levels,” said Aldi U.S. CEO Jason Hart at a media tour of the recently remodeled store in St. Charles on Wednesday.

Aldi is about halfway through its \$5 billion plan to remodel existing stores and expand its store count from 1,800 to 2,500 by the end of 2022.

Already, Aldi has seen positive results in stores that have been remodeled and stocked with the new products, though Hart declined to give specifics on how much those changes have increased average numbers of transactions and basket sales, the average amount purchased by individual consumers. Aldi, a privately held company, is historically tight-lipped with such figures.

The new look is allowing Aldi to expand into more suburban middle- and upper-income communities, Hart said.

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# Push toward fresh, organic

*Aldi, from Page 1*

Because of their low prices and relatively small footprint, Aldi stores have long been a mainstay in some of Chicago's low-income neighborhoods, but those stores will also benefit from the changes, he said.

Last year, Aldi held 4.1 percent of the grocery market share in the Chicago area, down slightly from previous years, trailing larger format stores such as Jewel-Osco, Walmart, Costco and Mariano's, according to data from Chain Store Guide.

"As Aldi continues to add more fresh items and more premium and specialty products, they'll increase their average basket sizes, while also becoming a more attractive destination for a greater proportion of the population, thereby increasing transactions, which will drive sales growth," said Jon Hauptman, senior director of market research firm Inmar Analytics.

About 90 percent of

Aldi's products are private label, meaning the grocery chain works with suppliers to develop and market store-branded products, often at a lower cost and a faster pace than nationally branded products. Aldi's new Earth Grown Kale Veggie Burger, for example, only took nine months to go from concept to shelves, Hart said.

A four-pack of the Aldi veggie burgers sells for \$3.59, compared with \$4.42 for the nationally branded competitor, Dr. Praeger's Kale Burger, according to average prices provided by Aldi.

On a tour of the St. Charles store and in a rare glimpse of the test kitchen at the Batavia headquarters, Aldi executives touted the new products and the work that went into getting them quickly to shelf. The affordably priced wine section is much larger than it once was, as is selection of produce, dairy and meat.

For its private label goods, Aldi workers in the test kitchen sample more

than 50,000 variations of products each year as the company launches new items and reformulates older ones, executives said. As the company has shifted toward more premium and natural qualities in food, the number of variations being tested has increased about 15 percent a year in recent years.

In some ways, Aldi appears to be becoming more like Trader Joe's, a distant cousin of sorts in the corporate family tree. Both chains trace their origins back to the Albrecht brothers in Germany who built a grocery empire and then split the company in half: Aldi South, which operates as Aldi in the U.S., and Aldi North, which operates as Trader Joe's.

Both chains are smaller-format stores that rely heavily on private label products, though Trader Joe's has historically been more aggressive in luring customers with on-trend products.

"Just about everybody has finally woken up to the fact that private label is

where it's at for millennials and Generation Z. They're brand agnostic," said Phil Lempert, a grocery store analyst who runs the Supermarket Guru website. "This store is being built for those two generations. It's not being built for a 60-year-old."

Not everyone would agree with that assessment. In the St. Charles store, Jan Dillavou, 68, strolled the aisles with her meticulously organized grocery list. Dillavou, mother of four and now a grandmother, has been shopping at Aldi stores for more than 25 years because of their low prices, she said.

She doesn't care for all of the new products — the Greek yogurt, for example, isn't to her liking. But she likes to have options and shops at fewer stores since Aldi began increasing its selection.

"I love it," Dillavou said. "They just keep adding new things."

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