

Inside Trader Joe's Podcast Transcript — ICYMI: Why Doesn't Trader Joe's Have a Loyalty Program

[Light upbeat music begins.]

Tara: Our crew members get a lot of questions and they're really good at answering them.

Matt: Here's one that comes up all the time. It's another, In Case You Missed It, mini episode of Inside Trader Joe's.

[Matt hums the theme as the actual theme music begins.]

Tara: I-C-Y-M-I, in case you missed it. Why doesn't Trader Joe's have a loyalty program?

Matt: What the heck is a loyalty program anyway?

[Theme music ends. Light music begins.]

Matt: I mean, I think of them as key fobs and cards to swipe and codes to remember and phone numbers to provide all in the hopes of chasing after some ever elusive discount on something I probably didn't want in the first place. So as you might guess, I'm not particularly taken with this idea of loyalty programs, but the programs themselves, well, I don't even know if they're well intended, but what they're meant to do is to provide benefits. That loyalty, that membership has its privileges, and you save a little bit of money on this, or you get access to that. It's effectively a way to feel like you're part of a special, not so secret club and you get better deals than the schmo next to you in line.

Tara: The idea is that that store is gaining your loyalty by providing you discounts. The discounts are paid for by the manufacturers of the products. So they're paying the store to offer discounts so you'll buy more of their, the products. It's very convoluted. To me, it sounds anything but something that would engender loyalty because what it does is, it says this week I'm gonna shop over here because they have a discount on this. And next week I'm gonna shop over there because the manufacturers go back and forth with the different retailers, with the discounts. And when you shop at Trader Joe's, you know what the prices are gonna be, we don't change our prices unless our costs change. Every customer who walks into the store has access to the same values on every product. We're loyal to all of our customers. And in return, what we found is our customers really appreciate the fact that they know what to expect when they come into the store. They can expect great values every day.

Matt: I think other retailers, the other guys, presume that the loyalty in question is coming from their customers. We think of loyalty as something as you said, that we have for our customers. We are loyal to our customers. And when you walk into your Trader Joe's, the front door opens for everybody who comes up. Access to the prices and products inside are for everybody who comes up. You don't have to be part of a special club. From a

business model perspective, those loyalty programs, they're not free. It costs money and takes lots of time and resources to track all your purchases, to give you a coupon targeted to your interest, to provide a deal that was paid for through a collection of the manufacturers, and maybe even that customer's own money. We're interested in removing costs.

Tara: We don't collect any data on our customers. People see that as counterintuitive. Well, how can you possibly service your customers appropriately if you don't know what they want? Well, we do know what they want because they tell us with their purchases. We're not tracking individual customer purchases, but we are tracking whether or not a particular product sells well. And if it doesn't, that's our customers voting with their collective dollars telling us, yeah, that's not something we love. So we go and we develop something else. That's another example of our loyalty to our customers. We are trying to make sure we are offering the most interesting, delicious, and value focused products that we can every single day.

Matt: Heck yeah.

Tara: I don't know if there's more to say. It's quick, it's easy. That's it. I'm Tara Miller, thanks for listening.

Matt: And I'm Matt Sloan and thanks for listening. In case you missed it.

Tara: I-C-Y-M-I. That's why Trader Joe's doesn't have a loyalty program. Because it doesn't make sense.

[Music ends.]