

5.5: Motivation in Action: The Case of Trader Joe's

People in Hawaiian T-shirts. Delicious fresh fruits and vegetables. A place where parking is tight and aisles are tiny. A place where you will be unable to find half the things on your list but will go home satisfied. We are, of course, talking about Trader Joe's (a privately held company), a unique grocery store headquartered in California and located in 22 states. By selling store-brand and gourmet foods at affordable prices, this chain created a special niche for itself. Yet the helpful employees who stock the shelves and answer questions are definitely key to what makes this store unique and helps it achieve twice the sales of traditional supermarkets.



Figure 5.5.1: Paul L Dineen – shopping cart harmonic convergence II – CC BY 2.0.

Shopping here is fun, and chatting with employees is a routine part of this experience. Employees are upbeat and friendly to each other and to customers. If you look lost, there is the definite offer of help. But somehow the friendliness does not seem scripted. Instead, if they see you shopping for big trays of cheese, they might casually inquire if you are having a party and then point to other selections. If they see you chasing your toddler, they are quick to tie a balloon to his wrist. When you ask them if they have any cumin, they get down on their knees to check the back of the aisle, with the attitude of helping a guest that is visiting their home. How does a company make sure its employees look like they enjoy being there to help others?

One of the keys to this puzzle is pay. Trader Joe's sells cheap organic food, but they are not "cheap" when it comes to paying their employees. Employees, including part-timers, are among the best paid in the retail industry. Full-time employees earn an average of \$40,150 in their first year and also earn average annual bonuses of \$950 with \$6,300 in retirement contributions. Store managers' average compensation is \$132,000. With these generous benefits and above-market wages and salaries, the company has no difficulty attracting qualified candidates.

But money only partially explains what energizes Trader Joe's employees. They work with people who are friendly and upbeat. The environment is collaborative, so that people fill in for each other and managers pick up the slack when the need arises, including tasks like sweeping the floors. Plus, the company promotes solely from within, making Trader Joe's one of few places in the retail industry where employees can satisfy their career aspirations. Employees are evaluated every 3 months and receive feedback about their performance.

Employees are also given autonomy on the job. They can open a product to have the customers try it and can be honest about their feelings toward different products. They receive on- and off-the-job training and are intimately familiar with the products, which enables them to come up with ideas that are taken seriously by upper management. In short, employees love what they do, work with nice people who treat each other well, and are respected by the company. When employees are treated well, it is no wonder they treat their customers well daily.

Based on information from Lewis, L. (2005). *Trader Joe's adventure*. Chicago: Dearborn Trade; McGregor, J., Salter, C., Conley, L., Haley, F., Sacks, D., & Prospero, M. (2004). Customers first. *Fast Company*, 87, 79–88; Speizer, I. (2004). Shopper's special. *Workforce Management*, 83, 51–55.

Discussion Questions

1. How much of Trader Joe's success can be attributed to the fact that most larger chain grocery stores do not sell the type of food available at Trader Joe's?
2. Is pay enough of an incentive to continue at a job you do not enjoy?
3. Trader Joe's promotes entirely from within the organization. This means that if you are a good, dedicated worker, you can rise up within the company. Do you feel employees would be as dedicated to the company if this were not the case? Would high pay be enough to keep employees? What if the company only promoted from within but pay were not as good?

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