

Transcript — Episode 28: Trader Joe's Takes You Inside The Tasting Panel...Today

Tara: Hmm. This tastes good.

Matt: What is it? Something new coming to Trader Joe's?

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

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

[Theme music begins and two bells ring at a neighborhood Trader Joe's.]

Tara: On this episode, we take you someplace that very few ever get to visit.

Matt: To the Wookey Hole Caves where cheese is aged in England.

Tara: No, no, no, that was episode 20.

Matt: To the beauty stores of South Korea.

Tara: No, nope, that was episode nine.

Matt: To the Annual Captain's Meeting.

Tara: 17, episode 17. Give up?

Matt: To some top secret Trader Joe's tasting panel.

Tara: Exactly. We thought it'd be interesting to spend an episode tasting.

Matt: We wish you could taste some of the things we've been tasting, then you'd know why we voted to approve some of those products.

[Theme music ends.]

Tara: And you might understand why we sent a few back to the drawing board.

[Upbeat music begins.]

Tara: So Matt, can you explain the tasting panel process? I mean, who's there and what are people doing?

Matt: What we have as tasting panel panelists is a cross section of Trader Joe's crew members. That's important. There's no vendors, there's no outside the fold people involved. These crew members are different from the people developing the products. They're different from the category managers. We want that degree of objectivity. These crew members represent a pretty broad cross section within the company from the customer relations perspective to running a store, to overseeing marketing work. And what all of those people have in common is that they're actually customers and they bring with them a customer point of view.

Tara: We've been in the tasting panel before on the podcast. We've had to rework the tasting panel a little to fit the times that we're living in, so that we can continue to develop products.

Matt: We try to take a hold of the basic process and not get stuck in doing it exactly the same way.

Tara: Okay, so we get the tasting panel together. Everybody gathers one way or another and we taste a product and we vote. It's a democratic process.

Matt: More or less, yes. We're after basically 70% voting yes, to approve a product. We want more than a simple majority. We want this to have an overwhelmingly good chance of succeeding.

Tara: So as you listen to this episode, you will learn how a bill becomes a law.

Matt: Now that was one of my favorite bits from "Schoolhouse Rock," but it's a little different than that.

Tara: So what you will learn is how a cool idea that's gone all the way through our innovation and development teams, working with various vendors and manufacturers, now has to get past a very picky panel of tasters to get one final "Okay."

Matt: And that most important primary hurdle is one of taste. The tasting panel is evaluating for products tasting good. You can say that the group has good taste.

Tara: Why, thank you.

[Music ends. Footsteps on linoleum. Slight echo.]

Tara: Right now we're headed down the hall into a tasting panel. As with so many aspects of every part of our business lately we've made some adjustments during the COVID-19 pandemic.

[Arabian Nights background music begins.]

Tara: So if the voices sound a little muffled, it's probably because they're wearing masks and rest assured we're all social distancing as well.

[Large door opens revealing a small group talking in the background.]

Tara: So the first person you're going to hear presenting products today is Arlene. She's brought these really interesting papadum crisps for everyone to try.

Arlene: They're traditionally an Indian flat bread, similar to naan or roti. It's made from lentils, spices, baking soda, and it's cooked in rice bran oil. And the reason why we think this has the potential is because it's made from mostly lentils where a lot of the lentil chips out in the market have either wheat flours or potato starch in them. Lentil is also one of our customer's favorite ingredient. If you look at the lentil soup, the red lentil pastas, our cooked lentils, they all do well above average and also it does have a little bit more protein. So four grams per servings compared to one to two grams for, like a tortilla chips or potato chips. I think our customers know us for having a wide variety of Indian products, and this is an extension of that. So, it would be in this bag, five ounces, \$2.49.

Female Voice: They are gluten free?

Arlene: It's technically gluten free. We just have to see what type of certifications and stuff they have to go through right now.

Female Voice: They taste really good. They're really low in salt.

Arlene: We reduced the salt by 60%.

Male Voice: Is there any concern? These are just, they feel very fragile to me in a bag. I don't know what our experience has been, you know, getting 'em shipped and ...

Arlene: We looked at that too. We had these shipped by mail obviously. But I have a new bag here, too, if you want to take a look at it.

[Bag rustling noise.]

Female Voice: Can they put it in a slightly more rigid bag? That's not that, you know, like some of the almost papery bags that the potato chips are in that might protect it a little bit better?

Arlene: Yeah.

Female Voice: That might help.

Arlene: They're pretty flexible with packaging and I can ask, but I'm pretty sure that they would do that for us. Do we want to vote on the product itself first?

Male Voice: Let's do some research work on how they're going to hold up. I mean, it sounds like people like the product itself, but if we can't solve that, we're going to be stuck. So what we need to work on that first.

Arlene: I will work on the logistics.

[Music ends.]

Matt: So that snack product, that idea, the Papadum Crisp. It was a great idea. So we've got to go back to the drawing board. Arlene and her team are going to figure out how we're going to ship that to stores with as little damage, as little breakage as possible. So that didn't pass.

[Upbeat music begins.]

Tara: So next, Lori is going to step up to the microphone.

Lori: So let's talk about the cheese, which is Beacon Fell. It's from Lancashire in the UK. It's a PDO cheese.

Matt: P-D-O, a protected designation of origin. With regard to this cheese, it means that it has to come from cows raised in a specific area and the milk has to be handled under certain process steps.

Lori: What makes this cheese so special is it's made from the kurds of three successive days of milking. So this is how it will be. It will come three-packed. It has, I think, 90 days shelf life. Kim would like to do this as a seasonal cheese for next summer. \$3.99 for the five ounce piece.

Male Voice: It doesn't seem like a small wedge. Seems pretty good with what you can expect.

Lori: Honestly, if you look in our case, there aren't too many pieces of cheese that are \$4.00. You know, some of them weigh more, but it's a low price point in the case, so we thought that it would work okay. So this would come in for about three months in the summer. Who would like to see this come in as a seasonal cheese?

Tara: Someone in the back is counting hands and...

Voice: 11 and it passes.

Tara: Okay, that one passed overwhelmingly.

[Music ends.]

Tara: So get ready to see Beacon Fell cheese in our stores sometime next spring.

Matt: And now it looks like Alison has brought some almond butter.

[Music begins again.]

Alison: Customers love almond butter. As we know our customers also care about organic offerings and while we have organic peanut butters, we currently do not have any organic almond butters. Decidedly, our best selling conventional almond butters are the creamy, no salt added and the creamy salted. Those are the variations I'm presenting in, again, an organic version. They would be \$7.99 for 12 ounces. It's this jar. Comps out there, mostly \$9.99 and above for a 10 to 12 ounce jar. The lowest I saw was a 16 ounce jar for \$10.99. So we would still be a value against that.

Female Voice: So we would have seven total almond butters?

Alison: We have six now. This would be eight. We have 11 peanut butters, four of those are organic.

Male Voice: How easy is it for customers to figure out what's going on on these shelves? You know, peanut butter and almond butter?

Male Voice: I bought peanut butter the other day and you have to really take some time to look at the selection cause there's a lot.

Alison: This is a great discussion. I mean, we can definitely look at that.

Male Voice: I agree. I think the feedback is certainly right on. That shelf is starting to get a little confusing.

Male Voice: With the different size jars, right? It needs to be easier, needs to stand out a bit.

Alison: Who would like to see this come in?

Tara: Oh, almost every hand just went up for those both organic salted almond butter and organic unsalted almond butter passed with flying colors.

[Music ends.]

Tara: Jennie's up next.

[Light upbeat music begins.]

Jennie: So this is the carne asada burrito from last week. The feedback was that it had too much black pepper. I think that was a great call because now the flavors all really round out. It's two burritos for \$4.99, 13.1 ounces, for the frozen section.

Female Voice: The tortilla is much better.

Male Voice: I definitely feel like it's better. We're ready to vote, are you?

Female Voice: 9 out of 11.

Tara: This is exciting because this week the carne asada burritos were overwhelmingly approved by the panel. So those should be in our freezer case in the next few months.

Matt: It's great to see the hard work pay off because those burritos wound up in a much, much better spot.

[Distant group chatter begins. People are filing out of the room.]

Male Voice: Thank you everyone for your patience.

[Transition to interview. Music ends.]

Tara: I thought it might be a really good idea to talk to somebody who's been involved in bringing products to the panel since long before we've had to make these changes to fit current circumstances so...

[Music begins.]

Jennie: Lots of obstacles, yes.

Tara: I got in touch with Jennie.

Matt: I mean, presenting in a tasting panel is like a mixture of a spelling bee, talent show, blind date contest.

Jennie: It's like Ninja Warrior, but with food.

Tara: Right, yeah I like that analogy. You spend a lot of time as a product developer researching trends and tracking down products that our category managers really are looking for and then creating things that may or may not be on a shopping list already that we're looking for. That process has changed a little bit because of the COVID-19 crisis, right?

Jennie: Yeah. I mean, I think with COVID-19, there's nothing that it hasn't changed.

Tara: Okay.

Jennie: Except maybe my social life. That hasn't changed much. (laughs)

Matt: Still great.

Tara: (laughs) You're doing all the work of a product developer primarily from your home.

Jennie: Correct. And I'm coming into the office once or twice a week, just so that I could keep up with samples, taste the products with the category manager.

Matt: You can't experience a food or drink product virtually. You have to actually get it into your hands, eat it, taste it, drink it, use it.

Tara: So Jennie, thinking about the tasting panel, just in general, whether it's pre COVID or post COVID or whatever might come next, is it nerve wracking?

Jennie: Honestly, I don't know how many times I've presented in front of the panel, but I still get nervous.

Tara: The carne asada burritos. That one took a few tries to get it right before the panel really thought it was the right version to bring into the stores. And I know that's a lot of work for a product developer, but it's one of the things I really love about our tasting panel is like, we're very nitpicky.

Jennie: That's one of the things that I love about this panel and I'm going to say something that's going to sound bad, but I mean it, in the most endearing way. We have very opinionated people on the panel.

Tara: Oh heck yeah we do.

Jennie: But every time that we've made changes to the products, based on the feedback that the panelists give us, it's always the best thing to do.

Matt: So when are you going to say the bad part?

Jennie: There is no bad part. (laughs)

Tara: She thought it was going to sound bad to say we were opinionated and when in reality, we all love that about ourselves. (laughs)

Jennie: (laughs) Yeah.

Matt: Do we ever.

Tara: (laughs)

Jennie: You guys know me. I've been known to take things to panel three, four, five times. Until it's perfect.

Tara: If we bring the best product to our customers, more of our customers are going to want to buy that product. So no pressure, but it's incumbent upon you as product developers to develop the very best products.

Jennie: Right.

Tara: Right?

Jennie: Right.

Tara: It's not an antagonistic relationship between product developer and tasting panel. It's a super collaborative relationship with tons of opinions flying back and forth.

Jennie: Super collaborative. Yeah.

Tara: And when it really works well, it works really well.

Jennie: And the panelists know our customers inside and out.

Tara: It's easy to come at it from the perspective of a customer because we all are customers.

Jennie: Yeah.

Tara: You know? Just very opinionated customers.

Jennie: (laughs) In a good way.

Tara: Yeah.

[Music ends.]

Matt: So much of the product development work is really about developing an awareness and an understanding between Trader Joe's and that supplier and that vendor. What are you hearing from vendors these days?

[Music begins.]

Jennie: So when they're making their product, like a carne asada burrito, for instance, they need to make sure that they're taking the proper precautions with their team and their employees to make sure that it's done in a safe way.

Matt: Like if they had people previously closer than six feet apart, say, they would have to change that. And that might have some implications in maybe how quickly things can get made.

Jennie: I've heard of some instances where it's taking a little bit longer to get raw materials, just, you know, there's just delays getting them in, which then delays their process. So we have a Peppermint and Tea Tree Shampoo bar that's coming out and there were some delays with getting those materials in.

Tara: When are we launching that?

Jennie: End of July, early August.

Tara: Well, I got an early sample of that. You must have put it on my desk one day cause I showed up at the office one day for a tasting panel and there was a bar on my desk...

Matt: So much for subtlety.

Jennie: (laughs)

Tara: Right. It's like, "You stink, Miller!"

Jennie: Hint, hint. I'm glad it was a win.

[Transition.]

Tara: So let's talk about tasting with masks on. It's not an easy thing to do.

Matt: And technically not even really possible.

Tara: Cause you'd be like stabbing a fork into the mask, right? So you would have to take your mask off for a second and then put it back on. And it was hard to hear people from across the room.

Jennie: I think the panel process has, for me, has been the toughest.

Matt: And we started thinking about some other tasting panel processes, like our holiday tasting panel process and how the samples are served there. And we thought maybe we could use that idea. So with people tasting individually on their own and gathering their thoughts and reviewing some information. So it's not a live presentation and then getting together on a video conference to discuss and ultimately vote.

Jennie: I'm used to being in the same room as everyone and seeing everybody's faces and body language. And I think there's some joy in watching someone eat something that you've developed.

Matt: It's a little bit like dinner theater. You can kind of work the room too.

Tara: (laughs)

Jennie: Right.

Tara: To be honest, we'd rather be together in our kitchen with each other in person. Cause we actually kinda like hanging out together.

Matt: And we will get back to doing tasting panels in the normal way in the kitchen together when it's more practical and reasonable.

Tara: Jennie, thank you so much for taking a little extra time and sitting with us today. Really appreciate it.

Jennie: Thanks for having me.

[Transition. Music ends. Typing on a computer keyboard. Sound signaling we're now going online.]

Male Voice: Matt, are we recording this?

Matt: Yes.

Male Voice: Okay.

Male Voice: Oh, that makes me really nervous. I'm just kidding.

Male Voice: Okay, we can probably start.

Tara: Catherine, with chocolate covered plantain chips.

Matt: What could go wrong?

Catherine: So something that we're looking to do across all categories is incorporate successful items and we're able to do so. So in snacks, you probably cannot see this at all, but our plantain chips, they're the number one seller. Bananas and chocolate go well together. The supplier is using the same exact plantain chips from Peru. The bottom is coated in chocolate. On top it's drizzled with chocolate and then some sea salt. It would come in a six ounce bag and the retail is \$2.99.

Female Voice: I love the plantain chips, but I didn't like the starchiness of the chip with the chocolate. I didn't quite get it. And I don't have any, maybe there's one grain of salt, but I didn't get any saltiness.

Female Voice: I got a lot of salt, which I liked. So maybe it's on whichever piece you get and I can't believe I'm saying this. I thought there was too much chocolate.

Male Voice: I agree. I felt exactly the same way. And this is a little bit like the chocolate covered potato chip thing that we had at one point. Although I like this idea a lot better than the chocolate covered potato chip. But I don't know. How did those do?

Tara: They got discontinued. (chuckles) I loved those actually.

Male Voice: Those had a lot more chocolate on them, the potato chips.

Male Voice: I wonder if it was just drizzled, you know, maybe that's not as possible, but it just felt like to me, chocolate and I could only get salt. I didn't get anything else. And then the texture I wanted it crispier.

Catherine: Do we like the concept? We just want to have less chocolate?

Voice: Yeah.

Catherine: Thank you.

Tara: Seems like everybody likes the concept, but it's not quite there yet. This brings us to Lori. Are you ready to taste this one, Matt?

Matt: This is my favorite thing. I'm so excited for the Yak Milk Dog Chew.

Lori: I first saw this when I went to see our felted wool supplier in Nepal. These are only made in this area of the world, from what I can understand, because the yak, yes, have to live about a certain elevation and that's where the yaks are. So it's basically a cheese. So it's yaks' milk with some cows' milk in it. But predominantly yak milk. And then they add some lime and some salt to it. They ferment it for two to three days. Then they dry it in the sun. It's not

going to have a bag. It's basically two of these chews with a band around it. So that there's very little packaging.

Matt: I really like how minimal the packaging proposed is.

Lori: I sent a bunch of them several months ago to the Boston office. And then we handed out a bunch of them here. People with smaller dogs, the dogs did not do well with them, but these, this is specifically for dogs that are like 35 pounds and larger. And the people who had the larger dogs, the dogs really liked them.

Male Voice: How long does something like this last?

Tara: My dog is about 80 pounds and he worked on this for quite a while and I'll be honest, we had to take it away from him because he liked it so much that he would get really aggressive when you'd try to come near him while he was eating it. But that's more about him than about the treat.

Female Voice: Lori had given me one for my dog a few months ago and she's a 75 pound pit bull and she worked on it for a very long time.

Matt: If there aren't any more questions, then, you know, folks can vote in any number of ways. You can do shadow puppets, like the barking dog. You can do the little reaction, right? You can vote with a thumbs up.

Female Voice: How do I do that?

Matt: So on the bottom of the screen, there's a little happy face that says reaction.

Female Voice: Gotcha.

Matt: Or you can just raise your hand too. I'm going to vote on this one, even though I didn't taste it.

Lindsey: 8 out of 12 so it passes.

Matt: So it will be coming into stores.

Lori: This would be May and June.

Matt: I think a good number of dogs are going to be happy about that. I mean, aren't dogs always happy?

Tara: Okay, Mark is up next with a small lot coffee.

Matt: The small lot coffee program. Well, it's all about place. Obviously that cup of coffee, it's gotta be great. That's where the tasting panel comes in. This program is about finding really interesting around the world offerings of coffee from little tiny farms or maybe cooperative of farms. We'll often end up purchasing an entire year's production to bring in, roast and present to customers.

Tara: So it's small to us, but it's really big to the folks from whom we're buying the coffee.

Matt: That's a great point.

Mark: We are proposing for May/June small lots program, the Ethiopian Bale Mountain Wild Forest, \$8.99 for 12 ounces. It's a medium roast and natural process. It's grown in the wild forest that borders the Bale Mountain National Park.

Male Voice: I got a kind of a woody smokiness out of it that I thought was very interesting and different.

Male Voice: I have a price question. How come they're all \$8.99? I wouldn't mind if some of them were \$7.99 or some of them were \$9.99, if that's what the cost dictated for whatever that coffee is.

Mark: Jon, we've looked at other small lots that have come in a lot higher and just passed on them. But that's a good point.

Female Voice: What about ones that are lower?

Male Voice: I live with the person who's the primary customer for this and I just know that we buy, whatever one is out. I just never noticed that they were always the same price. (laughs)

Matt: So then thoughts or further feedback or vote time on the Bale Mountain? Vote time?

Lindsey: 9 out of 10?

Matt: From Ethiopia, the small lot offering that passed.

Male Voice: Thank you.

Matt: Thanks everybody. Thanks for your time. Great to see you. You all look wonderful.

Mark: Thanks everybody.

Voices: Bye.

[Music ends.]

Catherine: Hi, I'm Catherine.

Tara: Another one of our product developers who longtime listeners of Inside Trader Joe's will know very well.

Catherine: Thank you for having me.

[Music begins.]

Tara: We're still doing the work to get new products into stores. Really cool, new stuff all the time. How's that changed?

Catherine: In the past when we've been developing products, we've had the development panel and it'd be a number of people trying it together in the kitchen. We're now not able to do that. So you're more or less developing products on your own. In terms of the tasting panel itself, there's definitely a different energy now that we're, instead of being in the kitchen together, being separately on a Zoom call, it brings a different energy, but the decisions that we're making, it's still the same. In terms of the presentation, you're not getting feedback on the spot. There's a lot of silence. (laughs) You don't necessarily know how to react to that. If it's good silence or if it's bad silence.

Tara: (laughs) And so interactions with vendors, with the suppliers who are making the products, those are ostensibly the same because you would interact with them via phone anyway?

Catherine: There is a little bit more interaction actually, cause suppliers want to get on a Zoom call.

Tara: It hadn't occurred to me that vendors would want to have that face to face. And I wonder why that is.

Catherine: I think everyone's lonely. (laughs)

Tara: Oh, you just made me so sad actually. Has the speed at which we can bring something into stores changed?

Catherine: At the beginning of COVID I would say yes, but since then, everyone's kind of, they've gotten into a rhythm.

Matt: I think if anything, it's more about the rate that we want to introduce new products. For calendar year 2020 through the month of June, we've introduced almost 300 new products, like 284 new products, not counting beer, wine, spirits, or plants and flowers. And we have... we have a little over 250 to go for the calendar year, either new, everyday products or limited opportunity buys or holidays types of things. What's really come to light in terms of the number of things that we've been trying to get in front of customers and customers' attentions, understandably, being on places other than what's the new flavor of tortilla chip, it's making us wonder what is it that we need to be working on right now? Should that be different 6, 12 months from now?

Tara: You sort of give me an opportunity to transition the conversation a little bit into what are our customers looking for? And what are our stores looking for? And we've recently made a commitment as a company to put in work to diversify our supplier base. Rather than me explain it, I'd really like for you, Catherine and Nikki who is also joining us, Nikki heads up our customer relations group and is working with Catherine on a new project intended to diversify our supplier base.

Catherine: At Trader Joe's, we're always looking to Kaizen and improve things. One of the areas we realized that we could improve was sourcing from black owned businesses.

Nikki: We made this commitment and we've already identified over 100 potential suppliers.

Tara: Within a couple weeks.

Matt: Why wouldn't we have considered these sources previously?

Catherine: A lot of the suppliers that we've found, they are smaller. And in the past, we probably, I don't want to say it was easier just to go with a large company, but it was easier to go with the large company. (laughs) And so we didn't really reach out to these smaller suppliers. We're taking a different approach. We're trying their products. If we think the product tastes great and our customers would love it, we'll find a way to work with the supplier.

Matt: We have, you know, framed up for ourselves a goal to have 15% of the products that are presented at the tasting panel come from black owned businesses. 15% is about what the black population of our country is. If the population is 15% black, a similar opportunity afforded to those business owners and that's where that number came from.

Tara: People in our communities who have not historically had access, have access. And once you get to that tasting panel, the parameters are the same. It has to taste great. Has to be a good value, has to have the ingredients that make sense for Trader Joe's, but there's access to the panel. That's a lot of products and that's a minimum. We're not saying we're going to stop at 15%. We're saying at least 15%. So I know in conversation with you, Nikki, there are already products starting to flow in this month from potential new suppliers.

Nikki: So we already have samples in. We tasted seven different cookies, couple of energy bars.

Tara: Already?

Matt: The good news is it's still the tough work it's always been. Seven cookies!

Nikki: Seven cookies! I know you all feel really sorry for us and all this hard work we're doing.

Tara: I can't wait for something to come to the tasting panel. I'd love to continue the conversation. So hopefully you will agree to come back at some point.

Nikki: I feel extraordinarily close to this project, being a black woman, being a crew member at Trader Joe's. It's something that we're committed to. We're just thrilled.

[Closing theme music begins.]

Tara: Matt, I think what we've learned most today is the more things change, the more they stay the same. The tasting panel is different than it was three or four months ago. But the goal of the tasting panel remains the same. Develop great products so that our stores have excellent new products to deliver to our customers every day.

Matt: And some of those new products will click with customers and stick around and some of them will be discontinued because they just weren't popular. And that creates the need for more tasting panel presentations to find more great new products to fill those spots.

Tara: At the store level, it's our customers who are participating in the tasting panel because they vote with their dollars. If you enjoy Inside Trader Joe's leave us a review and hey, hit that free subscribe button to automatically receive our next episode.

Matt: It *is* free and worth every penny.

Tara: Until next time, thanks for listening.

Matt: And thanks for listening.