

## Transcript — Episode 23: Trader Joe's Update on COVID-19

Tara: I'm Tara Miller.

Matt: And I'm Matt Sloan. This episode of Inside Trader Joe's is a little different.

Tara: We take being your neighborhood store very seriously. We don't take ourselves so seriously.

Matt: We live in interesting times and we need to talk about that.

*[Music starts to come up behind.]*

Tara: At least for now, the world has changed and all of our lives have changed a bit. Our stores have had to make some changes lately to continue to be of service. In this episode, we'll do our best to explain some of what's happening inside your neighborhood Trader Joe's during these unique times.

*[Music ends.]*

Jon: Hi, I'm Jon Basalone, president of stores at Trader Joe's. I'm sort of tasked with working with the all the store leadership and the Crew Members to make sure that they're putting together and delivering a great customer experience for our customers. And then also the, the stores are being led in a way that's great for the Crew Members as well.

Tara: So Jon, first, thank you so much for taking a few minutes to sit and talk with us. We really, really appreciate your time.

*[Music begins.]*

Jon: Yeah, you know, when I go into stores now, when we all go into stores today and over the past six weeks and watch the amazing work our Crew Members are doing, and really want to start by just thanking them for the amazing work that they're doing. And how grateful we are for the way they're doing it and how they're showing up and really taking care of our customers. Not only like they always do, but now with even more of a sense of caring and support. It really is inspiring, but it's not surprising. It's almost like our Crew Members have this sense of, you know, the regular days are just sort of getting them ready for the times like this when they really, really shine. Nobody signed up for this when they applied for their job at a neighborhood grocery store. But it's amazing to watch them really care for their customers and communities. Hopefully part of that is because of the way we take care of them throughout the

year and throughout their careers with us. You have some examples in the past where we've had disastrous things happen in communities where we have our stores.

Matt: It makes me think of, if you go back to late 2017, there were the wildfires in California and one of our stores in Santa Rosa was badly damaged and we had to close that store. And rather than lay people off and tell people to go figure something else out, we made sure that people were covered. If anyone lost time because of that, the scheduled time, everyone was made whole for that. No one lost any shifts or payment. And every single Crew Member at that store had the opportunity to work at a different store. And that wasn't just a number of weeks. That was a 13 month long process. A little over a year to rebuild that store. After those fires, there were mudslides that closed a lot of highways in California and lots of people at different stores weren't able to make it to their shifts because of that. They didn't lose that time, they didn't lose that pay. They were paid for those shifts. Those are just a couple of examples of the long standing practice that Trader Joe's has to make sure that the crew is covered.

*[Music ends.]*

Tara: We employ a lot of people. I mean, we have a lot of Crew Members right?

Jon: Over 50,000, sure.

Tara: Okay, everything that's happening around the country right now is impacting every single person who works at a Trader Joe's.

Jon: We made the decision, hey, we need to on a regular basis, get together. So on a daily basis, we have each..

*[Background music begins.]*

Jon: .. department head person, whenever you want to call them, get together with their groups to talk about all the things that are impacting their ability to support the stores and what they need to do. And then every single day those leaders get together and talk about what we should be doing. The way we kind of approach that is basically a couple of questions, right? It's sort of like, "What more can we do to help our Crew Members and our customers through this?" And then the second part is, "Of the things that we're doing already, what can we do better? What do we need to change?" We have stores in 42 states plus Washington, DC. Hundreds of counties and a lot of health organizations and people coming up with ordinances and regulations and recommendations of things we should do. And what we've tried to do is not wait for them to tell us what to do, but to look at what we're doing and say, okay, in this one little area, if we do some social distancing that seems to be helping. And that seems to be something that people are recommending. Let's do that everywhere. Let's not wait for the individual states and counties to tell us to do it. You know, we have some really smart people that work for us and we spend time in the stores. We're not just sitting at home reading what's

on the computer and trying to make decisions. We go out and talk to Crew Members and customers. And that affects the decisions that we make as well.

Tara: So what we're doing today might not be exactly what we were doing three weeks ago.

Jon: Right.

Tara: But that's a good thing, because we're not stuck on a policy, right?

Jon: Policies look really good on paper, but in the end, you know, it's people that have to put it into practice and they have to really understand it. And instead of us just saying, you must do these things and hope they do them, let's talk about it and let's get that information to our Crew Members. And then ultimately to our customers. A good example is at the beginning of March when people were storming grocery stores. Panic set in, people started clearing the shelves of anything they could grab. We were getting a lot of requests to say, "Can you limit the amount that people are buying? Can you just put a restriction on how many products people put in their carts?" And the last thing we wanted to do is turn our Crew Members into enforcers where they had to tell somebody at the check stand, "You have to put this product back because you bought too many." So we thought how could we do that differently? How about if we encourage our customers to sort of embrace the sense of community that everybody was talking about and ask them and say, "Hey, for the benefit of your neighbors and your community, please limit your purchases to only what you need." And our customers embraced it. Their patience and their ability to embrace all the things that we're trying to put into practice is what really makes it work.

Matt: The word policy feels like a form of proof, but I just don't know that it's as real as an actual practice.

*[Background music ends.]*

Matt: And rather than have a piece of paper that says we have a social distancing policy, what I see in action is a practice at each store of helping customers form an appropriate queue, an appropriately spread out line and allowing a certain number of people to come shop at a given time.

*[Light upbeat music begins.]*

Matt: ..and controlling the flow in to the store. It's almost a little unnerving if you pull up to a store, you might see what looks like a really long line, but it's because there's so much space between each person standing in the line and those lines, even from personal experience, they move quite quickly. And once you get into the store, it's kind of amazing. People are mindful of themselves and others and able to practice social distancing, not because we had a piece of paper taped to the door. And we had a Crew Member available to tell people

sort of how this is gonna work in a calm way so that it felt like something we're all doing together. Not something that we had to enforce. So it's amazing to see that.

Jon: Our Crew Members are so good at that kind of thing too. That it's, you know, they will come up with solutions to these problems because they're living it every day and they're experiencing it and what works and what doesn't work. We couldn't possibly write that down on paper for them and have them do it as well as they do it on their own. And certainly they followed the guidelines. But you know, we did not tell Jess in Long Island to start playing the accordion for everybody in line, right?. I mean he...

Tara: And that accordion version of Piano Man was truly one of my favorite things of this week.

Jon: We have 50,000 Crew Members, but it's 50,000 individuals working for us and, and they all bring something unique to not only the job but to the store, the neighborhood, the environment where they're working.

*[Transition. Music ends. Changing the subject.]*

Tara: In times of crisis information gets weird, and information gets misconstrued, information gets misinterpreted. But there's been talk in the public about how Trader Joe's employees are not being fairly compensated for what they're doing right now. I want to talk about that.

Jon: Our Crew Members do make good wages compared to the rest of the industry. When it comes to the bonus pay or whatever you want to call it, I mean that idea came about towards the end of February when we saw what was happening and we had some discussions about what can we do, we should do a little something extra.

*[Music begins.]*

Jon: And then as the sales in our stores took off during that panic buying we thought, you know, let's create a bonus pool and have each store sort of create their own pool based on their individual stores' sales increases. And then what we did was took that pool of money that was generated by the store and divided it by the hours worked. If it came out less than \$2 an hour, we thought let's raise it up to \$2 an hour so that at least every Crew Member gets that amount. Some stores are able to generate more money per hour for their Crew Members. Upwards of over \$3 an hour in some places. Our way of saying thank you for them for dealing with this in such a short concentrated period of time. As we looked out and ahead a little bit, we also thought, you know, this is something we'd like to do into the future as well. What's happened since then is, the panic buying has stopped and the sales have actually dropped down a little bit to levels a little bit below a normal week in March. So we thought, well, now that formula doesn't work. It's not really generating a bonus pool for each store. So let's do something different and let's do some thank you pay. And we kept that at \$2 an hour extra for

every hour worked. So we don't have an end date on it. Nobody knows what's going to happen or how long this is going to go on. We didn't put an end date on it because we want to continue to pay this to our Crew Members as long as there's this sort of, this sense that we're running an essential business, everyone else has sheltered in place.

Jon: But we are compelled to stay open for our communities. We're always looking at ways to reward our Crew Members for the outstanding work that they're doing. It's something that we do all the time.

Matt: The stores don't work without the crew, period. That's a reality. And yet we're not forcing people to come to work.

Jon: And if they're not comfortable, they talk with their captains and say, you know, this just isn't for me. I'd like to go out on some type of a medical leave or a temporary leave or just have some time off, but I don't want to worry about losing my health insurance. I don't want to worry about losing some of the other benefits that we have. And so we've made those accommodations to make sure that that can happen.

Tara: Grocery stores have been named essential businesses. It's an imperative right now to keep our stores open because people need to be able to buy food. It can be a challenging decision for somebody.

Jon: We try to create an environment where they can be safe and healthy and our customers can as well. But they know it's, it's definitely more risky than just staying at home. But at the same time, we're not going to hold it against somebody who feels, you know what, for me, my family, what we're going through right now, it's better if I just stay home, and we say that's okay.

*[Music ends.]*

Tara: Can we talk about our approach to the hours of the day that our stores are open right now?

Jon: Most of our stores are open 8:00 AM to 7:00 PM. There are about 75 or so, maybe 77 stores I think that for one reason or another can't open at eight, so they opened at nine o'clock.

*[Music begins.]*

Jon: We need to give our Crew Members a little bit more breathing room, before and after the stores open in order to do what we need to do when it comes to cleaning, sanitizing, stocking, all that kind of stuff. And also giving them some rest. And then there was some requests and a lot of recommendations from government agencies that we designate an hour

for senior customers or customers that might need special assistance while shopping. And we said we think we can have most of our stores ready by eight. That first hour, whether it's eight to nine or nine to ten is for that group of customers.

Tara: I've seen some stores asking people to be prepared to have their ID..

Jon: (chuckles)

Tara: .. to prove their age.

Jon: That's not really our way of doing things, right? Although some people might like that you say, "You know, you look too young to be shopping now."

Matt: Yeah.

Tara: (chuckles) Customers have noticed at this point that we've had some stores that have had to close for short periods of time after a Crew Member has been diagnosed with COVID-19. What happens between the time that store closes and the time it reopens?

Jon: Well, this is another instance where we are going above and beyond the recommendations of the local health organizations and the national health organizations as well. If we have a Crew Member who test positive for COVID-19 or even without a test, but they've given that diagnosis and they were last in the store within a 72 hour period, we will close the store. And while that 72 hour window lapses and do a thorough cleaning of the store.

Jon: So thorough that they have to have a hygienist there to sign off on it. And when we close the store for that cleaning, all the Crew Members that were scheduled for that, get paid for those shifts as we talked about.

Matt: We're also doing some of those cleanings using an outside service without closing the store.

Jon: Every single case is different. When was the last time that Crew Member worked in the store? Were they showing symptoms when they were in the store? Things like that. Can we just do a thorough cleaning by a professional group overnight? Do we need to close the store for a day? Do we need to close the store for three days in order to make sure the environment is safe for everyone when we reopen? In some of the more harder hit areas where we have stores - New York, Connecticut, Long Island, New Jersey - starting a rotational cleaning where we close the store, clean it, reopen it whether there was a case or not. It's a step we're taking that is beyond what's recommended, but we just think it's the right thing to do.

Matt: Anything on your list in your notes that you want to make sure that we get?

Jon: Talk a little bit about the support folks, the warehouses, the vendors...

Matt: So the Trader Joe's crew operates in the front of house. There's still a bunch of stuff taking place back of house through our supply chain and lots of other Trader Joe's Crew Members doing things like paying bills or tracking down paychecks. All of that work continues to happen, and people at different facilities, baking bread and bottling juice and getting all kinds of products out on the roads into distribution centers and out to our stores. Our stores couldn't function without those people.

Jon: They're part of this too.

Matt: So thank you to all of our suppliers, our vendors and the crew working to support the stores and customers.

Jon: Absolutely. Before I go, again, I just wanted to thank our Crew Members for all the work that they're doing in our stores. You know, obviously these are unprecedented times that we're going through. What we have is a bunch of people that are doing the best they can every single day and then getting through that day..

*[Music ends.]*

Jon: Getting up the next day and doing it again. I'm trying not to get kinda too emotional. (emotion) Is this ever going to end, you know, because right now it feels like every day is the same and it's not like every day is Saturday. It's like everyday is Wednesday and you get up the next day and you do it again and you do it again.

*[Music begins.]*

Jon: And we're all in this together and we're going to get through this together and it will end one day and that's going to be a great time because what we're going to realize is that it took all of us to do it. We're here to support our communities and our neighbors and each other and there's no greater feeling than having accomplished that. So I really look forward to that day and celebrating that day with our Crew Members and our customers. And until then just thank them all for coming and doing what they do every single day. Really appreciated.

*[Transition. Music ends.]*

Tara: Should we make some phone calls?

*[Dial tone. Phone button pushing.]*

Matt: Yeah, let's do it.

Tara: We thought it might be a good idea to have a conversation with some Trader Joe's Crew Members around the country.

*[Phone ringing. Line picks up.]*

Matt: Got a Crew Member on the phone here. Why don't you just quickly tell us who you are and where you are.

Chad: Well my name is Chad. I work at the Union Square store in Manhattan.

Matt: Just wanted to check in with you and see how things are going. How is it there these days?

Chad: Well, it's definitely changed a lot. It's a little more stressful to come to work with the city being the way it is. I feel pretty safe coming to work. There's a lot more hand washing. I've gotten myself down into a routine of wearing gloves most of the time and then sanitizing the gloves. The customers are, in general, are pretty respectful of all the changes we've had to make.

Matt: That's great. Is there anything about the daily work that is more or less the same or has everything changed?

Chad: We're still treating customers the way we always have. It's weird because for a lot of us who work here, it feels like not much has changed even though the rest of the world is basically in quarantine. We're still coming to work. We're still doing what we're doing. Before New York got into the major shutdown when people started to panic and they were buying up a lot of stuff and we were running short, it was something that I discussed with one of our mates, that we should do what we can to make, even if we don't have everything, to make everything still look normal.

*[Music begins.]*

Chad: Because if people see things that look normal in the store, even when everything is going on that's crazy around them, they're gonna be consoled a little. They see us acting not panicked and normal, they maybe be a little more comforted in the fact that there is something out there that is stable and, and it reflects back on us as well. Like it keeps the other Crew Members from getting a little too panicked either. Cause it is a very scary situation we're in right now.

Matt: Certainly I can only imagine. How are your fellow Crew Members holding up?

Chad: Well, it's mixed. They are scared, a lot of them. There are a lot of stories out there. There are a lot of rumors out there. There's a lot of speculation. The main thing is that there are good sources of information and they're not that hard to find. There is nothing, in like the last hundred years, that can set us up for this situation. So we're all learning as we go. I think with what we're doing, at least in our store and what I've seen in other stores, is the communication is the key. Just talk about things. Also another thing I just want to add is that many of us in my store are so used to being close together. Like we, people who are used to hugging each other when they greet. They feel like family when you walk in. And the problem is we need to change our habits with that. I think that's the hardest thing that we have to deal with.

Matt: Well, I absolutely appreciate the seriousness with which you're approaching the situation and thank you so much and to the crew there in Union Square and just really appreciate your time.

Chad: Alright, thank you very much.

*[Music ends.]*

Valerie: Hello.

Matt: Is this Valerie?

Valerie: Hey, yeah, this is Val.

Matt: Hey Valerie. It's Matt. You're just really down the road from where I sit in Monrovia at this moment. How are things at Glendale today?

*[Music begins.]*

Valerie: We're all kind of feeling this new normal and it feels good today.

Matt: So if it's a new normal, it's a different normal, what's changed?

Valerie: Even as things change, they stay the same. Day to day procedures have changed as far as our main focus. Keeping customers and crew safe when in the store and you know, whether it be sanitizing for your hour or relieving people to wash their hands at register every five minutes, you know, those things are where it's changed, but really what has stayed the same is that our customers are our number one value. And we're just trying to serve and give that best customer experience like we've always done.

Matt: How is it feeling for you?

*[Music ends.]*

Matt: Cause you sound great.

Valerie: That first week when we didn't know how it was going to be. It was stressful in the store. You could feel not only customers but crew, the anxiety, kind of that panic that everyone was in before we really knew what we were dealing with. And I think really quick, we realized, okay, whoa we need to probably implement some new systems. It's been weeks now where all the changes have made it..

*[Light music begins.]*

Valerie: .. honestly easy to be here. And I feel like here is where I'm feeling safest and feeling the crew come together, support each other, feeling customers really more outspoken about how much they appreciate us, you know, where we always felt it, but people are being more vocal about it. I got applauded on my break walking down to my car by customers standing, you know, in line. And it was, it was moving. (emotion)

Matt: You're going to make me cry here, Valerie, I mean... C'mon.

Valerie: I know. I didn't think I was going to do this, but, (giggle/cry)

Matt: What that shows is how important that store is, your store in your neighborhood. You guys are doing amazing things. What are you hearing from other Crew Members?

Valerie: Within our store I think everyone has just felt the care, you know, and everyday thinking of a way to brighten our day, you know, and the feeling is I think it's throughout the store, you know, you can really feel that warmth and, feel how important and how serious, you know, this company's taking it. Our captain, Beth, has honestly, I mean, made the world of difference. Like I said, I almost, you know, feel safer when I come here and then I take what we have here and take it home. You know, my mom's sneeze this morning getting ready. I heard her down the hall and I yelled out, "Mom, you going to wash your hands?" You know it's changed the way we're all thinking. But I really can feel every day how we try to bring a little light, asking a question and going around, you know, something... "Would you rather be a land animal or a sea animal? Which animal would you rather be?"

Matt: Can I just interrupt...what was your answer?

Valerie: I would rather be a fly, you know, I want to see everything. I want to soar with my wings open, you know, I just, I think that would be amazing. It's just fun, you know, bringing some fun, still not losing sight of that cause that's what Trader Joe's is, you know.

Matt: And serious about what's important too. And that's so,

Valerie: Yes.

Matt: ..so appreciated.

Valerie: Yes.

Matt: It was great to talk with you and we'll catch up soon.

Valerie: You got it. You take care.

*[Transition. Music ends. Emails into close.]*

Tara: We've received so many emails, texts, Instagram posts, you name it. They're all telling us about your experiences at your neighborhood Trader Joe's. Specifically, you've been telling us about our Crew Members.

*[Music begins.]*

Matt: Here's an email from a customer in Santa Fe, New Mexico.

Matt: Whoever is coordinating the customer shopping experience should be in charge of the national pandemic response. They are amazing. As the woman who passed by as I was loading my car said, "That was the best shopping experience I've ever had there!" Amen! And the fact that you were so well-stocked at 1:15 in the afternoon, well, that helped delay my anxiety about food shortages during this crisis. Your staffers wiping down the carts was reassuring and the crew was just top notch as usual. I found everything I was looking for plus my house wine. I got in line at 1:04 and had my vehicle loaded at 1:29. You all are beyond awesome. Thank you.

Tara: Okay, here's one that we got from a customer in Southern California.

Tara: I just wanted to say thank you to your store. I live in Rancho Cucamonga, California, and my mom lives in Pasadena and 79 years old. Because my husband is still going out for work, I can't risk being around her because of her age. I've been worried about her getting food, crowds and general exposure. She told me the other day she went a little later to your store. She parked in handicapped parking and saw the line to get in. She asked the Crew Member how long the line was taking and he explained your current process to help with social distancing. She said okay and understood the line would move quickly. He told her she didn't have to wait in line and could go in. My mom wanting to be fair told him no because she didn't want to cut in line. Everyone in line told her she should go ahead and were in agreement with the Crew Member's decision. Thank you to your Crew Members for being there for her when I can't. When she told me what happened, it brought me to tears to know others care and knowing that she was treated so well. Please extend my gratitude to your entire team there.

Matt: And here's an email from a customer in San Diego.

Matt: I just wanted to send a message to share with you the fabulous work the Hillcrest team is doing to help create a calm and welcoming environment at the store during this current pandemic. My boyfriend and I went to shop today. We were nervous and uncomfortable, especially after hearing horror stories about shopping, arriving at Trader Joe's to see a line outside the building. It turns out they were monitoring the number of people who enter and greeting shoppers with sanitizer and were mostly well-stocked inside with very nice, smiling and calm Crew Members. When we left, we each got a sunflower and a smile and it was just so pleasant and helpful to have had that be our experience during the scary time in the world. We were both so relieved and actually left with lifted spirits. Thank you so much, Trader Joe's Hillcrest.

Tara: And this one just came in from a customer who shops in our Burbank, California store.

Tara: This is out of character for me as I never write reviews or reach out to companies. However, after the experience I had at Burbank Trader Joe's yesterday, I felt compelled to share. I had to wait in line 30 minutes to get inside and while waiting, a Crew Member whose name I can't remember, but he was amazing, entertained us with TJs trivia and more. Honestly, I haven't smiled that big in weeks. I learned so much about TJs and found some new favorite products and just felt like this was the exact type of company I want to support. I work in HR and came home and went right to your job site to see if you had any openings. I was that compelled and moved by how your employees spoke so highly of the company and its values. With everything going on in the world, I just wanted to share a nice note to say thank you to your teams. I know they're working harder than ever and have provided me with an experience I'll never forget, keep it up. Much love.

*[Transition to close.]*

Matt: We can't think of a better way to thank our Crew Members than for them to hear what a difference they've been making in the communities where they live and serve as told by the customers themselves.

Tara: And thank you also to our customers for telling us about your experiences.

Matt: You know, simple things like going to the grocery store aren't so simple right now, and we appreciate your patience and kindness so very much.

Tara: And with that, we close as usual by saying, thanks for listening.

Matt: And thanks for listening.