A Discussion of Globalization Theories
– Through International Consumer Perceptions

Authors: Aidan Kelly
Inga Köpsell

Supervisor: Per-Erik Lissel

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Abstract

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Authors: Aidan Kelly

Inga Köpsell

Supervisor: Per-Erik Lissel

Examiner: Sabine Gebert-Persson

University: University of Dalarna

Program: International Business Marketing

Credits: 15 ETCS

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Globalization has developed more and more within the business world as well as private life during the last decades. Globalization has influenced the way companies are conducting business and their approach towards the consumers which can have an influence on their way of purchasing. Consumers nowadays have more than ever the possibility to get involved and gather experiences from abroad, as well as companies are taking advantage of this globalization.

Within this thesis the following question will be discussed: Do consumers see the value companies try to create for them with an identical offer the same way in different markets? This idea is based on Theodore Levitt’s theory of globalization which comprises standardization of an offer since consumer needs are homogenizing globally. Douglas & Wind instead state that segmentation with adaptations is necessary to fulfill all consumer needs. Within this elaboration the question whether standardization is accepted and liked by the consumers is discussed and analyzed by including an empirical research. This research is
based on Zeithaml’s model of the Perceived Quality Components, which was the fundamental base behind formulating the survey questions. These were submitted in Germany, the Republic of Ireland and Sweden to be able to discuss and visualize how the consumers of these different markets perceive different aspects of a company’s offer. One particular company, which is seen as doing business globally, was chosen as a test object.

Based on the test object Lidl - which consumers were questioned about in the survey - it was possible to conduct a comparison of consumers’ general expectations against components of Lidl’s offer such as price, weekly specials, product range, etc. where differences and similarities between the three countries of Lidl’s fulfillment of these expectations were achieved. They were analyzed to discover to which extent globalization is present. Resulting from the comparison it was concluded that nowadays segmentation is important but developing with time globalization seems to increase in significance. Recommendations for further research about topics which were omitted due to limited resources are presented.
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1 Introduction

1.1 Matter of the research

In today’s business world globalization or internationalization is nothing new. It has grown with the fall of national barriers and is still a major possibility or threat for both national and international companies. Barriers have been reduced more and more since the Second World War with alliances such as the European Union (EU). The EU was originally set up for political reasons, and not the economic reasons which it is known for today, to prevent the frequent wars between the neighboring countries.\(^1\) It started with the European Coal and Steel community back in 1950 with trade agreements between the first members Germany, France, Belgium, Italy, the Netherlands, and Luxembourg. The members signed the Treaty of Rome in 1957 which set up the European Economic Community (EEC) or “common market”, which lead towards the development of the European Union.\(^2\)

Since the introduction of the term globalization to the world business stage by Theodore Levitt in 1983\(^3\) the growth of globalization and standardization of offers from companies such as Microsoft, Coca-Cola, IKEA, Volkswagen and Wal-Mart have facilitated the expansion of these companies on a global scale. Through reaching different customers all over the world with their specific company offer they had and still have a big influence on today’s increasingly homogenized markets. In the following decades there has been a massive growth in technology for both companies and private individuals, which has brought about a change from a national lifestyle towards a more global lifestyle which has resulted in a homogenization of consumer needs.\(^4\) This is a reason for companies to homogenize their offers, which gives them the opportunity to produce at economies of scale. The companies that were drawn to use economies of scale saw a way to save money by producing and selling their products and services in a similar way. If a company produces the same goods, they have the possibility to lower their fixed cost and have better control over their flexible cost.

Private individuals have experienced the enormous growth of the information revolution, with influencing aspects such as the fast developing technical innovations like personal computers with internet connection which have simplified information gathering and making contacts all over the world. As consumers expanded their horizons through experiencing other cultures

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\(^2\) ibid.
and foreign products, which were unattainable on the national markets, as well as services such as cheap flights and holidays abroad, a global purchasing trend developed. The differences which consumers perceive of an offer that is delivered by an international homogenized company are the aspects which will be looked at closer within this paper.

To add to the theoretical evidence-base presented, an empirical research study will be conducted investigating the various aspects of the offer of a particular company. The company under investigation is recognized as being global with a fairly standardized offer. An analysis of participant survey responses in three test markets (Germany, Republic of Ireland and Sweden) will be presented and discussed in the context of the globalization perspective.

1.2 Problematization

An argument that might emerge by looking at an organization which is positioned and established in more than one market might be that the company is global or multinational. Multinational indicates a higher level of adjustments to the individual national markets for the reason that subsidiaries are primarily used for moving and establishing themselves with all the needed adaptations and the power to control the day-to-day decision-making within that market. Global, on the other hand, means that the power and decision making is centralized, so that the departments in all countries receive the same information and should be theoretically identical. For this paper, with the included empirical research, a global company will therefore be needed, which can lead to another discussion on whether a company is really using a global strategy or, in these times where mass production is so easy to realize, just producing at an economy of scale.

Economy of scale requires that a large amount of consumers are focusing solely on the price of a product while purchasing. The essential factor of a global offer is however the offer itself which is of interest for the consumers. It includes components such as the products quality or price. Price, which is the main intention of economy of scale, will not be the only factor that will be focused on within this comparison, globalization strategy gives the opportunity to focus on different components of an offer. Another problem which could be discussed following from this is if a company or organization is holding different positions within different markets can it still be seen as using a global strategy? Considering the fact that with the identical effort there will not always be one and the same outcome, differences within the achievement of a market position can emerge for several reasons - for example levels of
competition. Therefore, even if the position is not identical, the company can be using one and the same strategy.

Globalization, with its standardization introduced by Theodore Levitt in 1983\(^5\), has been discussed numerous times, and over time different perspectives of his thought have developed. These different perspectives provide contradicting ideas on how to approach global consumers and the best way to fulfill their needs.\(^6\)

An offer includes a lot of diverse components which could be focused on, but each individual most likely considers these components with a different level of importance. To be able to rate and compare these diverse components of an offer a summary of the individual perceptions of these components included in an offer will be gathered. By this is meant that the perception of factors such as price, brand, freshness, durability, and more do have an influence on the perceived overall offer, which can be summarized as some of the components which are an indicator for quality. Quality by its nature is hard to define because, as stated above, it is based on the individuals’ expectations of different components. The summary of these evaluations of different components of quality illustrates that an individual’s perception of quality most likely differs from that of others. Some of these differences will be presented in the empirical section.

1.3 Research Question

A long-standing issue is how consumers in different markets see the value companies try to create for them. Do consumers perceive the same offer the same way in different markets? – which should be assumed, when it is said that the consumer needs are homogenizing.

1.4 Purpose

The purpose of this paper is to explore globalization on an international scale by evaluating how consumers perceive quality in an offer that comes from a company which is working in many different markets and is seen to be using the globalization theory as their strategy for doing business. The test company is positioned on all three test markets within the retail industry as a discount supermarket chain.

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Consumer perception within the three different markets (Germany, Republic of Ireland and Sweden) will be analyzed via different components which can have an influence on the consumers’ perceived quality of a grocery store. The purpose is to examine whether a company that presents itself with the same concept (and kind of offers) at all its locations, is perceived the same way in the different markets.

2 Theoretical Background

2.1 Overview about Globalization Thoughts

Within the field of globalization many articles and theories refer back to Theodore Levitt’s article from 1983, in which he discussed about the globalization of markets and the standardization of products and production processes. His argument contradicted the established idea back then, the concept of the Product Life Cycle (PLC). Through the PLC products could be sold at different time periods in different places. Levitt stated, “Only global companies will achieve long-term success by concentrating on what everyone wants rather than worrying about the details of what everyone thinks they might like.” His main idea was to indicate the necessity of standardization within industry processes and products to be able to increase relative quality by decreasing costs and so price per item. This thought was founded through the awareness of globalization and the coupled development of ensuing homogenization of consumers and their needs, which could probably increase the demand of one specific item at the same time all over the world.

Even though global thinking is increasingly around in today’s marketing, this does not mean that standardization is always the primary concept. One of the main criticisms of the globalization theory states that as a company begins to standardize products, it can end up alienating some segments of the market, leaving a portion of the market despondent.

Theories exist which dispute Levitt’s thought on globalization and they indicate that standardization in general does not fulfill consumers’ needs and lifestyles. These theories imply that consumers are becoming more diverse on a global scale, which means that products and services are required to change with adaptations and standardizations towards regional or just “specifically favored” segments. Segmentation of the market through

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8 Ibid.
10 Ibid.
lifestyle has been an issue in marketing for a long time.\textsuperscript{11} This does not indicate that the development of the globalization thought is going backwards but rather that it is becoming more specific and is continuously developing. Standardization of an offer is still a major issue, but today’s concept of standardization can be described as a standardization of particular products towards customers within their identified and selected clusters\textsuperscript{12}, which are not necessarily tied to a geographical area. Through this manner of selection, economies of scale with its combined profitability are still possible for companies, but companies gain the opportunity to serve their consumers based on the specific local and personal needs. This indicates that more research and data collection would be needed to be able to determine and fulfill the needs of the different clusters, but the potential of a higher customers satisfaction would exist. As companies adapt to these segmented clusters, they could maintain their main offer, as “the core global product or service”\textsuperscript{13}, while improving with certain adaptations to local needs. This means that they act global but think local\textsuperscript{14}, allowing them to keep costs down while increasing customers’ local satisfaction.

2.2 Introduction to Consumer Perception

Perception is defined as a process by which an individual selects, organizes, and interprets information inputs to create a meaningful picture of the world.\textsuperscript{15} This indicates that every person has unique impressions of the actual reality. This also clarifies why there are differences within the interpretation and the sub-sequential behavior of individuals towards information provided. Following that, within this paper consumer perception will be seen as impressions made by consumers.

Customer-oriented work within the retail industry is of paramount importance. Therefore, it is crucial to analyze a company, of the retail industry, from the consumers’ point of view. By looking at an international company it is interesting to see if the consumers’ perception, of consumers from different markets, differs even though the company has an internationally consistent distribution channel. This means that the offers and even the layout are quite similar in all countries.

\textsuperscript{15} Berelson, Bernard and Steiner, Gary A., Human Behaviour, 1964, p.88.
Generally, this means the consumers’ point of view will be examined. This indicates that the focus will be on the offer itself, on aspects which consumers can measure and define by themselves, and not on the adaptations or changes which the company would maybe need to make or already has done in the different markets.

To be more precise the focus will be on consumers’ perception of “everyday goods”, which are goods that the consumers use on a daily basis. As the focus is on the retail market, the choice to use everyday groceries is based on the argument that consumers purchase these goods frequently in all three markets, which means that consumers are familiar with the products. This means that if people are familiar with the products they will spend less time deciding while shopping because they already have developed their perception during previous purchases. This occurrence can be described as the low-involvement decision-making process, which shows that former purchases do have a major influence on the attitude towards an offer and are the basis for future purchasing decisions. One important issue which will be focused on is the quality the consumers perceive of the offer and if this quality is seen in the same way in all three markets.

2.3 The Quality Concept

Looking at the principle of quality, Harvard professor David Garvin summarized five principle approaches to defining quality: transcendent, product based, user based, manufacturing based, and value based. These “specific” definitions for different segments already indicate a well-known problem within this field. The recognized problem concerning quality is that there is no single universally accepted definition. Quality is something that is hard to define because it is an elusive concept which contains many different aspects which can have an influence on the perceived quality. These aspects are also the reason why there can be an imbalance between the quality that the consumer perceives and the quality that the “sender”, for example a company, intended to communicate. This is a known problem visualized in the linear model of communication which points out possible failures of communication within different stages. Quality is often defined very broadly, for example “The quality of an offering is a measure of the extent to which it actually solves a particular

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19 Cp. Seawright, Kristie W. and Young, Scott T., Quality definition, 1996.
problem for a particular customer”. Through these uncertainties within quality definitions it can be concluded that in general everybody has to define the actual quality for themselves. This means that their own experiences and feelings are always included in the process of perception building which is the reason for deviations within the result of perceived quality. This means that quality can and also must be defined in many different ways depending on the situation, product or service which is looked at. Different components which can have an influence on the individuals’ outcome of perceived quality will be explained in more detail in the following section.

2.4 The Perceived Quality Component Model

Dodds and Monroe performed a field study in 1985, in which they showed through tests with participants within a controlled environment, that brand information and price do have an effect on the consumers’ perceived quality and value of a product. From this, Dodds and Monroe developed a model which illustrates the level of willingness to buy depending on the perceived quality.

This paper will be focusing on Valarie A. Zeithaml’s model “The Perceived Quality Component” (see Figure 1), which was developed from Dodds and Monroes original model in 1988. Zeithaml adapted the model in a way to point out segments which can have a direct influence on consumers’ perceived quality.

Zeithaml divided the perceived quality components into intrinsic and extrinsic attributes. With this separation, she defined extrinsic aspects to be those which have a direct influence on consumers' perception but are not tied directly to the product itself. Examples include objective price, brand name, and level of advertising. The intrinsic attributes are the components or ingredients of the product, which indicates that a change in the intrinsic attributes of a product will result in the creation of a different product. Furthermore, Zeithaml shows in the model that the aspects which build up to the final perceived quality are perceptions the individuals evaluate by themselves.

Objective price means that there is a fixed price given in the shop which everybody can see. The interpretation as to whether the fixed price is too high or reasonable relies on the

individual’s adjustment: No right or wrong conclusion exists. So the price which actually has an influence on the individually perceived quality is a perceived monetary price.

*Brand name* and *level of advertising* are factors which can have a very strong influence on the *reputation* a product or company has. Whether this is considered positive or negative is decided again by the individual consumers.

*Intrinsic attributes* are on the contrary ingredients such as the material of a product which are often not known exactly but the assumptions of the individual influence the perception of the product probably as strongly as the *extrinsic attributes*.

![The Perceived Quality Component Model](source.png)

*Source: Zeithaml, Valarie A., Consumer Perception, 1988, p. 7*

*Figure 1: The Perceived Quality Component Model*

The model shown in Figure 1 is used in this paper as it points out multiple aspects which can have an influence on consumers’ perceived quality. As mentioned above, quality can consist of many different aspects depending on the situation, service, or product which is examined.

Perceived quality is the concept which will assist the analysis of the empirical section within this paper, where general consumer expectations will be compared to the extent a particular test object fulfills these expectations. The test company within this paper is an international company within the retail market, which is known for maintaining their business strategy.
2.5 Limitations to the Model

The model above was developed to evaluate the perceived quality of specific items. Within this research, it will not be looked at a specific product but rather the overall offer. This makes it difficult to examine intrinsic attributes - which mostly refer to specific products – because they cannot be directly evaluated by the consumer. Intrinsic attributes will however be seen as the basic principle of the test company, in view of the fact that the overall offer with its products would need to be changed, if the basic intrinsic principle changes. These aspects are however usually not visible to the consumers and therefore will not be taken into consideration for the empirical study.

It can be argued that the mission statement, the internal culture of the organization as well as the way the company is structured, may be seen as aspects belonging to the intrinsic attributes. These intrinsic attributes will be seen as factors that could influence the perception of consumers for the reason that they are connected to the image of a company, even though these aspects are not directly connected to the products which are sold.

3 Methodology

In this section, the methodology of the empirical aspect of this study will be explained and arguments made for the decision to focus on certain issues will be illustrated.

Having Germany, the Republic of Ireland and Sweden as the three test markets occurred for practical reasons. Through our personal experiences and national backgrounds, having lived in each country, the advantage of having established contacts and familiarity within these markets is given. These contacts were invaluable to achieve a diverse mix of respondents directly from the beginning, this meant that it was possible to send the first emails with the research questions in the form of an internet survey to a diverse mix of age groups, income ranges, regions within the country, and more.

3.1 Assurance of Comparability of the Countries

3.1.1 General Restrictions

To guarantee that different countries can be compared to each other it is important to clarify some basic requirements, which are necessary for a compatible comparison. Richard Hauser is often referred to in the German literature, he constructed a theory which comprises points
which should be considered within a comparison. He says that there are some essential points in which the countries need to be similar to be able to construct a representative comparison. He affirms that for a comparison not everything needs to be completely the same, which of course would not be possible, if different countries or states get compared because there will always be some degree of difference. The more the following aspects are fulfilled the more significant the comparison can be.

The first example would be religious traditions. Even though Germany does not have one main religious denomination, the Republic of Ireland is strongly Catholic-oriented and Sweden is mostly Protestant-Lutheran all of them are based on Christianity. It indicates that they are similar within their traditions, such as celebrating Easter and Christmas, fulfilling another essential aspect for Hauser's comparability.

Political processes, which are another aspect of Hauser, are similar within the three countries. All of them are based on the idea of democracy, even though Sweden is a Kingdom, the political power of the constitutional monarch is extremely limited. All three countries are members of the European Union for more than 15 years. The countries are cooperating and support the same ideas, which is illustrated through the fact that they have signed several treaties into law such as the treaties of Nice and Lisbon.

The legislation, which is similar as well, is also a key aspect, in the way that it defines the limitations on how a person or company can exist and manage daily life. Within the European Union there has been a development towards harmonization of international business market norms which is shown through a number of legislations such as the European trade agreements as well as the establishment of the European Patent Office (EPO) which handles the intellectual property rights within Europe. Further legislation which is important and has to be respected by everybody includes Child Protection and Human Rights. In addition to European legislation, Germany, the Republic of Ireland and Sweden have also signed regulations outside the European Union, such as those related to the World Trade

26 ibid.
27 ibid, p.196.
32 Regeringskansliet (Ed.), Head of State, 2008.
35 European patent office (Ed.), Member states, 2010.
Organization (WTO). This indicates that they agreed to certain standards about how every European country is supposed to do business with non-European countries.

Overall it can be argued that legislation does have an influence on the way people think and act by structuring business through political influences, as well as traditions with arrangements such as bank holidays, and more. From the above mentioned factors, it can be argued that the three countries do in general have the same restrictions and ideals, which are influencing their decisions. In the long run, developing from these similar starting points, implies that the countries become stepwise more compatible.

3.1.2 Limitations to the Restrictions

The bank holidays and traditions aforementioned may be expressed and celebrated in different ways by each country. However they are similar enough to fulfill Hauser’s requirements.

Within the same political and economic treaties and legislation, the countries do have slightly different starting points which means that the agreements they sign are adjusted to them through changes within details. The intention of signing might differ as well, but by agreeing they are accepting the core aspects which illustrate their combined long-term international goals.

Although culture, with all its diverse characteristics, is an important factor influencing the way individuals handle different situations and can have a major influence on an individual’s behavior and perceptions, it is not within the scope of this paper to discuss this due to limited resources.

3.2 Course of Action

Writing a thesis includes some basic decisions about how to approach a research topic; in this paper, it is important to distinguish between the different kinds of data collected.

There are two different kinds of data, qualitative and quantitative data. While qualitative can be strongly limited in the amount of participations who take part in the research, it can provide in-depth information about the particular research topic and is mostly used within descriptive and textual data (words). Quantitative data, on the other hand, gives the possibility to collect a broad amount of information from an elevated number of respondents.

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The answers, however, would not be as specific or in-depth which is why it is mostly used to analyze phenomena (numbers).  

This study relies to a great extent on quantitative research for the reason that it allows for a broad analysis of consumer perceptions within three different markets. Qualitative data methods, such as in-depth interviewing, would not be suited for analyzing our particular research question as they would allow us to only gather in-depth, descriptive information from a handful of participants. It would also have been difficult to locate individuals who have the same background, age, family status, financial situation as well as their place of residence (urban or rural) and more. As the purpose of our study is comparative, sampling the greatest number of people from the three countries allowed us the best means for assessing any differences or similarities between consumers’ perceptions in the various markets. Qualitative methods might have provided more in-depth information from a few individuals in each of the countries but they would have greatly limited our ability to discuss these issues in any terms beyond the individual participants. Differences concerning the participants background would have increased the chance of achieving a biased comparison significantly.

To solve the above disadvantages, a quantitative approach was employed allowing us the possibility to reach a diversity of people from different regions of the three countries. By asking this diverse group of participants to fill in anonymous surveys (see Appendix II), we received an overall image of the market.

Contacting the respondents was done through at least two rounds. This means that within the first round the survey was sent out in the form of an internet survey to 5 individuals from different segments in each market who were then asked to voluntarily respond and secondly forward (“snowball”) it to other individuals. Five individuals were chosen as the aim was set at a minimum number of 50 individuals from each market. The intention of the snowballing was to eliminate our impact on the participants, which lessens through the numerous forwarding which indicates that it is not known who answered.

On the development of the survey-questions, secondary data, which was collected through searching the internet and available literature that surrounds this field, was gathered to facilitate the formulation of a major section in this paper. The survey-questions are based on the frame of reference, such as, the theoretical background of globalization theories from Theodore Levitt as well as Susan Douglas & Yoram Wind, in conjunction with the model of

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perceived quality components of Valarie Zeithaml's. Primary data was collected within a semi-structured telephone interview (Interview questions can be found in Appendix I) with an employee with a relevant level of inside information of the test company in Sweden. This interview was arranged through remote personal connections, so it was possible to conduct information gathering on the background of the company, while also receiving information about their general principles.

When it came to choosing a model which would help this research in illustrating the aspects, which were focused on the test company Zeithaml's model about perceived quality component seemed to fulfill these purposes sufficiently in a way to make the judging of general consumer perception easier to visualize. The information collected within the interview confirmed the practicability of Zeithaml's perceived quality component model through pointing out some of the included components as significant. The model focuses on intrinsic and extrinsic attributes of perceived Quality and how they can have an effect on the outcome of perceived quality of the offer.

The model being adjusted to our research can be seen as intrinsic attributes referring to the internal aspects of the company. They can have an effect on the consumers’ perception about the company’s offer but through the fact that the internal aspects are not actually visual to the consumers’ it was decided to primarily focus on the extrinsic attributes. These aspects of the test company’s offer can directly be experience by the consumers’.

In the survey, which was divided into three parts, the participants were on the first part asked to rate on a scale what their general expectations on a company are when they do their grocery shopping. The rating was based on different aspects such as price and brand which are referred to in Zeithaml's model as well as other aspects such as freshness and product range which were mentioned in the interview. On the second part of the survey, the participants were asked among others questions to specifically rate the same aspects from part one again but this time in relation to the test company. From this, the intention was to find out the difference in rating between the participants’ general expectations of these aspects and their specific perception of the extent the test company does fulfill them. Within part three, the participants were anonymously asked to give some personal information to be able to get an overview of their background. Information, such as gender, family status, as well as monthly income were asked to be able to maybe find some patterns concerning expectations or fulfillments of expectations.
While discussing the research theme, the discussion was going back and forth between the below visualized categories. Broadly speaking it is a figure which shows how the very broad and substantial concept of globalization with its different views and discussions can be logically specified to a particular test company.

![Circle of Development](image)

**Figure 2: Circle of Development**

Figure 2 summaries what has been done and considered in this thesis. Globalization has been discussed from different views such as the original thought or segmentation, which was then tested through the perceived quality of consumers, based on the test company. For this a scale with a range of 1 to 6, with 1 being the most agreeing and 6 the most disagreeing was included in the survey to be able to visualize the consumers’ perception on both the general expectations as well as the fulfillment of the test object.

### 3.3 Limitations

Within this paper with just limited resources and time the number of participants is very limited, which means that the results will probably not be representative enough to generalize it for everybody or a whole country. It will not be possible to get a result which is representing the whole market for the reason that even a single country is never homogeneous within their perception of something. So with a relatively small amount of participants the effect of one consumers’ perception has more impact on the result than it would have in a bigger research. This indicates that even though it is due to the anonymity not visible who participated on this research and through the differences within the individuals who the survey was sent to in the beginning to hopefully get a diverse mix of respondents, the possibility that
the result is not an accurate representative mix to generalize with one of the countries having more than 82,000,000\textsuperscript{38} citizens is quite reasonable.

4 The Company in Focus

4.1 Discussion of the Aspects the Test Object Needs to Fulfill

For the planned testing of globalization through a comparison of consumers’ perception of different markets of a global offer the test object has to satisfy certain expectations. First and most important aspect is that it has to be present and established in the three tested markets. Furthermore it is important that the business strategy the company is using is not changed in different markets, so that they are attracting the same kind of consumers. Additionally it is important that the product or service, which the company is offering is affordable and frequently consumed by a diverse mix of people to avoid a biased result, through strongly limiting the target group directly from the beginning through for example financial aspects.

When looking closer at the listed requirements, it seems as though the company Lidl is fulfilling them better than many other companies, which were considered.

4.1.1 Approving Aspects

As listed above the most important aspect is that the company is present in the markets, which should be evaluated. Lidl is well known and available in nearly all European countries. They are strongly represented on the test markets which will be compared and have entered these markets more than 6 years ago, what means the Lidl principle and stores are established within the countries and the customers had a chance to experience Lidl at different locations and therefore were able to construct their opinions.

Lidl is a company, which is known for their global strategy with just little changes within their product offer towards their respective markets, which fulfills the requirement of the business strategy.

In addition to that Lidl is a company which is belonging to the retail industry and as stated by themselves they are mostly selling articles for the daily needs\textsuperscript{39}. This can be seen as an indicator which provides the possibility of frequent consumption of the offer. Other products

\textsuperscript{38} CountryReports (Ed.), Germany, 2010.  
which will be utilized for a long period of time will be chosen on different features, most likely more carefully and after a lot of individual and therefore diverse aspects. Looking at products that need to be bought often and that cost just a small amount of money every time they do get purchased, gives the opportunity to see customers’ perceptions on basic products with low involvement while purchasing. Opinions on these products give the possibility to receive answers with broader diversified perceptions. The chance that more people have experienced the same product does increase, which will reduce an eventual bias on the average perception through a one sided view.

Further aspects which show that Lidl is a good test object are for example their position within the markets is similar, which is within the discount sector in all the countries. Their method of getting consumers awareness through advertisement is similar on the three markets, with mainly printed leaflets, which are accessible in the shops, as well as send out by post and printed advertisements in newspapers. These advertisements promote “special offers” on a weekly base, with are unveiled each Monday and Thursday with additional or price reduced products. Television advertisements as well as on the Swedish and Irish market also radio spots are broadcasted.

These facts, that Lidl is an international established company with a lot of experience as well as positive results in total\(^{40}\), is an indicator that they got integrated in the mind of the consumers on the retail industry market, what makes them adequate to be taken as an object of comparison.

### 4.1.2 Limitations of Lidl

Even though or may be because of the fact that Lidl is well known nearly everybody does have some kind of perception about them no matter if they actually purchase their grocery goods there or not.

Something which could be seen as a critical factor about taking Lidl as a test object is the fact that within the media Lidl is often criticized for their way of treating employees,\(^{41}\) which could influence consumers’ perception about the company without considering their actual offer.

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\(^{40}\) Handelsblatt (Ed.), Lidl, 2008.

\(^{41}\) Handelsblatt (Ed.), Lidl, 2009.
The Advertisement level which was mentioned above as similar could also be seen as different within the markets. For the reason that Lidl is founded in Germany and the awareness of the company is therefore probably much higher than in other countries it is not necessary to remind the German consumers of Lidl’s existence. This is what the additional advertising in Ireland and Sweden is intended for because it is predominantly not praising a certain product, more the overall existence.

Another aspect which can be discussed is the positioning of Lidl of a discount provider within the three markets. Within Ireland and Sweden Lidl holds the position of the cost leader\(^{42}\), whereas in Germany the level of competition has prevented them from achieving this position.

**4.2 The Companies’ Development**

Founded in Swabia, Germany in the 30\(^{th}\), Lidl started to expand slowly. In the 70\(^{th}\) after the opening of the first Lidl-store around Ludwigshafen, Lidl spread more and more within the national market and started to expand international in the late 90\(^{th}\). Lidl states itself that nowadays they are present in nearly all European countries\(^ {43}\) and have the biggest discount-stores network in Europe by being present in 25 countries.\(^ {44}\)

**4.3 Investigating Lidl**

Lidl is notorious for not cooperating with individuals or media (see Appendix V), which has given them the reputation that it is hard to get inside information or even comments. A large quantity of information, which does get released is not approved from Lidl themselves, which makes it not fully reliable. For this report it was possible to arrange a phone interview with an employee with a relevant inside of Lidl Sweden, who refrained from being mentioned but will be referred to as “the inside source”. Through the interview it was possible to achieve inside information of procedures within Lidl as well as confirming assumptions made through observation and additional information concerning main aspects which Lidl is focusing on. This interview and the information gathered from it has to be considered with certain limitations due to the fact, that it was not possible to confirm all the information through other sources. This is not necessarily a limiting aspect for this paper, because the information collected was taken more as an assistance and reassurance of secondary data than a main

\(^{42}\) Tribune (Ed.), Price War, 2008.  
factor of formulation. Secondary data in conjunction with this interview information was used to formulate the empirical research questions focused on Lidl.

### 4.4 How the Company is Organized

Lidl’s basic principle is simplicity and they try to act according to this by buying and selling daily required goods with the aim to offer these goods to the customer in best quality and to the lowest price.\(^{45}\)

Lidl is using an internationally consistent distribution channel with the Headquarter located in Neckarsulm, Germany which does most of the administrative work.\(^{46}\) The countries that Lidl is operating in do have Head Offices, which probably work close together with the Headquarter in Germany and organize everything within the country from there on. The Swedish one is located in Solna\(^{47}\), which is close to Stockholm and in Ireland it is located in Newbridge, Co. Kildare\(^{48}\) which is close to Dublin.

Based on the given information it can be assumed that Lidl does in general not adapt their principals too much to the local circumstances of the respective foreign country. From the interview with the inside source it can be said that Lidl’s product range includes 1300 products whereof 1000 are basic Lidl brand products which are available in all Lidl stores. The particular Lidl brand products are being sold in all stores in the different countries. These basic products get extended with certain brand products such as Coca-Cola.

Sweden has 2400\(^{49}\) employees within Lidl and more than 3000 across the island of Ireland\(^{50}\). Lidl has more than 8000 stores in total\(^{51}\) whereof 3000 are located in Germany\(^{52}\).

The first Lidl-store in Sweden was opened in 2003\(^{53}\), even though results are not good in Sweden, a total loss of 240 Million Euro until September 2009, Lidl wants to continue the expansion\(^{54}\). They had a total of 151\(^{55}\) stores until September 2009 but this number has decreased until March 2010, where only 148 stores are currently left, after 3 stores were

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\(^{48}\) Cp. Lidl (Ed.), Head Office Ireland, 2009.

\(^{49}\) Inside source.

\(^{50}\) Cp. Lidl (Ed.), Ireland, 2009.

\(^{51}\) Ibid.

\(^{52}\) Handelsblatt (Ed.), Lidl, 2008.


\(^{54}\) Lidl (Ed.), Fastigheter, 2010.

closed down in December 2009. In Ireland the first store opened in 2000 and there do exist more than 150 stores at present.

4.5 Image Development

While writing this paper it could be seen that Lidl is in the process of reengineering their image within the markets by providing more information towards their consumers’. Lidl started providing more information through their homepage then they were previously known for and Lidl in Sweden started even explaining why it is possible for them to have these low prices, by putting up posters in the shops and printing explanations on the front page of their weekly printed advertisements and on the back of the customers’ receipts.

5 Empirical Research & Results

5.1 Introduction

Within the following chapter of this paper the collected empirical results will be presented. On the three test markets, Germany, the Republic of Ireland and Sweden an Internet based survey was sent out which was identical in the questions raised. It only had adaptations within language to assure that the participants would not face misunderstandings based on language problems. To reassure that the translations were adequate, they were done by native speakers. The minimum intended number of participants was set to 50 individuals per market to fulfill the requirement to exceed 30 to be able to present it with a significant result. Participation was varying within the different markets, whereby Germany with 79 and Sweden with 70 participants were successful to surpass the minimum, Republic of Ireland was 7 individuals off with 43 participants, which is however still sufficient to be representative.

The intention of the survey was to find out consumers’ perception of different aspects while shopping for groceries. Through the answers it was hoped to be able to compare the three countries to see if there are any main differences or complete agreements based on these different aspects. To be able to do this kind of comparison it will be looked more at the differences within the numbers than the actual numbers themselves. The numbers presented will be rounded through this small deviations can occur. Through that it is hoped to see if a

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56 Inside source.
company which is considered as using a global strategy does get perceived the same way, so even if Lidl does not satisfy the consumers this can still be a meaningful result in the way that it can be discussed if this result is agreed on in all countries. Through the differences or similarities it is hoped to be able to see if globalization, with its homogenization of products and offers, is accepted and requested on the global market or if the consumers are not really as homogenized within their needs and thoughts as Theodore Levitt predicted.

5.2 Comparison

5.2.1 What was Done

In this section among other things the result of the survey with a comparison between the general part and the practical example will be presented and discussed with a focus on some of the aspects, which were sticking out. (All rated numbers can be found in the Appendix III and the calculated numbers can be found in the Appendix IV)

The purpose of part 1 of the survey was to find out general expectations of how important the requested aspects are for the participants regarding their grocery shopping. This is accomplished through the fact that the information requested was not based on a specific supermarket chain. In part 2 the same aspects among others were asked to be rated again but this time with the focus on how good the individual perceives these aspects at a particular supermarket chain, namely Lidl.

The questions 2.1 until 2.9 of part 1, which comprised the general aspects of the survey, will be directly compared against 5.1 to 5.9 out of part 2 of the survey, which is directly connected to Lidl. These sub-questions concern different aspects of grocery shopping which can have an influence on consumer perception. The aspects were chosen based on primary as well as secondary data collected.

With the difference in the rated numbers of the compared aspects on the questionnaire it is now possible to see the results which indicate to which extent Lidl can exceed or not succeed to fulfill the general expectations of the consumers. To be able to visualize the results of the rating from 1 to 6, where 1 is being satisfactory and 6 is failing to satisfy, the calculation of the mean (arithmetic average)

\[ \text{mean} = \frac{\sum \text{scores}}{n} \]

will be taken as a tool. The average of the expectations as well as of the fulfillment was calculated. Afterwards the average fulfillments were subtracted

\[ \text{difference} = \text{average expectations} - \text{average fulfillment} \]

from the average expectations, through this it can clearly be seen to which extend Lidl is successful or not. A positive outcome of the subtraction indicates that the consumers were satisfied with Lidl and their offer, Lidl was even able to exceed the consumers’ expectations. Contradicting to that a negative outcome indicates that Lidl was unsuccessful in achieving the consumers’ level of expectations.

The calculated deviations (general Expectations from part 1 minus Lidl’s Fulfillment from part 2) of the respective country will be visualized in the following sections. To be able to set the numbers into a better understandable content they will be discussed with their percentage proportion of the rating from 1 to 6 (a deviation of 1 either positive or negative equals a percentage deviation of 16.6%).

5.2.2 Significant Aspects

Based on the Perceived Quality Component Model the aspects price and weekly specials as well as brand products and product range will be focused on in this section.

As discussed earlier Price is often seen as a very important component which can have a significant influence when it comes to consumers’ perceived quality.

As visualized in Figure 3 Lidl’s component price within its offer is able to exceed the expectations of the consumers within the Swedish market, but not within the German or Irish market. This result could be explained through the fact that, within Sweden, Lidl is known for being the cost leader within the retail market whereby in Germany a lot of direct competition is present and also in Ireland Lidl does face competition in this market segment. In general it can be stated that the differences from the expectations to Lidl’s fulfillment are not that
significant. Sweden with a positive deviance has the highest difference with being 7.8% off their general expectations.

Another aspect, which can also be related to the price are the weekly specials which get included in Lidl’s standard offer. These specials are generally products out of the normal product range, that will be for sale with reduced prices, as well as additional products which do not belong to Lidl’s standard product range. These specials are mostly available for one week or only just a few days whereby mostly new offers will be added or exchanged Mondays and Thursdays.

![Weekly Specials](image)

As shown in Figure 4 Lidl is able to exceed the consumers’ expectations towards the weekly specials in all three countries. Within Germany Lidl is even able to reach a satisfaction level which is 14.97% over the consumers’ expectations.

When looking at the special offers Lidl submits every week it is also interesting to see the consumers’ perception about Lidl’s standard product range and whether they are also seen as succeeding with it or not.
Figure 5: Product Range

<table>
<thead>
<tr>
<th>Country</th>
<th>Product Range Satisfaction (general Expectation - Lidl's Fulfillment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>-0.322</td>
</tr>
<tr>
<td>Ireland</td>
<td>-1.273</td>
</tr>
<tr>
<td>Sweden</td>
<td>-1.643</td>
</tr>
</tbody>
</table>

Figure 5 does strongly indicate that the consumers in none of the countries are satisfied with only the products which Lidl includes in their standard product range. With 27.38% off the expectations consumers in Sweden are even clearer than the others rating the product range as not sufficient. A possible explanation for this result could be the product range of Lidl’s competitors, which certainly has an influence on the consumers’ general expectations. When discussing this result it became clear that many Swedish individuals are used to be able to shop all their groceries in one single store (such as ICA Maxi). Similar to that the Irish individuals are known for doing their shopping at a mall which means that they can also get their groceries at one area. Whereby many Germans often do their shopping in more than one supermarket chain, so the limited product range does not negatively influence Germans that much which can be seen through the deviation of just 5.37%.

Another aspect connected to the product range is Brand. Lidl sells both their own products with the Lidl brand as well as additional well-known products from for example Coca-Cola or Knorr.
As it can be seen in Figure 6 Lidl does not fulfill the expectations which Irish and Swedish consumers have about brand, in Sweden Lidl is 20.18% away from even matching the expectations, which is quite a high percentage. The calculated average fulfillment of 4.372 is also the highest number, pointing in the direction of 6, within these compared aspects. In Germany Lidl is able to satisfy and even exceed the expectations by 11.9%. This phenomenon could be explained through the thought that Lidl is founded in Germany and therefore the German consumers got used to products which are offered at Lidl whereby in Ireland and Sweden consumers do expect some other particular products. Products that are included in the product range of the other bigger stores, which have been on the market for longer.

5.3 Some Interesting Aspects

5.3.1 General Results of the Markets

Within all three markets the awareness of Lidl is quite high. In Sweden 91.4% are familiar with Lidl which is the lowest rate of awareness within these three markets, whereby in Germany Lidl has reached 100% of familiarity which is quite impressive. The extent to which consumers of the three markets shop at Lidl is however significantly different. Even though Lidl is known by everybody in Germany only 50.6% do their shopping there. There is no main intention for what reason consumers shop at Lidl, it is separated equally among small everyday shopping as well as the weekly specials with 35% each. Looking at the significant percentages about average money spend at Lidl it can be seen that 45% of the consumers spent less than 10% of their monthly grocery bill, while 32.5% spent even up to 30%.
Even though in Sweden the consumers are aware of Lidl, only 29.7% purchase at Lidl and 42.1% have their main focus on the weekly specials. Also within the average money spent at Lidl the consumers are clear by rating less than 10% with a significant majority of 79%.

In the Republic of Ireland where 95.4% of the participants are familiar with Lidl, 85.4% of those also purchase their groceries there, with a main focus of 48.6% on the small everyday groceries. Ireland’s highest percentage in the survey of the average money spent is also within the range of less than 10% with 34.3%. Contradicting to the other markets the percentage amount is not that significantly clear with having 25.7% spending up to 20% and spending up to 30% did also get rated by 20% of the consumers.

Looking at the respondents who have stated that they do not shop at Lidl, it was tried to find the main reason for this. With two pre-formulated answers as well as an open question field to give the possibility to write and express in their own words, multiple answers were possible. This also means that some of the respondents gave more than one answer so that it is not possible to state the answers in percentage, because more than 100% were collected. From the given answers it could be seen that even though the formulations were different a trend within the intention behind the given answers existed so that two additional categories could be created. The most significant category can be called “competition” where broadly speaking everything which was mentioned such as shopping elsewhere, don’t like the shop or layout of the stores as well as bad service and related factors to this were summarized. The other category is named “negative press” which includes factors such as negative press itself with debates such as employee rights, social responsibility and the management.

On the German market, where 49.4% (39 individuals) of the respondents do not shop at Lidl, the main reason - mentioned by 15 individuals - is the location of the shops, secondly with 11 individuals each is their product range as well as competition. Right behind that with 10 votes is negative press. In Sweden, where 70.3% (45 individuals) do not purchase at Lidl, the main reason is the product range with 22 votes, followed by location and competition with 13 votes each. Negative press just got mentioned once, but 3 individuals mentioned specifically that they do not like the products origin because long transporting which affects freshness as well as the local producers. In Ireland, where only 14.6% (6 individuals) do not shop at Lidl, nobody mentioned the location as a problem. All 6 individuals however stated that the product range was not adequate for their shopping. Further answers were negative press, which was mentioned twice as well as competition once. In Sweden and Ireland additionally to these
aspects two individuals also stated that their wives instead of themselves are doing the shopping.

5.3.2 Recognition Value of Lidl

The recognition value of Lidl by the consumers will be demonstrated with two different scenarios about the consumers’ overall perception of Lidl on a national as well as international base.

As it can be seen in Figure 7 none of the countries thinks that Lidl offers a unique product range, in Germany the number rated is even belonging to the disagreeing side of the rating scale. These numbers could possibly be explained through the fact that within grocery the industry is mainly focusing on basic products which fulfill the customers’ daily needs. The products are obviously somehow similar, looking at the fact that nearly everybody wants for example milk, bread, or cheese, through which these products will make the overall product range similar.

Looking in particular at Lidl and based on the background knowledge that Lidl is available in many different countries it was tried to achieve some information about the consumers’ perception and experiences with Lidl in a foreign country. Concerning the aspect of having experienced Lidl in another country the Irish consumers with 41.5% are the most experienced ones. From the German market at least 39.5% have experienced Lidl in another country whereby only 25.4% of the Swedish consumers have. Regarding the respective perceptions about how similar Lidl is doing business within the different markets the Irish consumers
rated the similarity up to a number of 2.176 whereby Germany with a number of 2.633 rated most into the direction of their offer being different in different countries. From the rated numbers above it can be stated that all three countries do agree upon the fact that Lidl does business the same way to a certain extent in foreign countries. The rated numbers are between 2 and 3 - this is on the agreeing side of the scale - it means they agree that there are similarities but they do not think business is done completely the same way. It can be assumed that consumers notice some kind of changes which could for example be through the products which do get added to Lidl’s own core products. These additional products are generally well-known international brand products as well as national products.

To be able to get an idea about the consumers overall opinion of Lidl’s offer they were asked to rate how happy they are with the complete offer. Looking at these rated figures in a comparison to a calculated overall average of all the averages of the different aspects of part 2 of the survey it is interesting to see how they differ (see Appendix IV). The German consumers’, which were satisfied with 5 out of 9 of the rated aspects of Lidl’s offer, rated their happiness with only a 3.342 whereby through the average calculations Lidl was able to achieve a lower positive result of 2.775. Sweden was satisfied with 4 out of the 9 aspects of Lidl’s offer but rated their happiness with only 4.05 which indicates the highest dissatisfaction of the three markets. Through the calculation of the average of the 9 aspects this high number was not confirmed, but the outcome with a 3.368 was still elevated above the other countries. The Republic of Ireland on the other hand which was only satisfied with 2 out of the 9 aspects rated contradicting to this the highest level of satisfaction with a 2.585. This number however was lower, a 2.807 when the averages were calculated.

5.4 Some Outstanding Aspects

By looking through the answers of the general part of the questionnaire it could be seen that some aspects seem to be of particular importance to the respondents. The three aspects which got the lowest numbers indicating a high level of importance and expectation to the consumers are price, which was already discussed in the comparison section 5.2.2, fresh vegetables and fruits as well as customer friendliness, which all got an average general expectation below 2 in two of the compared countries. The aspect fresh vegetables/fruits will be discussed further in relation to Lidl here because the lowest general expected number within the survey with 1.320 on the German market was achieved on this aspect.
As shown in Figure 8 Lidl is far from fulfilling the consumers’ expectations in any of the markets. With 28.45% off the expectations the highest deviation in the survey is achieved on this aspect. Even the Republic of Ireland with a deviation of -0.844 which looks not that significant is still 14.07% off expectations.

The highest positive deviation with 17.98% again on the German market did Lidl achieve on the aspect parking spaces. Here Lidl seems to fulfill the consumers’ expectations very good all three countries rated the fulfillment below 2.

5.5 Remaining Aspects

Another aspect which could be directly connected to a company and their offer is the influence of location (of the store). The rated level of importance of having shops close to each other seems not to be of great significance. The Republic of Ireland with the highest level of importance rated an average of 2.814 whereby Sweden even rated a 3.871, indicating that closeness to other shops is not of particular importance. The result of Lidl’s fulfillment shows that it is congruent to the expectations also to the Irish consumers who rate the fulfillment the lowest and therefore have a negative deviation of 9.6%. This could possibly be explained through the earlier mentioned statement of malls, within which Lidl is mostly not located. Germany and Sweden on the other hand perceive Lidl’s closeness to other shops as satisfying and rate it with a positive deviation of 4.18% and 10.03%.

Last but not least there is the aspect about the presentation of the products. The Republic of Ireland as well as Sweden are not satisfied with Lidl’s fulfillment of their expectations about the presentation. The Swedish consumers with a negative deviation of even 20.82%, which
indicates that they have not fully excepted Lidl’s way of doing business with their principle of simplicity, which among other aspects includes the no-frills product presentation. Germany on the other hand is contradicting to this satisfied with Lidl’s fulfillment with a slightly positive deviation of 3.43%. This could possibly be explained through the German market situation which includes many similar discount stores as well as Lidl being present on the market for so long that the consumers have fully adapted to this kind of offering.

5.6 Achieving a Summary

By asking the consumers to choice one out of four statements concerning Lidl’s offer to the consumer or to disagree with all of them, it was tried to achieve an overall image of the consumers’ perception of Lidl exempt from specific products or product areas.

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>Ireland</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Good quality at a low price</td>
<td>28,8%</td>
<td>40,0%</td>
<td>24,2%</td>
</tr>
<tr>
<td>2. Fresh food at a low price</td>
<td>11,0%</td>
<td>15,0%</td>
<td>9,7%</td>
</tr>
<tr>
<td>3. Fresh food with a good quality</td>
<td>2,7%</td>
<td>10,0%</td>
<td>6,5%</td>
</tr>
<tr>
<td>4. Fresh food with a good quality at a low price</td>
<td>21,9%</td>
<td>25,0%</td>
<td>8,1%</td>
</tr>
<tr>
<td>None of the above</td>
<td>35,6%</td>
<td>10,0%</td>
<td>51,6%</td>
</tr>
</tbody>
</table>

Figure 9: Which Statement fits best to Lidl’s Offer?

Figure 9 shows that Sweden in particular, but also Germany, disagrees most with all of the pre-formulated statements, which were formulated based on the primary data collected through the interview with the inside source of Lidl Sweden. The Republic of Ireland’s first choice with 40% is the statement “Good quality at a low price” which is also the second choice of the consumers in Germany and the Republic of Ireland, and therefore the most on agreed statement. Least votes in all countries achieved the statement “Fresh food with a good quality” with even just 2.7% in Germany. This could possibly be explained with the dissatisfaction of the consumers in the fresh vegetables and fruit aspect mentioned earlier in section 5.4.
5.7 Limitations to the Empirical Research

While evaluating the answers of the respondents it could be seen that some respondents did not rate all of the aspects all the time so to be able to achieve a comparable result out of the calculations, the average was always calculated with the actual number of respondents of the particular aspect, which does not always match with the complete number of participants of the whole survey.

It was not possible to achieve the minimum aim of 50 respondents for the Irish market, this could be explained due to technical problems, which can be assumed because of the fact that 125 individuals have submitted the survey but only 43 were submitted with answers. For that reason the individuals who were contacted to start the snowballing were contacted again, after the first set time limit of one week, within which only 29 individuals had responded. The contacted individuals were asked for further help by spreading the survey even more.

Furthermore was the chosen time to send out the first round of the surveys probably not chosen very carefully. It was sent out right before the Easter weekend started, which could explain why the snowballing and responding took so long, due to the fact that over Easter many families in all three countries go on short-term holidays or spend quality-time with their families instead of checking their emails.

The different numbers of participants within the different countries could also be seen as a problem, because the influence from one individual on the overall percentage outcome of the countries average perception is nearly double as high on the Irish survey-result than on the German one. After discussions it was decided do consider all the answers which were given and not to cut down to the minimum amount of participants achieved on the Irish market due to the point that the result can get more accurate and representative the more participants were achieved. The fact that the countries have very different numbers of citizens in total indicates that the participants of the survey represent a very different percentage amount of their countries citizenship anyway which clarifies that there is no advantage in reducing the numbers.

Finally it can also be mentioned that the intention of finding patterns with using personal data was not successful. Even though nearly all respondents did answer the third part of the survey, which was constructed for the personal data, but by analyzing the answers no substantial pattern was evident. In all three countries more female than male participants were achieved as well as most participants are working at the moment, but there are significant differences
between the other questions, so generalization seems not attainable. Patterns could probably be achieved if the survey would be done in a larger proportion.

6 Analysis

Globalization with its original thought of Theodore Levitt indicates that the consumer needs are homogenizing on a global scale. Arguing against this generalization, Douglas & Wind state in their theory that a company can serve more than one market but there need to be adaptations towards different cluster preferences to not alienate consumers with different needs.

The research question, which was: if consumers do perceive the same offer the same way in different markets? - which should be assumed when it is said that the consumer needs are becoming homogeneous. This will, based on the previous discussions, be evaluated in this chapter.

Based on the result of the questionnaire it can be seen that the perception of consumers in the three different markets is not exactly the same of Lidl’s global offer. Through the general expectations, aforementioned it can even be seen that the consumers have different aspects, which they consider as important of an offer. This indicates that for the time being the consumers could be considered as not being homogeneous.

The four major aspects that were compared in section 5.2.2 illustrate that two out of the four aspects are agreed on by the three countries, even though one aspect is perceived as negatively fulfilled by Lidl, this perception is shared by all. The other two aspects do not point in the same direction but as mentioned in the section above this can be logically explained through establishment and acceptance on the markets.

Based on the illustrated results it can be argued that Douglas & Wind with their theory which implies that there is a need for clustered offers, get encouragement through the markets not agreeing on all of the aspects discussed above in Section 5. This initiates that the results are contradicting the requirements of globalization, which includes the markets to be homogeneous with the same needs and expectations. This would conclude that there should be the same level of satisfaction on the different countries.

Some outstanding and interesting aspects observed and mentioned in the section 5.4 are the consumers’ level of satisfaction towards Lidl, which are oppositional to their general
expectations. It attracts attention that Lidl was able to fulfill and also exceed expected aspects such as parking spaces and weekly specials, which were not rated to be that important by the consumers from the beginning. On the other hand aspects such as fresh vegetables/fruits or customer friendliness were rated with a level of great importance based on the general expectations but were not anywhere near being fulfilled by Lidl. This indicates that the rating of the consumers’ expectations and their perception and these aspects point in the same direction.

Based on this it could be argued that globalization with its standardization is establishing more and more. Looking at the results it can be seen that many aspects are seen as more positive or not that negative on the German market, where Lidl has been established for more than 40 years. Also it can be seen that Sweden is the country where the consumers are the least satisfied. Out of the three countries Lidl moved into Sweden the latest which could indicate that the Swedish consumers are not that used to their concept yet. So based on that it could be argued that Lidl is able to fulfill the consumer needs better the longer they have been in a market so that the consumers had a chance to get used to their simplicity concept. This argument can be based upon the survey results which were achieved on the Irish market where Lidl entered a few years before the Swedish one, and the Irish consumers with their level of satisfaction are mostly situated between the German and Swedish markets, when it comes to the aspects where the markets are not agreeing on being satisfied or unsatisfied. This could indicate that the three markets are becoming more homogeneous over time, but at least at the moment a complete homogenization is not fulfilled.

7 Conclusion

7.1 Discussion

As it has been discussed in this thesis, segmentation still seems to be a major component when looking at globalization. It can be stated that segmentation towards different aspects is nowadays still necessary but it seems that in the long run, when the different markets get the chance to get used to these aspects they are not going to look for the differences that significantly anymore. This indicates that in the long run it could be seen that Theodore Levitt with his idea of one global need could actually get more encouragement. However nowadays we are nowhere near having one and the same wants and needs on a global scale, but expectations and needs seem to become more similar within segments. This means that
countries which are close to each other and in continuous contact will probably decrease in differences so that the borders between the sections will blur until these differences will eventually become less relevant.

7.2 Suggestions for Further Research

7.2.1 Importance of the Aspect Time

Due to the fact that only limited time and resources were available it seems like many different interesting aspects are left to be looked at closer in further studies. One main aspect would be a long-term study which could analyze and compare if the level of satisfaction towards for example Lidl increases with the years. In this research, results were sometimes rather positive, or at least not that negative on the German market than on the others, which could often be explained logically through characteristics implied through Lidl’s involvement in the market for more than 40 years. This means that many people grew up with Lidl’s concept. In Sweden and Ireland, where they are present for 6 and 10 years it could mean that there is just some more time needed for the consumers to fully accept the concept, and then also be more satisfied by it.

Based on this it would be interesting to make a large-scale study now using Lidl or an equivalent company who has been established for different time periods in different countries. This could be to evaluate the level of fulfillment of the company’s offer to the consumers on a larger number of included countries. It would be to ensure if the differences within the consumers’ perception really decrease the longer a company is established in a market. Which could be an indication to the consumers’ needs and wants really becoming more homogeneous after becoming familiar to the offer, and in the long run being satisfied with it.

7.2.2 Importance of Aspects within Perception

An in-depth research could also be done on the aspect of how the consumers measure quality so that the companies would be able to distinguish between the components which are important for the consumers. It could also be interesting to see how different consumers perceive the quality of products which were produced at economies of scale for many countries compared to products produced for a national or even local market. This difference would most likely include a difference in price, on which again an analysis could be realizes about how much more consumers are willing to pay if the products are not mass produced.
Another study could be investigating in which kind of offer can become global. Is it easier for low cost offers to become accepted on a global scale with probably no-frill offers or very limited adaptations towards the host markets like for example Ryanair. This could include less expectations of the offer itself or are exclusive offers better for being global even though the target group might not be as substantial but therefore with high expectations of the individual offer.
References

Literature


Dawson, John A. and Lee Jung-Hee (Ed.) [Lifestyle, 2004]: International retailing plans and strategies in Asia, 10 Alice Street, Binghamton, NY 13904-1580 USA: International Business Press an imprint of The Haworth Press, Inc., 2004 has been co-published simultaneously as Journal of global marketing, Volume 18, numbers 1/2


Journals


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Regeringskansliet (Ed.) [Head of State, 2008]: How Sweden is governed: Sweden’s democratic system: The Head of State, 2008-03-28, http://www.sweden.gov.se/sb/d/2853/a/21785


Appendix

Appendix I: Interview

General Information about Him

1. How long he has been working for Lidl
2. His position
3. How was his development within the company?

Finding out General Information about Lidl

4. How many stores are in Sweden?
5. How many stores in total?
6. Number of employees in Sweden

7. What are Lidl’s core products?
8. Is there a certain percentage of products or specific parts of the product range which is the same everywhere?

10. Is there a certain amount of products that are sold in EVERY store?

9. Is there a certain product segment which Lidl is selling mostly unchanged at all markets?

His Opinion

11. Which is the most important key factor within Lidl’s offer?

12. Is there adaptation of Lidl that goes further than just the national market? Are there regional adaptations or even to certain single stores?

13. Does Lidl have a special target group that they focus on?

14. Does Lidl see their European markets as one single market or do they see all countries separately?

Questions which developed within the interview

15. Do you really thing that Lidl has any real advantage over their competitors other than price?

16. To summarize: Key offering is Low price, good quality and freshness?

17. How does Lidl try to deliver quality to their consumers?

18. So you would say quality means freshness?

19. How profitable is Lidl/ is Lidl making profit now?
Appendix II: Survey questions

Hello,

We are two students from the University of Dalarna in Sweden and we are writing our Bachelor Thesis right now. We are writing about consumer perception within the retail market. We would greatly appreciate if you could help us by answering the questions within the survey. Participation is of course voluntary and the answers will be handled completely anonymous. Answering the questions will take less than 10 minutes.

Thank you very much in advance.

1. Where do you live?
   - Sweden
   - Germany
   - Ireland

2. How important are the following Aspects for you, when you do your grocery shopping?
   - How much influence do the following aspects have, when you buy your groceries?
   2.1 Price
      - very important 1 2 3 4 5 6 not important

   2.2 Wide Product Range
      - very important 1 2 3 4 5 6 not important

   2.3 Fresh Vegetables/Fruits
      - very important 1 2 3 4 5 6 not important

   2.4 Presentation of Products
      - very important 1 2 3 4 5 6 not important

   2.5 Weekly Specials
      - very important 1 2 3 4 5 6 not important

   2.6 Customer Friendliness
      - very important 1 2 3 4 5 6 not important

   2.7 Brand Products
      - very important 1 2 3 4 5 6 not important

   2.8 Parking Spaces
      - very important 1 2 3 4 5 6 not important

   2.9 Closeness to Other Shops
      - very important 1 2 3 4 5 6 not important
Starting from here we will focus on our test object, Lidl

3. Are you familiar with Lidl?
   Yes
   No > if you are not familiar with Lidl, you can directly go to question 10

4. Do you shop at Lidl?
   Yes > please answer also question 4.1 but not 4.2
   No > please answer also question 4.2 but not 4.1

4.1 For what do you MOSTLY shop at Lidl?
   Small everyday Groceries
   Big weekly Groceries
   Weekly Specials

4.2 Why don't you shop at Lidl?
   Too far away (location)
   They do not sell the products you need (product range)
   Other

5. How do you perceive (=see) the following Aspects at Lidl?
   Even if you don't shop at Lidl, we would like you to answer the following questions according to your perception

5.1 Price
   very good 1 2 3 4 5 6 bad

5.2 Wide Product Range
   very good 1 2 3 4 5 6 bad

5.3 Fresh Vegetables/Fruits
   very good 1 2 3 4 5 6 bad

5.4 Presentation of Products
   very good 1 2 3 4 5 6 bad

5.5 Weekly Specials
   very good 1 2 3 4 5 6 bad

5.6 Customer Friendliness
   very good 1 2 3 4 5 6 bad

5.7 Brand Products
   very good 1 2 3 4 5 6 bad

5.8 Parking Spaces
   very good 1 2 3 4 5 6 bad

5.9 Closeness to Other Shops
very good 1 2 3 4 5 6 bad

6. How unique do you think Lidl's product range is compared to its competitors? does Lidl sell the same or other products than its competitors?
completely unique 1 2 3 4 5 6 no difference to other shops

7. Are you happy with Lidl's overall offer?
completely happy 1 2 3 4 5 6 not happy at all

8. In your opinion, which of the following statements fit best to Lidl's offer to the consumers?
Good quality at a low price
Fresh Food at low price
Fresh Food with a good quality
Fresh Food with a good quality at a low price
None of the above

9. Have you experienced Lidl in another country?
No > please go one by answering question 10
Yes

9.1 In your opinion is Lidl doing business (structure of the shop, service, quality of the goods, advertisement etc.) the same way in other European countries?
we would like to hear your opinion, so there is no right or wrong
completely the same 1 2 3 4 5 6 absolutely different

Personal data

The information will only be used for our Bachelor Thesis (to be able to find patterns) and will be handled anonymous.

10. Gender
Male
Female

11. What do you do at the moment?
Student / Pupil
Working
Housewife/Houseman
Retired
Unemployed
Stay at home parent

12. How is your current living arrangement?
Example: If you do have kids, but they don't live at home anymore, please state "without kid"
Single
Single with kids
With a partner without kids
With a partner and with kids

13. In which range is your monthly Income (after taxes)?
   Up to 5000 SEK / up to 500€
   5001 SEK – 10000 SEK / 501€ - 1,000€
   10001 SEK – 20000 SEK / 1,001€ - 2,000€
   20001 SEK – 30000 SEK / 2,001€ - 3,000€
   30001 SEK or more / 3,001€ or more

14. In average, around how much of your monthly grocery bill do you spent at Lidl?
   Less than 10%
   Up to 20%
   Up to 30%
   Up to 40%
   50% or more

Thank you very much for your participation!
### Appendix III: Survey answers

#### Germany

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<th>Participants</th>
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<td>8. In your opinion, which of the following statements are true?</td>
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#### Starting from here, the focus is on Lidl

1. Are you familiar with Lidl?
   - No
   - Yes

2. Do you shop at Lidl?
   - No
   - Yes

3. What do you mostly shop at Lidl?
   - Small everyday Groceries
   - Big weekly shops
   - Weekly specials

4. Why do you shop at Lidl?
   - Too far away (location)
   - They do not sell the products you need
   - Other

5. How do you perceive the following aspects at Lidl?
   - Good quality, low price
   - Fresh at a low price
   - Fresh Food, good Quality
   - Fresh, good Quality, low Price
   - None of the above

6. Have you experienced Lidl in another country?
   - No
   - Yes

7. Is Lidl doing business similar in other countries?
   - No
   - Yes
### Personal data

#### 10. Gender
- Male: 34
- Female: 45

#### 11. What do you do at the moment?
- Student: 11
- Working: 56
- Housewife/Houseman: 2
- Retired: 5
- Unemployed: 1
- Stay at home parent: 4

#### 12. How is your current living arrangement?
- Single: 21
- Single with Kids: 0
- With Partner Without Kids: 26
- With a Partner and Kids: 29

#### 13. What is your monthly income (after tax)?
- Up till 500€: 6
- 501€ till 1000€: 7
- 1001€ till 2000€: 10
- 2001€ till 3000€: 18
- 3001€ or more: 32

#### 14. How much is your average grocery bill at Lidl?
- Less than 10%: 18
- Up to 20%: 6
- Up to 30%: 13
- Up to 40%: 1
- 50% or more: 2
## Republic of Ireland

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Starting from here, the Focus is on Lidl

3. Are you familiar with Lidl?
   - No | 2
   - Yes | 39

4. Do you shop at Lidl?
   - No | 6
   - Yes | 35

4.1 What do you mostly shop at Lidl?
   - Small everyday Groceries | 17
   - Big weekly shops | 10
   - Weekly specials | 8

4.2 Why don't you shop at Lidl?
   - Too far away (location) | 0
   - They do not sell the products you need (product range) | 5
   - Other | 6

5. How do you perceive the following Aspects at Lidl?
   -   | 1 | 2 | 3 | 4 | 5 | 6 |
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6. How unique is Lidl's product range?
   -   | 3 | 6 | 18 | 6 | 3 | 4 |

7. Are you happy with Lidl's overall offer?
   -   | 5 | 16 | 12 | 7 | 1 | 0 |

8. In your opinion, which of the following statements?
   - Good quality, low price | 16 | 6 |
   - Fresh at a low price | 4 |
   - Fresh Food, good Quality | 10 |
   - Fresh, good Quality, low Price | 4 |
   - None of the above |   |

9. Have you experienced Lidl in another country?
   - No | 24
   - Yes | 17

9.1 Is Lidl doing business similar in other countries
   -   | 1 | 2 | 3 | 4 | 5 | 6 |
   -   | 6 | 6 | 2 | 2 | 1 | 0 |
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Starting from here, the focus is on Lidl.

3. Are you familiar with Lidl?
   - No: 6
   - Yes: 64

4. Do you shop at Lidl?
   - No: 45
   - Yes: 19

4.1 What do you mostly shop at Lidl?
   - Small everyday Groceries: 7
   - Big weekly shops: 4
   - Weekly specials: 8

4.2 Why don't you shop at Lidl?
   - Too far away (location): 12
   - They do not sell the products you need (product range): 20
   - Other: 15

5. How do you perceive the following Aspects at Lidl?
   - 12
   - Wide product range:
     - 0
     - 7
     - 16
     - 11
     - 21
     - 7
   - Fresh Vegetables/Fruits:
     - 6
     - 10
     - 19
     - 9
     - 9
     - 5
   - Presentation of products:
     - 0
     - 5
     - 16
     - 12
     - 13
     - 13
   - Weekly Specials:
     - 6
     - 11
     - 21
     - 15
     - 4
     - 2
   - Customer Friendliness:
     - 2
     - 9
     - 19
     - 16
     - 9
     - 6
   - Brand Products:
     - 0
     - 2
     - 16
     - 13
     - 14
     - 14
   - Parking Spaces:
     - 24
     - 19
     - 18
     - 2
     - 0
     - 0
   - Closeness to other shops:
     - 8
     - 10
     - 20
     - 11
     - 10
     - 4
   - How unique is Lidl's product range?
     - 5
     - 11
     - 20
     - 16
     - 2
     - 8
   - Are you happy with Lidl's overall offer?
     - 1
     - 5
     - 19
     - 12
     - 11
     - 12

8. In your opinion, which of the following statements apply to Lidl?
   - 15
   - Good quality, low price:
     - 15
     - Fresh at a low price:
     - 4
     - Fresh, good Quality:
     - 4
     - Fresh, good Quality, low Price:
     - 5
   - None of the above:
     - 32

9. Have you experienced Lidl in another country?
   - No: 47
   - Yes: 16

9.1 Is Lidl doing business similar in other countries?
   - 1
     - 2
     - 3
     - 4
     - 5
     - 6
   - 4
     - 4
     - 3
     - 3
     - 0
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</tr>
<tr>
<td></td>
<td>Housewife/Houseman</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Retired</td>
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<tr>
<td></td>
<td>Unemployed</td>
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</tr>
<tr>
<td></td>
<td>Stay at home parent</td>
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<tr>
<td>12. How is your current living arrangement?</td>
<td>Single</td>
<td>13</td>
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<tr>
<td></td>
<td>Single with Kids</td>
<td>4</td>
<td></td>
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<tr>
<td></td>
<td>With Partner Without Kids</td>
<td>22</td>
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<tr>
<td></td>
<td>With a Partner and Kids</td>
<td>31</td>
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<tr>
<td>13. What is your monthly income (after tax)?</td>
<td>Up till 5,000 SEK</td>
<td>10</td>
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<td></td>
<td>5,001 SEK till 10,000 SEK</td>
<td>10</td>
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<td></td>
<td>10,001 SEK till 20,000 SEK</td>
<td>14</td>
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<tr>
<td></td>
<td>20,001 SEK till 30,000 SEK</td>
<td>25</td>
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<tr>
<td></td>
<td>30,001 SEK or more</td>
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<td>14. How much is your average grocery bill at Lidl?</td>
<td>Less than 10%</td>
<td>15</td>
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<tr>
<td></td>
<td>Up to 20%</td>
<td>1</td>
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<tr>
<td></td>
<td>Up to 30%</td>
<td>1</td>
<td></td>
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<td></td>
<td>Up to 40%</td>
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<tr>
<td></td>
<td>50% or more</td>
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Appendix IV: Calculated Figures

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<tr>
<th></th>
<th>Expectations (average)</th>
<th>Fulfillment (average)</th>
<th>Difference (B - C)</th>
<th>Difference in % (6=100%)</th>
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<tr>
<td><strong>1. Price</strong></td>
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<tr>
<td>Germany:</td>
<td>1,898</td>
<td>2,146</td>
<td>-0.248</td>
<td>4.13%</td>
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<tr>
<td>Ireland:</td>
<td>1,628</td>
<td>1,780</td>
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<td>Sweden:</td>
<td>2,785</td>
<td>2,317</td>
<td>0.468</td>
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<td><strong>2. Product Range</strong></td>
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<tr>
<td>G:</td>
<td>2,705</td>
<td>3,027</td>
<td>-0.322</td>
<td>5.37%</td>
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<tr>
<td>E:</td>
<td>2,093</td>
<td>3,366</td>
<td>-1.273</td>
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<tr>
<td>S:</td>
<td>2,437</td>
<td>4,080</td>
<td>-1,643</td>
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<td><strong>3. Fresh Vegetables/Fruits</strong></td>
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<td></td>
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<tr>
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<tr>
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<tr>
<td>S:</td>
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<td>-1,604</td>
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<td><strong>4. Presentation of Products</strong></td>
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<td>3,3</td>
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<tr>
<td>E:</td>
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<td>3,425</td>
<td>-0.687</td>
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<tr>
<td>S:</td>
<td>2,971</td>
<td>4,22</td>
<td>-1,249</td>
<td>20.82%</td>
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<td><strong>5. Weekly Specials</strong></td>
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<tr>
<td>G:</td>
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<td>2,647</td>
<td>0.898</td>
<td>14.97%</td>
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<tr>
<td>E:</td>
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<td>2,146</td>
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<tr>
<td>S:</td>
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<td><strong>6. Customer Friendliness</strong></td>
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<td></td>
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<tr>
<td>G:</td>
<td>1,820</td>
<td>3,109</td>
<td>-1,289</td>
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<tr>
<td>E:</td>
<td>1,833</td>
<td>3,268</td>
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<tr>
<td>S:</td>
<td>2,507</td>
<td>3,639</td>
<td>-1,132</td>
<td>18.87%</td>
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<tr>
<td><strong>7. Brand Products</strong></td>
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<tr>
<td>G:</td>
<td>3,769</td>
<td>3,055</td>
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<td>E:</td>
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<td>3,6</td>
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<tr>
<td>S:</td>
<td>3,161</td>
<td>4,372</td>
<td>-1,211</td>
<td>20.18%</td>
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<td><strong>8. Parking Spaces</strong></td>
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<tr>
<td>G:</td>
<td>2,712</td>
<td>1,633</td>
<td>1,079</td>
<td>17.98%</td>
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<tr>
<td>E:</td>
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<td>1,829</td>
<td>0.334</td>
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<tr>
<td>S:</td>
<td>2,828</td>
<td>1,968</td>
<td>0.86</td>
<td>14.30%</td>
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<tr>
<td><strong>9. Closeness to other shops</strong></td>
<td></td>
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</tr>
<tr>
<td>G:</td>
<td>3,278</td>
<td>3,027</td>
<td>0.251</td>
<td>4.18%</td>
</tr>
<tr>
<td>E:</td>
<td>2,814</td>
<td>3,39</td>
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<tr>
<td>S:</td>
<td>3,871</td>
<td>3,269</td>
<td>0.602</td>
<td>10.03%</td>
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<tr>
<td><strong>Overall Average</strong></td>
<td></td>
<td></td>
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<tr>
<td>G:</td>
<td>2,775</td>
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</tr>
<tr>
<td>E:</td>
<td>2,807</td>
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</tr>
<tr>
<td>S:</td>
<td>3,368</td>
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<td></td>
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</tr>
</tbody>
</table>
Appendix V: Requested Information

Subject  Filialen
Sender  Inga Köpsell
Recipient  kontakt@idl.de
Date 11.05.2010 09:41

Sehr geehrte Damen und Herren,


mit freundlichen Grüßen
Inga Köpsell

---

Sehr geehrte Frau Köpsell,

vielen Dank für Ihre Email vom 11.05.2010 und das damit bekundete Interesse an unserem Unternehmen.

Uns erreicht täglich eine Vielzahl an Anfragen bezüglich unserer sortiments- oder unternehmenspolitischer Ausrichtung.

Da wir aus grundsätzlichen Erwägungen keine unternehmensstrategischen Informationen veröffentlichen, bitte wir um Ihr Verständnis, dass wir Ihnen in dieser Angelegenheit leider nicht behilflich sein können.

Für weitere Informationen empfehlen wir Ihnen einen Besuch auf unserer Homepage www.lidl.de.

Mit freundlichen Grüßen

I. A. Karin Benz
Aus- und Weiterbildung & Entwicklung
Telefon: +49 7132 30-6109
Telefax: +49 7132 30-4079

Lidl Personal- und Dienstleistung GmbH & Co. KG, Röttelstr. 30, 74172 Neckarsulm
Sitz: Neckarsulm, Amtsgericht Stuttgart HRB 104345, USt-IdNr.: DE135092354

Komplettiert von:
Lidl Personal- und Dienstleistung Beteiligungs-GmbH, Sitz: Neckarsulm, Registergericht Stuttgart HRB 108123
Geschäftsführung: Thomas Augst, Joachim Florack, Ludger Otten, Peter Rudolph, Robby Schäffel