

Transcript — Episode 10: Here We Grow

Matt: From the Trader Joe's mothership in Monrovia, California...

Tara: And from Trader Joe's other mothership in Boston, Massachusetts...

Matt: Let's go Inside Trader Joe's.

[Store bells & theme music]

Tara: In Boston, I'm Tara Miller, Director of Words and Phrases and Clauses.

Matt: And sitting just 11 ½ miles due east from the original Trader Joe's on Arroyo Parkway in Pasadena, I'm Matt Sloan, the Marketing – Product guy.

Tara: As each new year approaches, one of the questions we hear all the time is, “Hey, is this the year my neighborhood gets its own Trader Joe's?”

Matt: And where to put those stores can be a tough decision, but believe me, it's nothing personal.

Tara: Later, our CEO Dan Bane will wrap up our final podcast of 2018 with some thoughts about the year ahead.

Matt: Also on this episode, I'm excited about some of the new products that are coming out in 2019, and we're going to take a look.

Tara: Are we allowed to talk about those?

Matt: We'll find out.

Tracy: My name is Tracy Anderson, Senior Vice President of Real Estate and Construction. I lead a team of great Crew Members who oversee real estate construction, maintenance of stores, new stores, existing stores. It is all about making sure we're opening great neighborhood stores.

Tara: Okay, so finding those locations. That's not easy. There are people all over the country who really want a Trader Joe's in their neighborhood, and we're so grateful for that.

Tracy: I get multiple emails every day, very popular. Asking for, for a Trader Joe's in their neighborhood. We had this one customer in Howard Beach in Queens. She sent me a very nice note. She kind of spearheads a Trader Joe's website for Howard Beach on Facebook. And so I, I emailed her back and thanked her very much for her time. We are looking in Queens. Probably within about two

hours I received about 50 emails from multiple citizens of Howard Beach. Like, "We love Trader Joe's, come to Howard Beach." Phone calls... I had the media reach out to me. So it was, it was kind of a very creative way to very quickly get Howard Beach on the map. It doesn't mean we'll go there, but definitely got our attention.

Tara: I think you're going to need a bigger email inbox after this. (chuckles)

Tracy: We've got a plan and that plan is based on customer feedback. We listen to Crew Members at the store, Regional Vice Presidents. We look at current stores, where things are really hot. We look at accessibility, visibility, parking, square footage. Parking is a thing and it's becoming a big thing. Clearly a suburban area where the neighborhood is mostly folks driving. We would like a nice big beautiful parking lot. Because we, we do have kind of that reputation of crazy parking lots.

Tara: In our newer stores where we've built to suit the kind of company we are now as opposed to what we were 30 years ago when some of the older stores were opened, we generally have better parking.

Tracy: One of the first things that we talk about when we're discussing landlords in that very first step of the site submittal is, "What do you have for parking?"

Tara: Something I've heard from people is, "Well, you don't put a Trader Joe's in my neighborhood, because you can't sell alcohol here."

Tracy: It's not a consideration at all. We just want to open great neighborhood stores.

Tara: Tracy, I've been out visiting some new stores recently.

Tracy: I love store openings. The amount of energy...We opened a store in Germantown just outside of Memphis. We had over 500 residents waiting at the door for it to open like it was bursting at the seams.

Tara: I was very recently at the grand opening celebration for our new store in Calabasas, California,

[Calabasas opening crowd murmuring, music playing]

Tara: Which is a really great neighborhood store. It was a Friday morning when we open the store, 8:00 AM and it was packed.

Phil in Calabasas: Welcome to Trader Joe's in Calabasas!

[Marching band music]

Tara: They did an opening celebration with the local high school band and they, you know, they marched off and then when they left...

[Jazz music]

Tara: There was a jazz trio playing out front under a tent in the Southern California heat. It was really fun. And then I flew across the country to come here.

[Jet taking off]

Tara: But made a stop in New York and went to our newest New York City store, which as of this particular day was not yet open. And that's the store at Essex crossing, on the lower east side. And I spent some time speaking with Renee, the store Captain, and it's the biggest Trader Joe's I've ever seen.

Tracy: I'm pretty, it's impressive.

Tara: It's very impressive. I kind of wanted a skateboard to ride through.

[Skateboard rolling past]

Renee: It's over 30,000 square feet and it's the largest store on the eastern seaboard, and we have the pleasure of taking up pretty much an entire city block. As people are walking by on the street, we actually already have our marquee over the exterior and the interior space. And um, if you're in a Hawaiian shirt and you're in this vicinity, people are asking you when you're open. So I feel sorry for people that like Hawaiian shirts and don't work here because I have no idea what's going on. *(laughs)*

Tara: How many people are you hiring?

Renee: We are aiming for an opening Crew size of 200 people.

Tara: How do you manage 200 people?

Renee: Just smile and be nice. *(Laughs)*

Matt: And we are back in Monrovia, California, and I'm with Jon Basalone, our President of Stores here at Trader Joe's.

Jon: Thanks. Thanks for having me on the podcast.

Matt: Our stores are really about people, people in the stores. So how do we figure out where to open the store in the first place? You're actually part of this group of folks working on this stuff. You're

crunching some numbers. You're looking at some maps, but I think this process. There's something about actually experiencing the place.

Jon: Yeah, we like to go there. You know, when we went to Tulsa, Oklahoma... Drive around and see what people are up to and just kind of get a sense of really what's going on and how people live and how they drive around.

Matt: Sometimes when we have the opportunity to move into an existing, maybe an historical or a very storied space, um, there's some anxiety that can come from the neighborhood about that I'm thinking about in Houston, there's a neighborhood where there's an old movie theater. But it hadn't been showing movies for years and years. It was a bookstore before we opened actually. There was a lot of concern that we would come in and you know, "They'll get rid of the movie theater!" I think the building crew and the Crew running the store everyday have done a phenomenal job. It looks more like a movie theater than it has probably in decades, and it's got a Trader Joe's inside, and it's just so neat.

Jon: Or you know, the old armory in Media, Pennsylvania where it's this historic building, or an old bank in Brooklyn or someplace, you know, we love to try to squeeze a Trader Joe's into whatever crazy space we can find.

Matt: It's interesting because I think generally those spaces have already been either zoned or used for some sort of retail situation. It's not like we're eyeing Mount Vernon. We're going to turn that into a Trader Joe's.

Jon: That'd be kind of fun actually. Might be too big.

[Commotion coming from next room.]

Jon: What is going on out there?

[Door opens]

Jon: (yelling) Trying to record a podcast in here!

[Door slams]

[Laughter in the room]

Tara: Freaked everybody out

Jon: What are we talking about?

Matt: So...

Matt: At the risk of disparaging all those who work in the commercial real estate world, there are lots of people who were looking at retail space and they want to present to a business like Trader Joe's, "Hey look at what these other grocery stores are doing. That's why you should be there too." It's not that the competition is irrelevant, it's just not a primary concern for where we'd open up a store.

Jon: We don't live in a bubble... Paying attention to what's going on in the world around us, but that doesn't drive us to make decisions that aren't right for our business. And you know, we have a pretty good set of values in place that guide us. We are a growth company and we're going to continue to grow, but it's got to be in a controlled way. It's got to be in a very smart way.

Tara: We're headed into another new year, Matt, and at Trader Joe's that means more new products coming in.

Matt: The list is so long. I think we've only got time just to talk about a few.

Tara: One that I'm really excited about... I love our Unexpected Cheddar mostly because it's unexpected. It lives up to its name. We have a shredded version of this cheese coming, Shredded Unexpected Cheddar.

Matt: Well, I'll see your cheese. I'm going to raise you a cheese because I love cheese too, and I think it's going to be in stores around April. It's from Spain, from La Mancha. And you might know of Manchego, like the archetypal classic Spanish cheese from the same area. This is a cave-aged cheese. And while similar to Manchego where Manchego was all sheep's milk, this cheese is a blend of cow sheep and goats milk.

Tara: Ooh.

Matt: It's aged for nine months. I'm looking forward to making a 2019 grilled cheese with that for spring.

Tara: Oh, and another cheese that's really exciting is we have Pimento Cheese coming (and) "What's pimento cheese?" If you're from the American South, you definitely know what pimento cheese is, but I think a lot of other people don't.

Matt: Why isn't pimento cheese a thing everywhere?

Tara: Oh, I think it will be. What else? Anything else on your radar coming in that is exciting?

Matt: Candles, I can't believe how popular these scented candles have been. We've got a spring flavor coming in. Actually it's not a spring flavor.

Tara: You called it a flavor. Don't eat the candle.

Matt: Hopefully for the first part of the new year, we've got a Lemon Cookie Scented Candle, so only for smelling or for lighting.

Tara: It's actually something that's already out in stores... The Joe Joe's Slims. Have you had these, Matt?

Matt: Those are pretty neat. And I was a skeptic. I wanted to not like these because I thought why on earth do we need these?

Tara: Right? Sure, it's another Joe-Joe's.

Matt: Sure. Yeah. Too many. But they're really good.

Tara: They're really good.

Matt: I actually liked the textural difference. I think maybe I'm not a fan of double stuff. Maybe I'm just a fan of better ratio filling to crisp biscuit kind of thing. They're really tasty.

Tara: Okay. Another thing I'm really looking forward to, and I don't have a date exactly when we can expect this to be in the store, but talk about making your life easier. Mandarin Orange Chicken... In a bowl. So it's done. It's on a bed of rice. It has some vegetables in it, it's Mandarin Orange Chicken. You put it in the microwave, you bring it to your desk or to the table and you eat your lunch.

Matt: You know you can eat standing over the kitchen sink staring wistfully out the kitchen window.

Tara: Oh Matt.

Tara: This is really fun for me to hang out with Ed Seeker and Collin Fields. Ed, you're the Executive Vice President of Stores on the Eastern Seaboard.

Ed: I try to stay out of the way of the stores to make sure that we are executing our values every day, because if we do that well everything else kind of falls into place.

Tara: And Colin...

Colin: I'm the Vice President of Merchandising here in our Boston office.

Tara: Colin, we have an office in Southern California as most people know, but I think what most people don't know is we have a second office here in Boston. Why Boston?

Colin: Well, when we started in 1996, it's when our first store opened here... We felt that this was a great hub of culture, also of food and there's a lot of history that goes along in Boston. We have kept an office here because it's important to have a totally different view of the United States

Tara: Was it challenging to take that culture from Southern California to other parts of the country?

Ed: It was a good challenge in the sense that it was really educating people about what we are and what we do and how we do it. To me, to get Trader Joe's, you got to go into a store. Trader Joe's is a place you visit. It's not a site that you click.

Tara: So what is your favorite product, Ed?

Ed: I just found a new staple recently, the Cauliflower Jalapeno Dip. I don't know where that's been in my life, but I finally found it. It was good.

Colin: Right now my favorite product is the Chicken Shawarma.

Tara: The raw chicken?

Colin: The raw Chicken Shawarma. My wife and I cook that, um, every week. We've got our kids to eat it too, which is saying a lot. And we usually add that to one of our salad kits.

Ed: I don't eat it often. But the frozen mac and cheeses... How can you not like that when it's snowing in Boston, in front of the fireplace?

Tara: Do you have a favorite holiday product?

Ed: Actually, the new Cider Donuts that just came out? And it's an east coast thing. So I grew up in California, was in Seattle, then I came out here, we discovered apple picking. So, you know, every time we have people out from the west coast and it's this time of year, my wife and I, we always take an apple picking and I always just say, "okay, I'll go again because they have apple cider donuts that are warm at the, you know, that you can get after you pick the apples."

Tara: And what about you, Colin?

Colin: It's hard to pick just one. But if I had to choose one right now, I'd say the Chocolate Pecan Tart. It's got chocolate in it, it's got a gooey center, it's got pecans and it's got a really nice buttery crust.

Tara: Is there one here we can try? (giggle)

Matt: So Tara, you've been at the other Trader Joe's mothership and Boston, and have you been celebrating this world championship?

Tara: Oh goodness. This city loves its Red Sox. I got to visit our Brookline, Massachusetts store. Micah is the store captain there. Of course, that's what we call our managers. And I knew we were close to Fenway Park, but Micah took out his GPS to find out exactly how close.

[Inside a busy Trader Joe's store, people talking, bells ringing...]

Micah: So Trader Joe's, Brookline... That is a, uh, 8 minutes or 1.5 miles. But yeah, we are right on the Green Line. This Green Line will take you right to the park. And we are of course really excited about the Red Sox. It's beyond the store, it's the entire city. It's like they won the World Series for the first time all over again. You know what I mean? The people in this town take the Red Sox very serious. Very serious.

Tara: This was the first store that opened on the eastern seaboard when Trader Joe's expanded across the country.

Micah: This was the chance, right? You know, I, I think, uh, you go back to the original pioneers that came from a lot of them from Southern California to open the store. Uh, they came out here with a small group of people, the original Captain Scott Lane to open the store, and we wanted to see how it did, you know. This was us testing the market, and here we are now 21 years later, and it's doing great.

Maria: My name is Maria Davula and I've been shopping here since they opened 21 years ago.

Tara: Do you have Crew Members who you see all the time?

Maria: Oh, all the time. And they know me by name, I feel like "Cheers." Everybody knows me by name.

John: My name is John. I've worked at Trader Joe's almost 10 years, all in this location as well. I spend a lot of time with the wine and alcohol section.

Tara: The Platinum Reserve Yountville Cabernet that we have coming in this season for the holiday period might be my favorite wine of the last three years.

John: Really?!

Tara: At \$14.99, you won't find a better value.

John: Wildly underpriced! (chuckle)

Tara: We are talking to a long-time neighborhood resident and customer whose name is Sheila. Hi, Sheila!

Sheila: Hi, Tara.

Tara: Do you have favorite Trader Joe's products?

Sheila: Just last night I did the, the frozen Peppers and Onions. I just turned my sister onto the little marsh... They look like little marshmallows, the Mashed Potatoes, the little pillows? Um, I have a nephew named Joe in Virginia. I always send them the Joe Joe's. I shop here all the time.

Tara: Let's talk to Drew. He's a Crew Member here at the Trader Joe's in Brookline.

Drew: I'm actually from Brookline, so...

Tara: So this is really a neighborhood store for you.

Drew: Really a neighborhood store for me.

Tara: I notice you have a Red Sox headband on today.

Drew: Absolutely, yep!

Tara: Could you give us a, you know, Happy New Year?

Crew Member: Happy New Year!

Crew Member: Happy New Year from Brookline Trader Joe's.

Micah: Happy New Year.

Tara: Happy New Year. What are your Happy New Year wishes for 2019? Just, in your own words.

Micah: Everybody should just get back to their roots and kind of a feel that peace within themselves and, and uh, and enjoy one another for who we are. (chuckle) You know?

Matt: Dan Bane is chairman and CEO of Trader Joe's. He's at the helm of the business.

Tara: Dan's here to share some thoughts about 2019 and beyond.

Matt: Dan, when you became CEO in 2001, we had 150 stores in 15 states and now today we have 484 stores in 41 states plus the District of Columbia. That's incredible. And during this time with all this growth, a lot of things have changed in the retail world.

Dan: You know, Matt, it's important that we really stay true to the values and not try to be a responding to all the things that come up about deliveries or different things at other retailers might be doing or responding to what people perceive as the marketplace. We try to stay true to what we do.

Matt: It's important for us that the ideas of our business don't just wind up on a poster in a conference room. We really want this stuff to be real.

[Inside a busy Trader Joe's store, people talking, bells ringing, shuffling..]

Dan: Our key operating values, as you know, are that we're a product-focused company, and we want our Crew Members to create "wow" customer experience in each store.

Crew Member: (in background) Oh, we just got some in stock. Let me show you where they are.

Dan: And while,... while this may not sound like a big thing, for us, it is.

Matt: People are so excited when finally a Trader Joe's gets to the neighborhood.

Dan: Well, each year is as part of our goal setting, we target the number of new stores we'd like to open, and the target's really based on our ability to develop store leaders... for us, Captains and Mates. Over the past couple of years, we have opened slightly fewer stores than we planned or were capable of. But this is due to difficulties related to the timing of real estate deals. Not, uh, not being able to open the stores ourselves. We really evaluate the potential store sites based on a proprietary sales survey model. We don't really consider competition as part of the review because we found that our format will draw customers regardless of the competition. It's all focused on the customers, absolutely.

Matt: We have stores in the US in the contiguous 48 states. There's a lot of room there. There's a lot of land there still. But what about other places?

Dan: Well, to date and for the near future we found great sites in the 48 states. We do however, get a lot of interest from potential customers in Hawaii and even in other countries. However, opening stores outside the 48 states requires us to solve unique logistical and operational problems and we would only open stores where we are able to bring real value to our customers. While these markets are intriguing and we keep looking at them, we continue to work on these challenges.

Matt: So, never say never. What about any store locations, Trader Joe's spots, that have been surprising to you?

Dan: Well, as far as surprises, I would say the downtown Philadelphia store, and it didn't really surprise me so much. It seemed to surprise some of the city politicians at the time. I recall one of them asking me after he made sure that we were out of range of the TV reporters why we're opening a store in downtown Philadelphia. I said something like, "We want to be part of the exciting new development of downtown Philadelphia," and he looked at me like I was nuts and said, "In Philadelphia, really?!" And now that store is one of our highest volume stores in the country.

Matt: The people that live in that neighborhood brought to light for the political folks there that hey, they actually have a great neighborhood that they weren't even aware of. It's amazing.

Dan: It's also interesting that that politician's not a politician there anymore.

Matt: Okay! (chuckle)

[Papers rustle.]

Dan: Did we cover everything?

Tara: Just out of curiosity and I don't know if you have a good, if you have an answer for this, but why do a Trader Joe's podcast?

Dan: No, I don't have a good answer for that. (chuckles) Because Matt told me! (laughs)

Irene: This is Irene from Trader Joe's in Sammamish Washington saying thank you for listening and hit that free subscribe button.

Tara: That way you'll get the first episode of 2019.

Tara: Happy New Year, Matt.

Matt: and Happy New Year to you, Tara, and to all our customers and Crew. We really appreciate the time you spent with us this past year, and we're looking forward to spending even more time with you in the coming year.

Tara: Thanks for listening

Matt: and thanks for listening.

Shannon: Aloha. This is Shannon from Dublin, Ohio.

Douglas: What up? Douglas from Cottonwood Heights, Utah.

Shanice: Hi, you guys. I'm Shanice from Brooklyn, New York.

Steven: Hey, y'all. Steven from Dallas, Texas.

Sarah: Hey there. Sarah from Trader Joe's in Fairfield, Connecticut.

Group in unison: Thank you for shopping at Trader Joe's!

[cheers]

["Auld Lang Syne" music plays to end]