



Photo courtesy of M.O. Stevens

# Plenty of personality

Much of Trader Joe's appeal can be traced to its unique, often quirky private brand products and the stories behind them.

By Kathie Canning

**F**ew other grocery chains, if any, enjoy a fan base as devoted as the one Trader Joe's has. The privately held Monrovia, Calif.-based retailer — founded by Joe Coulombe in 1967 via conversion of the Pronto Markets convenience store concept and now owned by Germany's Aldi Nord — is so beloved that its executives receive thousands of requests from consumers each year to open a store near them. Those requests come by letter, via its website and even through petitions.

Case in point: Daniel Goodman, a carpenter who lives in Baltimore's Canton neighborhood, started an online petition campaign to convince Trader Joe's decision-makers to open a store in

Baltimore. According to a Feb. 21, 2015, *Baltimore Business Journal* article, the campaign boasted more than 1,350 signatures by press time. (Alas, a search of the Trader Joe's website reveals no plans for the near future to open a store in Baltimore.)

## A savvy brand-builder

Much of Trader Joe's appeal can be traced to its unique, often quirky private brand products, which make up the majority of the in-store assortment. Most products bear the Trader Joe's moniker, but spins on that name include Trader Giotto's, Trader Jose's and more.

How popular are Trader Joe's private brand products? So popular that they are the subject of



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a number of cookbooks, including *The I Love Trader Joe's Cookbook* by Cherie Mercer Twohy, the *Cooking with Trader Joe's* series by multiple authors, and others.

The specialty foods retailer launched its very first private brand product, granola, back in 1972, and steadily built up its offerings from there. Long before shoppers viewed store brands in a positive light, they perceived Trader Joe's private brand products to be "cool."

"Trader Joe's chose to avoid the typical name brand equivalents and created an owned brand perfectly in sync with their stores' positioning," says Julie Quick, head of insights and strategy for Shoptology, New York. "They tapped into the zeitgeist of the moment with products that had a farm-to-table vibe, cleaner ingredients and earthy, yet sophisticated flavors. Magically, they were able to create these products without making them pretentious."

And even early on, Trader Joe's was a non-traditionalist when it came to private label positioning.

"There was never any hint that they were attempting to mimic a national brand counterpart or to create an alternative to one," says Jim Wisner, president of Libertyville, Ill.-based Wisner Marketing Group, "but



merely to create products that would be interesting in their own right."

Trader Joe's opted to engage in storytelling around its products, too, which made the items even more interesting.

"Trader Joe's was the J. Peterman of food," Wisner says. "Their products told a story; they created a brand."

Dan Goldman, a retail strategist with global management consultancy Kurt Salmon, agrees, noting that storytelling remains part of the retailer's DNA today.

"Every product has a story," he says. "It starts with a unique name, unique packaging. There typically is some sort of a back story — a lot of products are associated with a place or a person. What that does is create a sense of differentiation for the consumer ... and really kind of creates an authenticity."

What's more, product quality has been a focus from the very beginning, as has price, says Lee Petersen, executive vice president, brand, strategy and design for Dublin, Ohio-based WD Partners.

"It's not the cheapest; they don't even hang their hats on cheap," he says. "But it's a good price."

In a nutshell, Trader Joe's positioned itself as a purveyor of specialty foods for shoppers who don't want to pay specialty prices, Wisner says.

"And the important part is they never made a big deal about the prices," he adds.

And although Trader Joe's technically can't be called a natural and organic retailer, it long has been associated with natural and organic products. Its early entry into this arena also endeared Trader Joe's to consumers.

"They were on the cusp of the natural products, 'granola movement,'" notes Darin Duber-Smith, a senior lecturer at the Metropolitan State University of Denver and president of Green Marketing Inc. "They were first movers, and first movers have advantages. And Southern California was one of the hotbeds where the natural and organics industry started."

Wisner says Trader Joe's has always been ahead of trends. For example, they were addressing the GMO issue 14 years ago, before it even was



### **TRADER JOE'S, at a glance**

**Headquarters:** Monrovia, Calif.

**Top executive:** Daniel Bane, chairman and CEO

**Retail banner:** Trader Joe's

**No. of stores:** 450-plus



## Key milestones for **TRADER JOE'S**

- 1967** The first Trader Joe's store opens in Pasadena, Calif.
- 1972** Trader Joe's introduces its first store brand product: granola.
- 1985** Trader Joe's issues its first *Fearless Flyer*, which replaces its *Insider Report*.
- 1996** The Trader Joe's website goes live.
- 2007** Trader Joe's commits to eliminating artificial trans fats, artificial flavors and colors, preservatives and GMO ingredients from its products.
- 2013** Trader Joe's store count hits 400.

Source: Trader Joe's

an issue. And they've been anticipatory when it comes to social responsibility tied to products — for example, fair trade coffee.

"They've made [social responsibility] a big part of their personality," he says. "That builds a huge trust level."

### Keeping it fresh

Over the years, Trader Joe's did many things right when it came to building its store brand program. And although the retailer holds on to a stable base of staples and destination-type favorites such as its Charles Shaw wines ("Two Buck Chuck") and Jo Joe's cookies, it also understands how to keep its own-brand program fresh and exciting.

New items hit stores every month, Wisner observes, and end caps change frequently. And Trader Joe's is particularly adept at developing unique seasonal items. It markets those and other key specialty items in its highly entertaining *Fearless Flyer*, which is published eight times a year and details the story behind each product.

"Unlike what a lot of other retailers do with their private brands, which is really to sell the basket, they're really selling the trip ... this unique item experience," he adds.

Innovation also is a focus, Goldman notes. Trader Joe's is in touch with the leading edge of consumer trends and often partners with up-and-coming brands when it comes to new own-brand product development. It also is quick to weed out slower-moving products to make room for the new ones.

"This continuation of innovation really starts with understanding their consumer ... and what their consumer is looking for," he says. "Another thing

they do is a sampling program, which drives tasting and awareness of some of their new products."

Indeed, a back-of-the-store area generally is dedicated to sampling items, many of them new items. And many customers "make a beeline" for that area after they enter the store, Goldman notes.

Also helping to keep shoppers engaged is Trader Joe's limited assortment.

"Their stores are not diluted with unpopular products that you could buy at any supermarket," says David Livingston, founder of DJL Research, Milwaukee.

The retailer understands that consumers want choice, but not too much choice, Duber-Smith points out.

"Trader Joe's narrows down the selection for you, but not in a way that's dictatorial," he stresses.

The retailer also adds to its products' mystique by not revealing the manufacturers that make specific private brand items, and not allowing those manufacturers to divulge information, either, Duber-Smith says.

### Creating an experience

Trader Joe's also has a lot going for it outside of the private brand realm. The retailer manages to make grocery shopping a fun, often-whimsical experience.



"You always walk out of there pretty much feeling good," Wisner says. "You never get anyone who seems to be having a bad day at Trader Joe's."

That feel-good reaction stems, in part, from the employees Trader Joe's puts in place.

"They hire really good people that make customers feel comfortable," Livingston says.

Goldman concurs, stating that Trader Joe's employees always are friendly and in a good mood. What's more, they show a greater willingness to help shoppers than employees associated with many traditional grocery stores.

"It's amazing that if you ask an associate if they have a product and it's not right there on the shelf, they will go off to find it and then come find you wherever you are in the store," he says. "And that's just a level of customer service and friendliness that doesn't always happen elsewhere."

The employees are dressed casual and look and act relaxed, Peterson adds.

"They're fun and always willing to engage you in a conversation. If you have a problem, they'll take care of it right away," he says. "That service element makes Whole Foods pale in comparison, which is saying something."

Store décor, signage and end caps also loom large in the Trader Joe's experience. The hand-lettered approach to signage, for example, resembles a chalkboard in a restaurant, Wisner says, and helps create a measure of authenticity and immediacy.

Peterson calls the store décor and signage treatment "funky," with a homemade feel.

Trader Joe's makes an effort to "localize" each

store's décor with city-specific artwork or signage, Goldman points out, earning them a lot of credit in the eyes of shoppers.

"People associate them with being part of the community," he states.

And although many store brand products come and go, Trader Joe's aims for consistency in the in-store experience.

"They stay true to who they are," stresses Mike Musso, managing director with Detroit-based Conway MacKenzie Inc. "This consistency builds consumer trust and loyalty."

### Not without threats

Trader Joe's unique approach to its products and stores has resonated with U.S. shoppers for almost 50 years now. But like any other grocery retailer, the company faces potential threats to its continued success.

Musso believes that Trader Joe's will be well-positioned to succeed in the years to come if it stays true to its branding and heritage.





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"The risk will always come from growing too fast," he adds. "They have been solid in putting their stores where the customers are, but if they miss on location by expanding too quickly, they can stall their success."

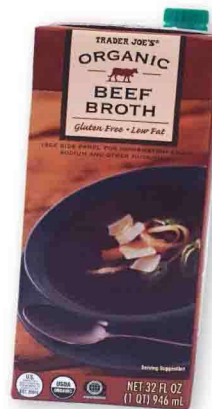
On the other hand, Trader Joe's could stumble if it moves too slowly here, Peterson suggests. He believes there's room for the retailer to greatly expand its footprint (450-plus stores), and is puzzled as to why it is not doing so.

"You could have [a Trader Joe's store] right next to a Whole Foods, right next to a Walmart, right

next to a Kroger, and they would still do well," he stresses. "Everyone I know who shops at Trader Joe's also shops somewhere else."

The entry into the specialty food territory by a number of mainstream grocers also could pose a challenge to Trader Joe's. For example, The Kroger Co., Cincinnati, recently introduced its Hemisfares line of authentic ethnic foods, Wisner points out.

"Those products have a personality, consumer interest and a backstory," he says. "They get into capturing the region, which is a big deal



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in Europe. So everybody's getting good at the authenticity."

Mainstream retailers also are investing heavily in premium store brand products, a reality that also could pose a threat to Trader Joe's, Wisner says. In fact, with the exception of ALDI, chains that are doing very well are moving in a premium direction.

"Their market, as fast as it's growing, may be fragmenting faster than the spectacular growth that is occurring," he explains. "So Trader Joe's, instead of one

of a few choices, becomes one of many, many choices."

New smaller-format retail concepts such as those in the works from Austin, Texas-based Whole Foods Market and German retailer Lidl also are looming, Goldman says. Plus, traditional retailers are really catching up when it comes to innovative store brand product development.

"Do I see any of those being a significant threat? Probably not," he says. "What Trader Joe's has proven is that it can continue to innovate and evolve." **SB**

