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**HEADLINE: ALDI GETS AGGRESSIVE;  
LOW-PRICE, NO-FRILLS GERMAN GROCERY CHAIN TO ADD 50 STORES IN STATE**

**BYLINE:** JANICE PODSADA; Courant Staff Writer

**DATELINE:** WALLINGFORD --

**BODY:**

Three years ago when Kristen Torres, a new bride, complained to her family about the high price of groceries, her Aunt Gilda told her to shop at Aldi Foods.

Except for a few stops at Wal-Mart and Big Y, Torres, 22, and her husband, Vinny, 24, say they now do most of their grocery shopping at Aldi, a chain that now has four stores in Connecticut.

“We get all our basics here,” Kristen Torres said as she unbuckled her 10-month-old son, Vincente, from the back seat of her car.

For the past seven years, Aldi has been an almost unnoticeable presence in the state. Now the privately owned German retailer plans to build a 500,000-square-foot distribution center in South Windsor that would supply about 70 proposed Aldi Food stores -- 50 in Connecticut and 20 in Massachusetts and Rhode Island. When completed, the distribution center would employ about 75.

At a time when grocery chain stores seem to fall into one of two categories -- the football-field-sized warehouse or the luxurious specialty store with hardwood floors and an espresso bar -- Aldi is a throwback.

The company offers plain vanilla, no-frills, no-Muzak ambience in exchange for low prices: \$3.99 for a Tyson-brand whole roasted chicken, 79 cents for a four-pack of pudding cups and 89 cents for a loaf of L'Oven Fresh wheat bread.

“You pay half the price,” Torres said. “I love the fact that milk is always \$1.99 a gallon.”

Bucking the mega-size trend in size and selection, the typical Aldi store, which measures about 18,000 square feet, is a little larger than the traditional neighborhood grocery store.

Unlike big chain stores that carry more than 25,000 brands, Aldi stores stock fewer than 1,000, 90 percent of which are its own private-label brands. Merchandise is stacked on rolling steel pallets. Aldi sells some fresh fruits and vegetables, but they are prepackaged, as is the small selection of fresh meats. There's no pharmacy and no meat counter, and there are no splashy displays.

Aldi hopes to break ground on the warehouse this spring and complete construction by the fall of 2008, said Bruce Persohn, vice president of the company's northeastern division.

Officials at the company's U.S. headquarters in Batavia, Ill., referred questions to Persohn, whose office is in South Windsor.

When and where those 70 new stores will open is a question.

“We're in the infant stages of our site selection,” said Persohn, who declined to disclose details of the expansion.

However, if history is any indicator, Aldi will hold off opening stores until it has the cash on hand, said Neil Z. Stern, a senior partner with McMillan/Doolittle LLP, a Chicago-based retail consulting firm.

“They're a very different retail company,” said Stern, who has been tracking Aldi for 20 years. “They own all their own stores. They don't take on any debt. Aldi builds stores only as fast as their profits allow -- they don't add any more stores than the cash allows.”

The Wallingford store is in a strip mall, but Aldi also builds new standalone stores and leases existing space. Each store employs seven to 10 workers, Persohn said.

Haven't heard of Aldi?

In Europe, Aldi Group is one of the largest retail grocery chains. There it sells not only groceries, but also small appliances, computers and wireless phone service, according to Hoovers.com

Aldi is co-owned by two brothers, Karl and Theo Albrecht. In 1948, the two founders opened their first stores in Essen, Germany.

The brothers, now in their 80s, have a combined net worth of more than \$32 billion, \$10 billion less than Warren Buffett, the world's second-richest person, according to the Forbes 2006 list of the world's richest people.

With more than 7,500 stores worldwide, Aldi brings in about \$35 billion in annual sales. It ventured into the U.S. market in 1976, and now has 700 stores in the Midwest and Northeast. Each year those stores contribute about \$5 billion to the company's annual sales, according to Hoover.com.

“In the U.S., their historic appeal has been to people who need to save money,” Stern said. “In Germany, they appeal to everybody.”

Industry analysts say Aldi may be planning to open 200 stores in the United States in the next three years.

The food market, in general, isn't growing, making competitors search for ways to target specific consumers, Stern said.

“Rather than try to take on those entrenched grocery chains, they nibble around the edges and go after the niches -- the markets a traditional grocery chain can't serve,” Stern said.

While many stores are courting an upscale clientele, Aldi is targeting the downscale market, Stern said. But its customers don't think they're skimping on quality by shopping at Aldi.

Does the store's selection of frozen entrees and fish fillets look familiar? Does it invoke a déjà vu-like response, as if the freezer might have been lifted from a Trader Joe's?

Good guess. Aldi Group owns Trader Joe's grocery stores, which it purchased in 1979. And according to Forbes.com, the company owns an 8 percent stake in Albertsons LLC grocery stores.

Taking a cue from Costco, Aldi Stores also stock some general merchandise items, such as crockpots, digital TVs and the occasional \$16.99 children's table and chair set. They appear haphazardly, advertised in the in-store flier, “Next Week @ Aldi.”

“They use general merchandise to create traffic in the stores,” Stern said. “It's a little bit of like the Costco treasure hunt stuff.”

For the past seven or eight years, Aldi has plodded along with just four stores in Connecticut, in Wallingford, Torrington, Waterbury and Bristol. Aldi's competitors include Wal-Mart Stores Inc. and Costco Warehouse Corp.

In their race to woo thrifty consumers, Aldi's strategy is more turtle than hare, although construction of the warehouse is expected to pick up the pace.

“Like Wal-Mart, they build their warehouse first, and then the stores,” Stern said.

Zoning for the warehouse has been cleared by South Windsor, Town Manager Matthew Galligan said. Officials there have assembled a tax-abatement package and a plan to improve roads that would lead to the planned distribution center. The town council will be asked to approve those things in March, Galligan said.

Aldi is also in talks with state economic development officials, according to an agency spokesman, James Watson.

#### A Quarter For A Cart

Need to run to the store for a late-night snack? With Aldi, that's not an option.

Most of its stores are open Monday through Saturday from 9 a.m. to 8 p.m. Only recently have they opened on Sunday for a short seven-hour run, from 10 a.m. to 5 p.m.

“Sometimes it's an inconvenience. We work around the hours,” Kristen Torres said. Thus, it's not unusual to drop in on a weekday morning and find the Wallingford store fairly busy.

On a recent Friday morning, some older shoppers and young couples loaded up their carts as they swung through the store's short, six-aisle course.

“The prices are lower than other stores,” said Jolnina Szyjko, 70, of Meriden, as she loaded her groceries into the trunk of her car. “I shop here every week.”

Like other regulars, Szyjko knows that shopping at Aldi's is BYOB -- bring your own bags; otherwise, it costs 10 cents apiece to purchase the store's heavy-duty plastic ones. And customers are expected to bag their own groceries.

Vinny Torres always knows when his wife wants to go shopping at Aldi. She starts fishing in her purse for a quarter.

Like many customers, Kristen Torres did not realize when she first stopped at Aldi's three years ago that the store charges a quarter to rent a shopping cart. (The practice is common in Europe.) The quarter is refunded when the cart is returned. Although it's somewhat inconvenient, it reduces the number of stray carts in the parking lot.

Kristen Torres said it's now second nature for her to check that either she or her husband has a quarter handy. “We usually keep ‘the’ quarter in the ashtray of our car,” she said.

Occasionally, however, they come up short.

“People are nice here.” Kristen Torres said. “If you forget your quarter, they'll lend you one.”

## ALDI FACTS & FIGURES

Brothers Karl and Theo Albrecht founded Aldi in 1948, and are Germany's richest men. Their father was a miner; their mother, the owner of a small grocery store.

Theo Albrecht was kidnapped in 1971 and ransomed for an estimated \$2 million to \$4 million. Albrecht later petitioned the German government for a tax break against the extorted sum.

The company's name was originally Albrecht Discount, which was shortened to Aldi.

A division of Aldi Group owns Trader Joe's, which has six stores in Connecticut, and an 8 percent share of the Albertsons grocery chain.

Aldi offers low prices on private-label brands, which make up 90 percent of its merchandise. Examples: Cheese Club boxed macaroni and cheese, 29 cents. LaMissa hot cocoa mix 10-pack, 89 cents. Mr. Pudding four-pack, 79 cents.

Sources: [www.expatica.com](http://www.expatica.com), [www.forbes.com](http://www.forbes.com)

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**GRAPHIC:** PHOTO 1-2: COLOR, BOB MACDONNELL / THE HARTFORD COURANT  
PHOTO 1-2: JOSE RODRIGUEZ, of Meriden, shops for groceries at Aldi Foods in Wallingford. Ninety percent of the goods at Aldi stores are private-label brands, stacked not on shelves, but in boxes on steel pallets. At top, the price for a dozen eggs reflects Aldi's effort to appeal to shoppers who want to save money.

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