



discover
TRADER JOE'S

history

1958

Pronto Markets opened - a small chain convenience store

1967

Name changed to Trader Joe's. First store opened in Pasadena, California

1969

First Hawaiian shirt was worn

1970

The first "Insider Report" was published. Each issue was 5 cents

1972

Granola - the first Trader Joe's product label was launched

1977

Private label was expanded to Trader Joe's, Trader Mings, Trader Jose, Trader Giotto, Pilgrim Joe

The first reusable bag was used

The first organic labeled item was packaged - Apple Juice

1984

Trader Joe's started recording radio advertisements

1985

The "Insider Report" was changed to the "Fearless Flyer"

1988

Moved out of SoCal to San Rafael

1991

Chalk advertising began

1993

Opened store outside of California - first one in Arizona

1995

Moved to the Pacific Northwest

1996

Trader Joe's hits the Internet

1997

Opened a store in Massachusetts

2000

Opened two stores in the Midwest

2001

Price scanners were installed

2002

First bottles of Charles Shaw wine were sold

2006

The first store was opened in the Southeast

2006

Trader Joe's eliminated trans fats from all private label products

Simple symbols were introduced onto the packaging



background

leadership

Joe Coulombe, Founder

Dan Bane, CEO

Theo Albrecht, Owner

headquarters

Monrovia, California, U.S.

stores

367 in 31 states (as of February 2012)

parent company

Aldi

revenue

\$8.5 billion

Business Week noted between 1990 and 2001, the chain quintupled the store number and increased its profits by ten times

employees

10,000+

store

Idea of the South Seas motif came from the Caribbean because Americans were traveling more and returning home with tastes for food and wine they had trouble satisfying in supermarkets of the time. Trader Joe said "Gee, I can fix that."

Trader Joe's name came from an adventurer/traveler

Neighborhood markets

competition



Focus is on selling products at low prices, often at very high volume.



"Ingredients For Life"



"Always Fresh,
Always Affordable,
Always Fareway"



"Where Shopping is a Pleasure"



"Everyday You Get Our Best"



Expect More; Pay Less



"No Store Does More For Less"



"Great Food, Great Value"



"Whole Foods,
Whole People,
Whole Planet"



"Save Money, Live Better"



"Right Store, Right Price"



"Trader Joe's loves crowded marketplaces," said Terrie Ellerbee, associate editor of the Shelby Report, a grocery trade publication. **"It is a good fill-in store and a great place to get specialty items, but it won't take much away from traditional retailers in the marketplace."**

“Trader Joe’s has done such a good job of differentiation that it doesn’t really matter who the competition is,” said Mark Hamstra, retail editor of trade publication Supermarket News.

“We like to think we simply add to the grocery landscape,” Trader Joe’s spokeswoman Alison Mochizuki said. “We don’t worry too much about competition. We compete against ourselves, and our focus is constantly trying to get better at what we do.”

“There is a growing interest in natural and organic food in Houston, and we are excited to welcome other retailers,” Whole Foods spokeswoman Mary Langdon said.

Whole Foods is the world’s leading natural and organic grocer, she said, and it is increasingly focused on offering value. The stores are like a combination “farmer’s market, specialty market, grocery, old-fashioned butcher, fishmonger, baker” and more, she said.

Scott McClelland, president of H-E-B, Houston, said competition brings low prices and makes grocers create unique reasons to shop with them. “For customers, it really comes down to a question of value, where can they get the best quality for the money spent,” he said.

High-volume H-E-B stores, McClelland said, “have fresher perishables.” Plus, he added, “We carry more variety across the store than our competitors, and we do this at low everyday prices. Because we’re from Texas, we focus on buying from Texas suppliers.”

Bill Breetz, president of Kroger Southwest, said customers are familiar - and happy - with what they find at his stores.

“We live in a market that favors competition, and the strongest thrive,” Breetz said. “Kroger continues to remain a leader in the industry because our shoppers know us for service, freshness, good prices, and having fuel centers, pharmacies and an extensive variety.”

Kaplan, David. (9/18/12) *Trader Joe’s to open Friday in the former Alabama Theater*. Houston Chronical.
<http://www.chron.com/business/article/Trader-Joe-s-to-open-Friday-in-the-former-Alabama-3875622.php>

“Trader Joe’s has done such a good job of differentiation that it doesn’t really matter who the competition is.”

- Mark Hamstra, retail editor Supermarket News.

“With unusually friendly staff decked out in Hawaiian shirts, free food samples, handwritten signs, and private-label products you simply can't find anywhere else, Trader Joe's engenders the kind of customer loyalty any brand would envy.”

- Barry Silverstein, Brand Channel

competition continued

Fairway Market and Trader Joe’s, by contrast, operate some stores that generate more than \$1 million in sales per week, according to industry experts.

<http://www.theshelbyreport.com/2012/09/13/ap-puts-food-emporium-on-the-market/#.UGIAwCtWomY>

National grocers Costco and Trader Joe’s, along with Fareway Stores (Midwest) and Wegmans, offer quality meat and produce, a clean shopping environment and very good or exceptional prices. All but Costco also earned the highest possible marks for service, defined as employee courtesy and checkout speed.

<http://www.theshelbyreport.com/2012/04/03/wegmans-trader-joes-publix-and-fareway-top-supermarket-ratings/#.UGHngCtWomY>

Half of the top 100 companies overall are retailers. Within the Top 10—Wegmans, fourth; Publix, fifth; Trader Joe’s, sixth; and H-E-B, 10th—were set apart by creating what the report describes as “dramatic, theatrical experiences for customers.”

<http://www.theshelbyreport.com/2012/07/05/study-four-grocers-prove-that-actors-theatre-drive-retail-growth/#.UGIClStWomY>

David Conway, senior partner at the report’s author, Nunwood, said: “Those retailers who create a compelling sense of theatre for their customers are outperforming the sector average by between 8 percent and 12 percent when it comes to customer experience. These are overwhelmingly nimble, privately-owned businesses that have remained close to their customers and invested in staff culture.

<http://www.theshelbyreport.com/2012/07/05/study-four-grocers-prove-that-actors-theatre-drive-retail-growth/#.UGIClStWomY>

Trader Joe's doesn't pick up on trends -- it sets them.

- Beth Kowitt, CNN Money

“Has anyone else in the US been able to replicate the special quality of the Trader Joe's brand? Not really. Some compare Trader Joe's to Whole Foods because of its **strong focus on health foods and organics**, or even to Costco because of its **value-based house brand strategy**. These chains have neither the **intimacy nor personality of Trader Joe's**, however. One occasionally runs across a smaller chain that has similar attributes. For example, Earth Fare, with 13 stores in North Carolina, South Carolina, Georgia, and Tennessee, has a smaller footprint than a mega-market, focuses on "healthy" and organic food, and offers many specialty items. Still, this chain just doesn't seem to have that same Trader Joe's magic.”

- Barry Silverstein, Brand Channel



well known facts

1. **Trader Joe's sells a variety of specialty goods consumers can't buy at regular grocery stores.**
2. **Trader Joe's is the sole distributor of Charles Shaw wines, which sells for \$2-\$4 a bottle.**
3. **Trader Joe's is known to have friendly, laid-back employees who are paid double the minimum wage price.**

"What's not to like? They're very good retailers, and we admire them a lot."

- Costco co-founder and CEO Jim Sinegal.

audience

Trader Joe's has a huge variety of customers, ranging from college students to senior citizens to people on the high income scale such as Jessica Alba. They have lower-priced goods, but their products are specialty, which leads to their large audience.

List of Customers:

- Hipsters, urbanites and college kids
- People looking for specialty products
- Afternoon shoppers consist of senior citizens and stay-at-home parents
- Evening and weekend shoppers consist of professionals who come to grab a couple quick groceries on their way home from work
- Hollywood stars are regularly photographed with TJ's products

The store's customers are committed to their low prices product selection, as well as the perceived sustainable business practices.

When choosing locations for new store, employees look at demographics, which include education level. They're also known to look at subscribers of high-end food and cooking magazines.



private label & pricing

Trader Joe’s Label

Trader Joe's sells many items under its own private labels, requiring their not to publicize this business relationship, and offers these products at a significant discount to brand-name equivalents. Their labels are sometimes named in accordance to the ethnicity of the food in question:

Trader Jose’s (Mexican food)	JosephsBrau (beer)
Trader Ming’s (Chinese food)	Trader Johann’s (lip balm)
Baker Josef’s (flour and bagels)	Trader Jacque’s (French food and soaps)
Trader Giotto’s (Italian food)	Joe’s Diner (certain frozen entrees)
Trader Joe-San (Japanese food)	Joe’s Kids (children’s food)
Arabian Joe’s (Middle Eastern food)	Trader Darwin’s (vitamins and health supplements)
Pilgrim Joe’s (New England specialties)	

Trader Joe's uses their own label. They do this by skipping “the middle man” by buying directly from vendors. The vendors names are kept secret for the purpose of keeping their business ventures away from competition.

The company has stated that products with the "Trader Joe's" brand contain no artificial colors, flavors, or preservatives, contain no MSG or trans fats, and are sourced from non-genetically modified ingredients.

Because TJ’s has their own label without all the information about their vendors, there are sometimes questions about the authenticity of the distributors.

Trader Joe's Pricing

- Trader Joe's maintains low prices by having smaller stores
- Smaller variety of products with more product turnaround
- They purchase larger quantities of perishable items closer to the expiration date
- Individual products are also discontinued more often due to increased costs, poor sales, or to free up space for new items.
- The value customers get out of Trader Joe's is not just that its prices are low, but that they're low for products that are perceived to be of high value.

Trader Joe's doesn't have extra charges for advertising, couponing, or slotting fees that traditional supermarkets charge suppliers to get their products onto the shelves. "It's all transparent -- no BS," says a former executive. In exchange, suppliers have to agree to operate under Trader Joe's cloak of secrecy. Fortune obtained a copy of a standard vendor agreement, which states, "Vendor shall not publicize its business relationship with TJ's in any manner."

- Beth Kowitt, CNN Money

advertising

Trader Joe's achieves their brand love unlike most retailers.

They do not advertise.

Their only promotion is a newsprint called "**Trader Joe's Fearless Flyer.**" The Flyer is distributed monthly, in-store and is mailed to each store's targeted geographic area. It highlights featured products in quirky copy and cartoon-like art.

“From their packaging, product selection, store layout and graphics, to their vendors, employees and management. The Trader Joe's brand is diversity on steroids.”

- Glenn Llopis, Forbes Magazine Contributor

products

About 4,000 Items:

gourmet foods	domestic and imported wine and beer
organic foods	“alternative” food items
vegetarian food	staple food items
unusual frozen foods	Non-food items (hygiene products, household
imported foods	cleaners, vitamins, pet food, plants, and flowers)

Joe Coloumbe has said, “We built Trader Joe’s on wine first, then food. I tasted 100,000 wines, and most weren’t wonderful. They were submitted to us by desperate vintners.”

- TJ's is the only retailer of Charles Shaw wine, or “Two Buck Chuck.”
- They also have a large selection of California and New-World wines.

“At Trader Joe’s you feel that you are shopping in a high-end farmers market.”

Glen Llopis, Forbes Magazine Contributor

press

- May 2009 issue of Consumer Reports - Trader Joe’s was ranked the second-best supermarket chain in the nation, after Wegmans.
- June 2009 MSN Money - Trader Joe’s ranked second in customer service.
- Ethisphere Magazine 2008, 2009, and 2010 - named Trader Joe’s one of the most ethical companies in the U.S.
- February 2008 Businessweek - reported that Trader Joe’s has the highest sales per square foot of any grocer in the U.S.
- 2010 Fortune - estimated sales to be \$1,750 in merchandise per square foot, more than double the sales generated by Whole Foods.

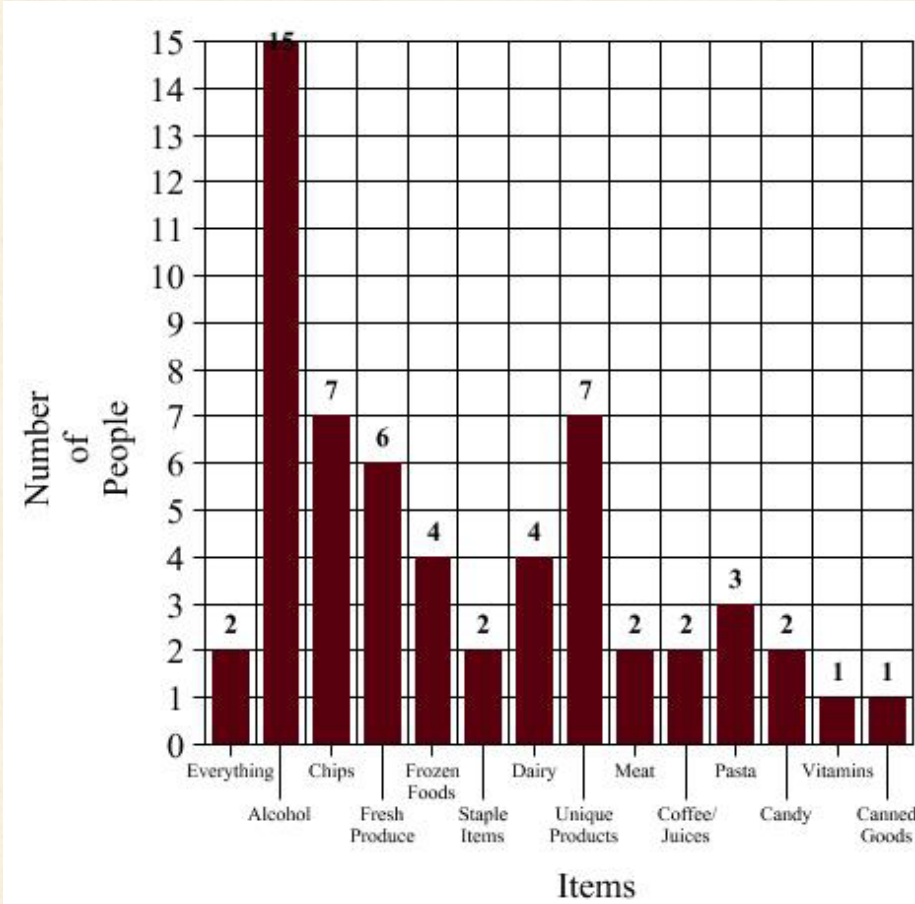


**25 individuals age 20-40 were surveyed
on their view of Trader Joe's**

Question One: How often do you shop at Trader Joe's?



Question Two: What do you buy at Trader Joe’s?
(25 out of 25 people answered)



“Make no mistake: A typical family couldn't do all its shopping at the store. There's no baby food, toothpicks, or other necessities.”

- Beth Kowitt, CNN Money

Question Three: What do you like most about Trader Joe’s?
(25 out of 25 people answered)

Low Prices **11 People**

Organic/Natural Foods **8 People**

Variety/Specialty Products **8 People**

Friendly Staff & Fun Atmosphere **7 People**

Alcohol & Wine **6 People**

Product Quality **2 People**

Question Four: How would you describe Trader Joe’s?
(25 out of 25 people answered)

Trendy
Enjoyable
Colorful
Interesting
Reasonable
Fun

Unique
Artsy

Friendly
Variety
Affable
Warm
Wonderful!
Cheap
Quality

Eclectic
Witty
Natural
Wholesome
Fun
Trendy
Interesting
Cheap Wine
Expensive Food
Contemporary

Healthy
Inexpensive
Beachy
Surf
Tropical

Quirky
Natural
Family
Fresh
Affordable
Yummy
Cheap
Hipster
Green
Relaxed
Hipster
Specialty
Small
Fun
Quirky
Expensive

Relaxed
Organic
Spiritual
Ethnic
Inexpensive
Clean
Variety
Sustainable
Hip
Value

Delicious
Casual
Fun
Playful

"They see themselves as a national chain of neighborhood specialty grocery stores. It means you want to create an image of mom and pop as you grow."

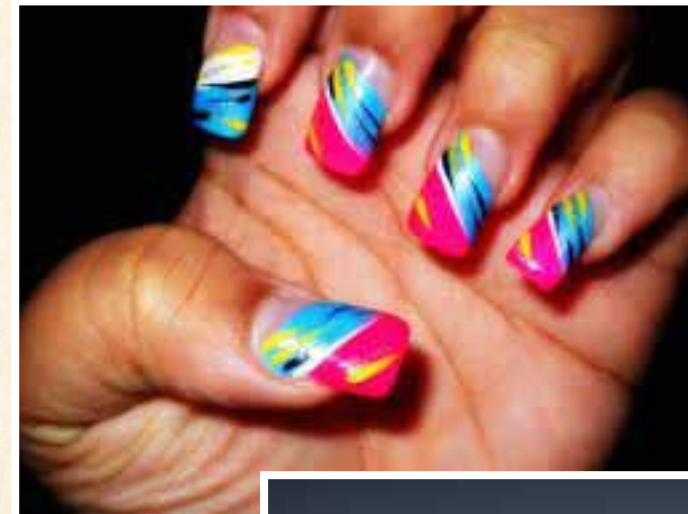
- Mark Mallinger, Professor Pepperdine University



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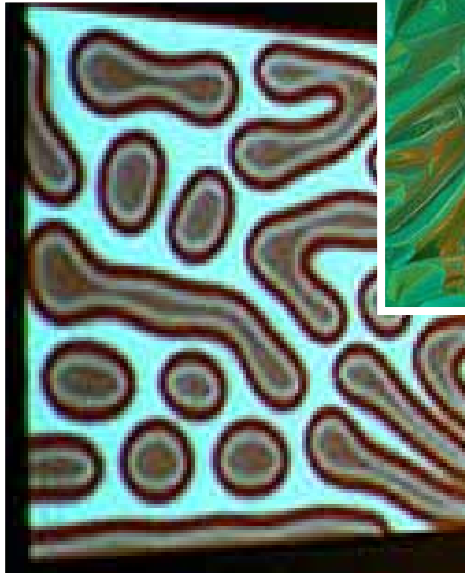
Trader Joe's is ORIGINAL

new; fresh; inventive; novel



Trader Joe's is ORGANIC

developing naturally



Trader Joe's is SPONTANEOUS

coming or resulting from a natural impulse or tendency; without effort or premeditation; natural and unconstrained; unplanned



Trader Joe's is DISCREET

judicious in one's conduct or speech, especially with regard to respecting privacy or maintaining silence about something of a delicate nature



“It's an offbeat, fun discovery zone that elevates food shopping from a chore to a cultural experience.”

- Beth Kowitt, CNN Money

sources

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