

Inside Trader Joe's Podcast Transcript — ICYMI: Discontinued Products

[Light music playing.]

Tara: Hey, Matt, what happened to the Peach Salsa?

Matt: In case you missed it, Trader Joe's Spicy, Smoky Peach Salsa, it was discontinued.

Tara: Yeah, I noticed cuz it's my favorite salsa of all time and now I can't buy it. This is a good topic for another I-C-Y-M-I Edition of Inside Trader Joe's.

[Light music ends. Theme music begins.]

Matt: I-C-Y-M-I, in case you missed it.

Tara: These mini-episodes give us an opportunity to address some of the questions our crew members hear from customers most often.

Matt: And keep asking. The crew loves to answer questions.

[Theme music ends. Upbeat music begins.]

Matt: Thinking about getting rid of products, discontinuing products. More often than not, it's not an indictment of the product itself.

Tara: What gives?

Matt: Well, you know, oftentimes we'll use a phrase and we probably overly rely on it, slow sales. What does that really mean? What it means is that there weren't enough customers interested in buying the Peach Salsa to have it continue to make sense. Because if you don't have high volume or growing volume, the costs of producing and handling a slow selling product are such that it doesn't make business sense for us. And if you think about how small our stores are, and on a relative basis, they're smaller than most grocery stores. And how few products we have? On a comparative basis, we have a lot fewer products than other grocery stores. We just physically don't have room to carry things that aren't popular, as disappointing as that is to hear and experience.

Tara: So there's another piece of this, Matt, that I think is kind of important. And it's what we don't do to put products on our shelves.

Matt: How so?

Tara: So a lot of retailers work with the companies that make their products, the Consumer Packaged Goods Companies, to put products on shelves using something called slotting fees. So the Consumer Packaged Goods, the CPG Companies pay the retailer, the grocery store for shelf space. So even if a product doesn't sell very well, and even if you see it in the store and it's covered with dust, it's not going anywhere until the Consumer Packaged Goods Company decides it doesn't make sense to produce that product anymore.

Matt: Ah, now I get it. It's the classical play of making money anywhere other than with a customer buying something at the cash register.

Tara: Right. And at Trader Joe's, the only way we make money is when the customer buys something at the cash register. So apparently I didn't buy enough Peach Salsa. But that means that that product hasn't earned its place on our shelves. We're not getting paid by the producer of that product to keep it on the shelves. And our business model says let's develop something new that might sell better and make more customers happy.

Matt: And that approach can feel and sound so cold-hearted, and yet it's important that we maintain our objectivity about what really is or isn't working, what really isn't selling, because ultimately customers do let us know if they like something or not.

Tara: Yeah, and I'll be honest, when I went to buy it that one day a few weeks ago, I was just so sad standing there in front of the salsa selection in the store. And then I thought, okay, I'll try something new. The great thing about discontinued products is it almost always means there's something new coming soon. You can always find new things on our shelves. A lot of our stores have like a new product section where they'll highlight a whole bunch of things that have recently shown up in the stores. It's kind of fun to try something new.

Matt: So I see why I, and maybe this is the missing salsa edition, but if you're looking for the Double Roasted Salsa, which was one of my favorites, which was sadly discontinued, you might consider trying the Guajillo Salsa, which I find to be a nice albeit slightly spicier replacement.

Tara: And I also have taken to the Pineapple Salsa to replace the Peach Salsa if I'm in the mood for something that has a little sweetness to it. So, there are options. We, you know, we don't have every product in the world, but we do have some good options.

Matt: We work hard, the product development team, the tasting panel group, they work on things by tasting them. They think these things make sense. They think that they're delicious. They think they're worth customers' time and attention. And if that doesn't pan out in that way, well, we've gotta move on. Of course, there can be reasons other than slow sales. Um, if there are quality issues or that we determined that the value that we once had is no longer as strong. If we are facing different competitive pressures on a given product. And yet, overwhelmingly, the reason for things to be discontinued at Trader Joe's is a lack of interest, slow sales.

Tara: Yeah.

[Transition to close.]

Tara: I'm Tara Miller.

Matt: And I'm Matt Sloan.

Tara: In case you missed it. That's why your favorite product might have been discontinued it. Thanks for listening.

Matt: And thanks for listening.

[Music ends.]