# Lidl lost store traffic after June opening

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### Dive Brief:

- After opening its first stores in mid-June, Lidl saw its 2.6% share of shopper traffic in nine markets across North Carolina, South Carolina and Virginia drop in July (2.3%) and August (1.7%), according to inMarket location data cited by The Wall Street Journal. In September, traffic leveled off to 1.9% of shopper visits.
- Against traditional grocers like Bi-Lo and Kroger, Lidl saw its 11% share of shopper visits in June drop to 8% by August.
- Some analysts interviewed by the Journal said it’s too early to judge Lidl’s U.S. performance so far, while others feel the discounter is having significant problems. A spokesman for the chain said, “It’s not about whether our model works in a market, but what we do to adapt to that market.”

Story continues below



### Dive Insight:

According to inMarket’s data, Lidl’s entry into the U.S. went mostly according to plan. The 2.6% market share it earned was impressive, the firm noted, especially considering that it opened the day before Amazon announced it would buy Whole Foods. inMarket’s data also shows that traffic at competitors Farm Fresh

Supermarkets, Harris Teeter and Piggly Wiggly declined from June to July, indicating Lidl may have poached shoppers from traditional grocers, as many said it would.

But from there, things didn't go according to plan, with traffic declining moderately from 2.6% in June to 2.3% in July, then precipitously to 1.7% in August. Given Lidl's highly anticipated entry and its can't-miss approach, according to industry observers, one would have expected the discounter's share of visits to go in the opposite direction.

"There were a lot of people who tried out Lidl, and a lot of them didn't make it a store that they returned to," Cameron Peebles, inMarket's marketing chief, told Food Dive.

It's not uncommon for a retailer to generate lots of excitement around its opening only to see the dust quickly settle. The same thing happened after Amazon's explosive first days after officially acquiring Whole Foods. The inMarket data also shows a slight gain in Lidl's traffic from August to September, indicating, according to Peebles, that Lidl's declines could be "plateauing."

However, numerous sources who have visited Lidl's stores have noted significant problems. The Hartman Group, a research firm based in Seattle, wrote in a recent report that Lidl is overemphasizing pantry staples that aren't price competitive with other retailers. Neil Stern, senior director with McMillan Doolittle, wrote recently that stores felt "overbuilt" and too reliant on sales of nonfoods items.

Sources interviewed by the Journal, meanwhile, said Lidl had chosen to focus on wine in markets where beer is king, that its nonfoods selection is too obscure and that some stores run out of conventional produce too quickly.

The common thread among these criticisms seems to be that Lidl's merchandising mix is off. There also seems to be agreement that Lidl has faced stiffer competition than perhaps it expected, with competing retailers dropping prices and upping their promos in the lead-up to its opening.

For a chain that spent so much time researching and preparing for its U.S. entry, it's concerning to see Lidl miss the mark. On the plus side, it has a reputation for being able to adapt quickly, and has the backing of its formidable European parent company. Although its initial results aren't encouraging, the next several months will truly tell whether Lidl is able to resonate with U.S. shoppers or not.

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