

Transcript — Episode 11: Sustainability

Matt: Here's a little taste of what's coming up on this episode of Inside Trader Joe's.

Tara: This is a produce tray and this is like a styrofoam, right?

Sara: That's right. Yeah.

Tara: So this is going away.

Sara: It's gone. It's no longer in our stores.

Riel: This is a robot that's doing quality control on P.E.T. Bottles. So it's using artificial intelligence to determine what's going on the conveyor belt.

Matt: New products.

Tara: Probably launching sometime in February in our deli case, gluten free pizza dough.

Nick: You know, as a captain, one of the last phone calls you want to get in the middle of the night is "Hey Buddy, (um) power's out at the store. Can you call?"

Tara: From the Trader Joe's mother ship in Monrovia, California.

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

[Theme music and store bells ring two times.]

Tara: It's 2019, Matt. I'm Tara Miller, the Director of Words and Phrases and Clauses.

Matt: And it's still 2019. And I Matt Sloan, the Marketing – Product guy.

Matt: This episode is about a place we all love, planet Earth.

Tara: The Merriam Webster Dictionary defines sustainability as, and I'm quoting, "Of. Relating to or being a method of harvesting or using a resource so that the resource is not depleted or permanently damaged."

Matt: So along with some points on new products and maybe some visits with Crew Members and customers on this episode, we'll explain how sustainability and concern for our planet is really changing the way we do business from products to packaging to just making good use of limited resources.

Tara: But don't worry. We're not going to get all preachy about it.

Matt: And we still want you to eat well. So let's get on with the sermon before the soup.

Tara: (chuckle)

Tara: Let's talk about sustainability, shall we?

Matt: We need to.

Tara: And more than talk about it, we need to do something about it.

Matt: We have small stores, they're physically small and they have fewer products, fewer things in them than most other stores. So while a normal grocery store might have 50,000 different products and it really we don't even have 4,000 and those products sell very quickly and being efficient for us is directly related to being sustainable. So a classic measurement of retail business success is what is known as inventory turns. So inventory turn says you have 52 weeks in a year. How quickly do you sell everything in the store within that year? On average, our stores right now turn inventory more than 60 times a year. More than once a week, our stores sell everything out and all of that is replenished, all of that product. Efficiency comes with cost savings, which we can then pass on through pricing to our customers. Refrigeration is probably one of the bigger uses of energy that we have. So we're actually going away from old refrigerant chemicals to a CO₂, a carbon dioxide model that actually pulls carbon dioxide out of the atmosphere and uses the CO₂, uses that carbon dioxide as the refrigerant, as the coolant. And that's really cool. One of the things that we've heard from our customers is we think that maybe there's too much packaging on some of your products. So rather than just say, "Well, that's how it is. If you don't like it, don't shop with us," we've taken the approach to actually listen. So we're interested in as minimal a packaging setup for each product as possible.

[Door opens.]

Tara: Matt, we have a special guest here with us right now.

Sara: Yes. Hi, my name is Sara, and I am the marketing packaging specialist, and I'm currently working on our initiative that's focusing on more sustainability in our stores.

Matt: So what are you doing?

Sara: That's a great question. I ask myself that a lot at the beginning of a day.

Sara: It's not something new that I think we are doing, but it's a different focus that we are currently placing on both our packaging and how we communicate with our customers about the packaging that is in our stores...how much of it is coming in...how much do we use? What's the purpose of the packaging? It helps with product integrity, it helps reduce food waste and it also helps with transportation and reducing contamination. So it's a part of understanding what is the role of the packaging and also after I'm done with it, what do I do with it? Where does it go?

Matt: As is the case with so many aspects of our business, we really work to keep this simple and to be able to have a set of five different points that we came up with in this framework. The first point, minimizing the packaging materials used, using less material for each package. This relates to some of our very, very popular wines, the Charles Shaw wines. We've had them for a long time now and we sell a massive number of bottles of the Charles Shaw wines. The producer of the wine has made some changes over time. The glass bottles, the bottles that are used now are much thinner and lighter weight than the bottles originally used when Charles Shaw wines were introduced. And that one change lighter weight glass bottles means you can fit more cases on a pallet and more pallets of that wine on a truck and move them where you need to move them using the same amount of fuel for more bottles. Saves a lot of gas actually.

The second point, we're working to source renewable and recycled packaging materials, so things that are from recycled materials. This is often you think of paper as an immediate example, but there's actually a lot of plastic material.

The third point we're working to choose packaging that can be realistically recycled. It's one thing to say that something can be technically recycled, but what's actually feasibly recycled is a pretty small number of materials.

The fourth point is avoiding the use of harmful substances in packaging. Now that seems like a no brainer. What seemed acceptable or okay 5, 10 years ago we now know differently or we have a different take on it. So we're saying let's not use phenols.

And the fifth point is to help provide information to our customers so that they can understand this end of life cycle recycling stream. How can they best handle this stuff even if it's just being clear that this component of the packaging is trash and this other component can be recycled and here's how.

Sara: Yeah, so I brought some of our packaging. We have some of our classic plastic containers from our cookies to our (um) different deli items.

Tara: So here we have a couple of examples of, of packaging for meat products is what I'm, I'm guessing.

Matt: Actually those are produce.

Tara: This is produce?

Sara: Yeah that is for produce.

Tara: So this is a produce tray and this is like a styrofoam, right?

Sara: That's right. Yeah.

Tara: So this is going away.

Sara: It's gone. It's no longer in our stores.

Tara: Gone.

Sara: We have replaced it with a compostable tray that is made from renewable sources, plant based, and you now have the option of composting that tray.

Tara: That's pretty cool.

Sara: Yeah.

Matt: Even things like the greeting cards that we sell, the happy birthday, the thank you cards, each of those has a plastic sleeve on it and that helps protect the card and keeps it clean and looking great. But it's a lot of plastic. Um, it's hundreds of thousands of pieces of plastic a week, and we're close to finalizing a switch to that sleeve that's actually a plant based starch sleeve that you can compost at home or even if it's in like a normal waste stream, a normal trash stream, it breaks down, biodegrades within that.

Sara: This year, we will be removing 1 million pounds of plastic through a series of different decisions we're making to change packaging and also rethink of the packaging we currently have in stores.

Tara: A million pounds of plastic.

Sara: And that also includes (uh) no longer offering our plastic bags at the registers, but offering our paper bags for all of our customers as well as our reusable bag. Most of our stores were just offering the paper bags, but as of the beginning of this year, we are no longer offering plastic bags in any of our stores as a commitment to reducing plastic overall and also encouraging our customers to think about the paper and the reusable bags.

Tara: Awesome. Thank you.

[Noises inside a store: murmurs of conversations, movement of carts and people, cash registers dinging.]

Tara: So today we are at Trader Joe's in Silver Lake, California. And we are talking to a Crew Member in the produce section.

Kristina: Hi, my name is Kristina. People have often, when I tell them I work for Trader Joe's, they, their first thing is always, "Oh my God, I love Trader Joe's." And the second thing is, "Why do you use so much plastic?"

Tara: And now we're finding ourselves in a position where we can really start to make some changes and understand what's going on.

Tara: Standing with you, Kristina, is Sara, who we spoke with in our office. Can you give me some examples of feedback you've gotten from customers and um, maybe some changes that you've noticed or starting to notice since you've been here.

Kristina: We're no longer using a lot of styrofoam. People love that. I love that. And I noticed even several years back we stopped including a fork in some of our pre-made salads, hopefully encouraging people who are eating it at home or are eating it at the office where they have silverware to use and don't need it. It is now an unnecessary expense and it's unnecessary waste.

Tara: Tell me about the flower bags.

Kristina: It might be an old habit. You buy flowers, it's supposed to go in a flower bag. Some of our flowers are dry at the bottom. You actually don't need the protection, the water protection.

Sara: So we're currently sourcing different opportunities for those bags, and we will be removing them entirely as soon as we find a suitable replacement. Some of the areas we're looking into is a compostable bag and/or also a paper option.

Tara: I know some people will grab produce and put it in their shopping cart, but other people want it protected. Talk to us a little bit about the bags that we have now.

Kristina: Customers I think were originally confused by the texture. It was such a, it was a different feel, but I think again, that's just based on what we're used to and now that we're used to this, these decompose really easily, which I love.

Sara: Over half of our produce is in a single buying form, meaning it's not in a package. And you can either choose to use the compostable produce bags which we provide or um, just take your apple and go. So it's...

Tara: Pay first.

Sara: Pay First. Thank you. And then go. That's a good point. (laugh)

Sara: I also wanted to introduce you all to Ed. He, after learning a little bit more about what we're doing as a company with sustainability, wanted to get all Crew Members excited about doing something more and getting more engaged.

Ed: It all came to me, uh, I say changing the trash cans, the bags in the break room, and uh, I noticed that there was a bunch of plastic, a bunch of aluminum cans in there. I decided to start a recycling program. I think we collected over (a six or) six or \$700 and we had a little store outing at the beach and uh, it was cool. We had a party and everyone had a good time and I don't know, the morale was just so high and it was just all through the recycling and uh, it kind of got me more motivated to recycle more. It all adds up.

[Music ends.]

Tara: Ok, Sara, tell us where we are now.

Sara: Well, Tara, I wanted to bring you to a very special place and introduce you to two people who I think are doing amazing work. They've been helping us at Trader Joe's rethink our packaging and understand different material sources. And that is Jessica and Riel.

Jessica: You are at the largest recycling company in Los Angeles County.

Sara: So the first time that I got to meet with Jessica, and I showed up with a large bag of questionable packaging that I personally did not know too much about.

Jessica: You're not the first to show up with a big bag of materials, put them on the table and say, "Let's go through these." (laughs) You have the ability to go to someone who's providing you a product and say, "Hey, let's look at you using a different type of packaging," or "Hey, let's look at less packaging." "The way that you're shipping this to me, can use reusable pallets? Can you use less cellophane? Can you use all of this?" And so knowing that that conversation is happening is, is inspiring.

Sara: I have a spreadsheet on my desk right now that has lists of all of the products that we are looking to improve in regards to packaging.

[Machinery noise.]

Tara: We've left the quiet of the conference room and we're taking a tour to find out after Trader Joe's customers put out their trash and recyclables and it's all brought here... what happens next? So what is this that we're looking at, Riel?

Riel: Well, Tara, this is our Max A.I. unit. This is a robot that's doing quality control on P.E.T. Bottles. So it's using artificial intelligence to determine what's going on the conveyor belt. It's using a vision system, a camera, and then it's recognizing shapes of bottles to make a selection. If it doesn't know the shape and it doesn't see or identify it, we can go in and tell it in the future to make sure you select that bottle going forward.

Tara: And so over time it just keeps getting better and better, smarter and smarter.

Riel: That's correct. And every unit after it will have its intelligence with it.

Tara: Okay, so now we've seen what happens when you throw something in the recycle bin and it goes to a facility and it gets sorted. Then what? Where does it go?

[Recycling plant machinery noise.]

Joe: Hello, my name is Joe and I'm the co-founder and co-CEO of this organization.

Tara: We are visiting a closed loop plastic recycling facility, a brand new building.

Joe: This facility is 302,000 square feet and we have another one acre under roof. What we do in this facility is we take in a post consumer plastics, we sort those plastics. Uh, what we're trying to mine essentially is the polyester terephthalate, P.E.T. that you find in water bottles, soda bottles, trayed salads, hinged clamshells, things that you find in the freezer. What we do is we basically break it down to the base monomer and through some technology that we've invested in from Europe, we're able to boost the quality essentially of that material backup to bottle grade.

Tara: So you bring in a water bottle, make a new water bottle, and you bring in another water bottle, you make a new water bottle. It just goes...

Joe: Correct.

Tara: The way you're doing this, could this be done indefinitely?

Joe: Yes. It can be done over and over again. There will always be an input of virgin material along the way. But yes, due to the technologies that we have, we're able to, like I said, purify the material and use it over and over again. It re-energizes me every time we have new people come through. I'd love to leave this planet a better place than when I was born. Um, and that's kind of... the whole idea behind this operation.

Matt: Now according to Feeding America, 40 million Americans are food insecure or they're struggling with hunger and that is a shame that should not be happening and at Trader Joe's within our neighborhood shares program, which is a way for us to take food that's not fit for sale, but still perfectly useful and get that food to where it can be used. Last year, 2018, we donated a little over \$355,000,000 worth of food. Now that's just a massive number.

Tara: It's a staggering number and it's a staggering, like when you put it into pounds, it's, it's even more staggering.

Matt: 72,000,000 pounds of food, thereabout, diverted from landfills and actually made useful or brought to places where people could use it. We don't want to waste food if we can help it.

Tara: We had a situation come up in our store in Metairie, Louisiana, which is outside of New Orleans.

Tara: Right now we're on the phone with Nick. Hi, Nick.

Nick: Hi, how are you?

Tara: I'm doing well. Thank you. How are you?

Nick: I'm doing really, really well.

Tara: I want to talk to you about what happened on Thursday, the 27th of December at your store.

Nick: You know, as a captain, one of the last phone calls you want to get in the middle of the night is, "Hey Buddy, (um) power's out at the store. Can you call?" And unfortunately that night for whatever reason, I had my ringer off on my phone so I didn't get that until I woke up at 6:00 in the morning. The power was out still. I instructed my Crew to, you know kind of, "Let's just pretend like we're going to open business as usual at 8:00 AM. There's big storms last night. (Um,) there's vast areas of town that don't have power. I was just trying to see what else I could do to help kind of extend the shelf life of all this food that ranges anywhere from, you know, frozen items to fresh produce to dairy, the cheese to fresh meat, you name it. Um, so we've made sure that all the doors are closed. No one was opening anything to any of our walk-in coolers. A little screens are drawn over a over r a, a fresh sections and everything like that. As 7:00 rolled around, I called our local food bank, Second Harvest food bank here that serves us, uh, here in the greater New Orleans area. And, um, I got someone on the phone.

When I kind of related it to them how important it was that we try to work together on this, they weren't only just a little bit on board, but they went through some extraordinary measures. In a short period of time, it went from getting one small truck, um, to our store, uh, which later turned out to be four very large trucks, parked directly in front of our store to enable us to, uh, get that food to where it needed to go.

Tara: So what you ended up sharing with the Second Harvest Food Bank was 10,000 pounds of perishable food.

Nick: Yeah.

Tara: That's an extraordinary figure.

Nick: It was every piece of shareable food.

Tara: That's five tons of food.

Nick: It's one thing to say that you're, you're part of the neighborhood. In moments like this, it's so easy to make the correct decision where it's like, I don't know when the lights are coming back on. I don't know when the power's coming back on, but I know (those eyes) there's something I can do right now. We talk about our values a lot as a company. Like just do the right thing.

Tara: You had the authority and the autonomy to make this decision.

Nick: I was on and off the phone running around like a crazy person coordinating all of this, but the Crew just, were so proud of the work that they were doing because they knew that food was going to be used. As soon as I made the call, it was all hands on deck. But they're so Trader Joe's people, they just knew what to do. There wouldn't be one Crew Member. That wouldn't be heartbreaking, um, with the idea of all that food going to waste. I still have goosebumps talking about it.

Tara: Thank you for doing what you do and not just on that one day but everyday because it sounds like you got a heck of a thing going on there. So it's awesome.

Nick: Say hello to everyone for me and uh, yeah. Thank you so much. Bye. Bye.

Tara: Reducing waste isn't only about packaging, right?

Matt: Someone was looking at this producer of fruit leathers and how the fruit leathers were made in large pans and cut into perfectly rectangular strips. But there was all this great stuff leftover. We came up with fruit leather ends and pieces and we can't get them all the time because they really are a byproduct. They're leftovers. But they're perfectly good and we can sell a mixed bag of them at a price lower than the regular quote unquote normal fruit leathers.

And we've done that with things like salami. Or even with bacon. We have a phenomenal bacon product that is the ends and pieces and if you're using bacon as a recipe ingredient or things like that, this is a great way to do it.

Tara: That's a lot of stuff.

Matt: So a lot of stuff and there's even more to be done. We're not perfect and we know that and recognizing the value of incremental improvement is really near and dear to our hearts. It colors everything that we do, and we really appreciate the opportunity to take this stuff head on.

Tara: One of those things that we always try to sustain here at Trader Joe's...

Matt: New products.

Tara: Excellent products, products at great prices. 2019 is no different. Probably launching sometime in February in our deli case, the refrigerated case right near the other pizza dough, gluten free pizza dough.

Matt: We've also been hearing from customers about their interest in organic options, more organic cookies. It turns out we have organic honey hedgehogs and organic vanilla wafers coming out probably in February. I'm looking forward to those. And salad. Everyone loves a good salad and we've had some salad kits that have been really popular. We have a new

iteration coming up. It's a Gochujang Chop Salad, so that fermented chili paste. So classic in a lot of Korean cooking. This salad is really tasty.

Tara: Coming on the heels of the success of last year's Neapolitan Joe Joe's cookies, we have Neapolitan Joe Joe's ice cream.

Matt: That's going to be tasty. Also, in the frozen section, outside-in gnocchi.

Tara: Explain that.

Matt: So gnocchi that you often serve with a sauce, these have the sauce on the inside of the little puff pillow, pasta guys. So it's cheese and sauce, tomato sauce and cheese inside the gnocchi. So they're ready to go, but they look playing their little surprise inside for you.

Tara: Another fun pasta that we have coming in, Caprese Ravioli. So it's like all of those things that make your Caprese salad in the summertime so delicious and so craveable are stuffed inside a really delicious Ravioli Pasta.

Matt: I'm thinking after you boil these quickly, sort of a little pan searing and then like a Balsamic glaze and a bunch of torn up basil would be amazing.

Tara: Now we've been accused by some animal lovers of only loving dogs at Trader Joe's and it's just not true. We love cats *and* dogs, and we are introducing two new cat treats, one that's chicken and one that's tuna.

Tara: Every cat will be happy this year. Not just dogs.

Matt: That would be a new development.

Tara: For every cat to be happy?

Matt: Yes.

Tara: For snack time, for school or for work or anywhere you might need a little snack to have in your bag for when you get hungry. We have a guacamole and chips snack pack coming.

Matt: And this was inspired by my chips and guac snack pack, which is a full size bag of chips and the full avocados number. So this is just a more sensible version of that. And I think we should tap out.

Tara: OK.

[Sound: Tap. tap.]

Tara: Can we selfishly ask you to do one more thing, please?

Matt: If you want to help sustain this podcast, click on that free subscribe button. We're planning more inside Trader Joe's episodes and that way none will go to waste. That was a little corny.

Tara: (laughs)

Matt: But subscribing is free and it's worth every penny.

Tara: So thanks for listening

Matt: And thanks for listening.