

**Voluntary Report** – Voluntary - Public Distribution

**Date:** March 18,2020

**Report Number:** GM2020-0014

**Report Name:** Aldi North and Aldi South Plan to Merge

**Country:** Germany

**Post:** Berlin

**Report Category:** Agricultural Situation, Agriculture in the News

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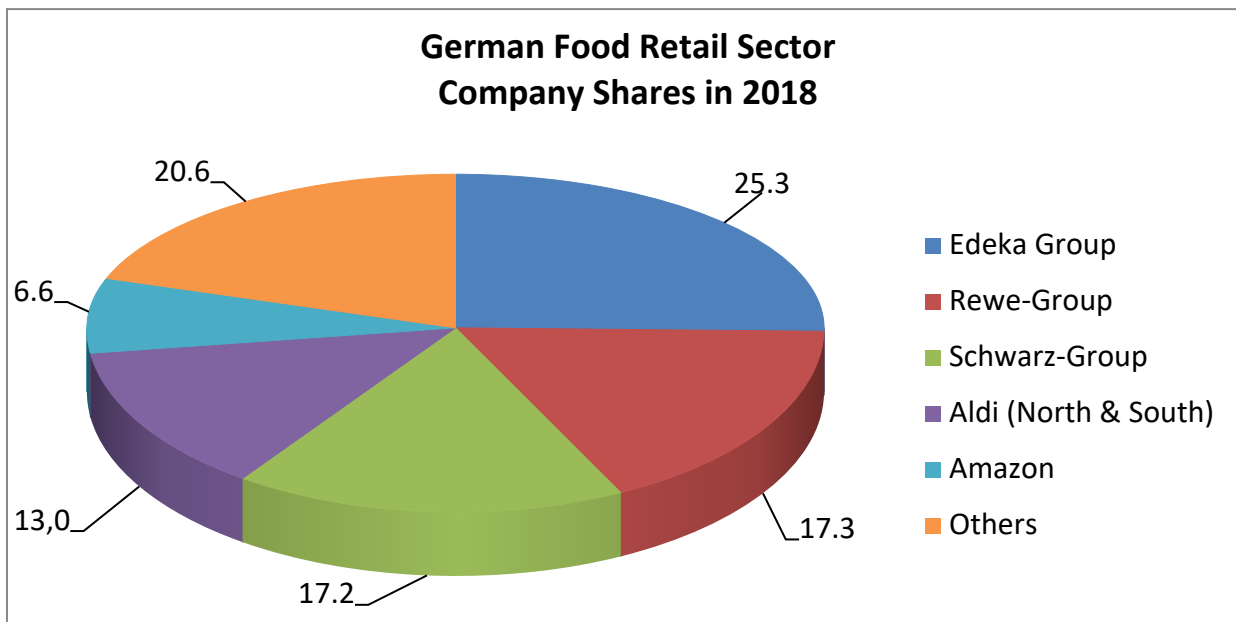
**Report Highlights:**

Aldi North and Aldi South plan to merge by 2022 according to press reports. Both branches have been divided for over half a century. Aldi is one of the largest food retailers worldwide having stores on four continents. The merger would create a stronger power in global food retail. Both companies (currently) deny or avoid comment on these press stories, however there are actions to support the merger reports.

According to German press reports, both Aldi branches (Aldi North and Aldi South) plan to merge by 2022. This would end a division which lasted half a century. In Germany, Aldi is divided in Nord (North) and Süd (South). All Aldi stores worldwide also either belong to Aldi North or Aldi South. Aldi is one of the largest food retailers worldwide having stores on four continents.

Together, both Aldi entities have a turnover of over \$100 billion and employ 210,000 people worldwide in their 11,000 stores. There are 4,100 Aldi stores in Germany. In the US, Aldi South has 1,900 stores while Aldi North owns 500 Trader Joe’s stores. That makes the U.S. the 2<sup>nd</sup> biggest market for number of Aldi stores worldwide. France and UK have both around 850 stores with Australia coming in next with 540 stores.

The Aldi retailers have denied press reports so far but it is clear that both entities are cooperating more closely. Both just announced a plan to harmonize their product ranges, merging around 100 of their private label brands by the end of 2020. Both entities have also streamlined sourcing of products, their IT infrastructure and closed a common deal with a mutual credit card service provider and with a marketing agency. The "North South company" is meant to eliminate redundant structure and raise efficiency; staff costs could be cut in half. The merger would see Aldi emerge as an even a stronger power in global food retail.



Source : Lebensmittelzeitung

The Aldi merger is a response to the increased competition seen by both Aldis in the last few years: Once the market leader in Germany, Aldi dropped to 4<sup>th</sup> place losing market share to supermarket chains like Edeka and Rewe, and other discounters (especially Lidl), as well as to e-commerce (Amazon). In general, discounters as Aldi are losing market share as consumers are now more demanding when it comes to shopping experience and sustainability.

For more information on food retail market in Germany please see [Retail Foods 2019](#).

Aldi split into North and South in 1961, due to a difference in opinion between the founding brothers Theo and Karl Albrecht. A merger would create no problem with the antitrust authorities, as both entities still belong to the same family.

**Attachments:**

No Attachments.