Worldly Partners Multi-Decade Study

Trader Joe's

Index

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Trader Joe's

Trader Joe's has been a private company since opening its first store in 1967. The company has had limited publicly available information regarding its business strategy, operations, historical financials and financing, and none on its private market valuation. Based on limited public data, Trader Joe's is estimated to have generated over $20 billion in sales in 2023.[1] We estimated that Trader Joe's private valuation may have grown to approximately $14 billion in 2023, using an estimated price-to-sales ratio of 0.7x derived from public comps at the time (2023). Based off the acquisition of Proton Markets, Trader Joe's predecessor, by founder Joe Coulombe in 1962 for a total cost basis of $25,000, this would imply an estimated roughly 560,000x return on an investment in Trader Joe's in 1962, a mid-twenties CAGR for over six decades. For more details of this valuation estimate, please refer to page 40 of this document.

<u>Mental Model Summary Derived from Trader Joe's</u>

1. **Trader Joe's operates under a quality-centric and value-focused business model, enabled by its private label strategy and a limited selection of unique SKUs. In our opinion, this approach allows the company to offer high-quality products at competitive prices, delivering what we believe to be very high value to its customers. The model, from our perspective, is further reinforced by warm, friendly customer service and knowledgeable staff, which together we believe creates a distinctive and engaging shopping experience, cultivating a happy and loyal customer base.**

   From the introduction of its first private label product, granola, in 1972, Trader Joe's transformed its business model, focusing on store-brand products. **Today, over 80% of Trader Joe's products are private label,[2]** a strategy that reinforces its brand identity and keeps costs low for customers.

   <u>Unlike other grocery stores, which typically might carry around 50,000 different items, Trader Joe's offers fewer than 4,000 SKUs[3] across its 600+ stores nationwide. In addition, according to the company, Trader Joe's stores turn their inventory more than 60 times per year,[4] meaning that, on average, stores sell through their entire stock more than once a week, whereas the industry inventory turnover typically ranges from 10 to 15 times a year.[5]</u> Having fewer SKUs with rapid inventory turnover enables Trader Joe's to purchase in large quantities from fewer suppliers, thus getting a significant cost advantage and economies of scale.

   Trader Joe's adheres to a simple rule – it only changes prices when its costs change – in either direction. **When costs decline, prices go down; when costs rise, the company works hard to avoid passing those increases on to customers.** The company has stated publicly that it views p<u>rice increases as a last resort,[6] fully consistent with Trader Joe's customer-centric buying philosophy.</u> A clear example is the company's Dijon mustard. **In 2009, it sold for $2.79 a jar. When taxes and tariffs were reduced, Trader Joe's lowered the price to $1.69, and kept it there for over a decade, through 2021.[7]** We believe this competitive advantage only grows with the company's increasing scale. With around 300 stores in 2009, Trader Joe's grew to more than 500 by the early 2020s, and was able to purchase larger quantities of mustard, labels, and packaging materials, and coordinate freight more efficiently.[8] Those economies of scale translated directly into long-term savings for customers. We believe most public market companies (except notably Costco) would take prices up for better margins at the expense of long-term competitive advantage.

   <u>Unlike in some places where customers might expect lower quality for store brands than for a comparable national brand, based on our analysis customers actually expect more from Trader Joe's private label</u>

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[1] Welcome New Board Member. The Painted Turtle. https://www.thepaintedturtle.org/post/welcome-new-board-member-dan-bane

[2] Episode 4 – The Store is Our Brand. Trader Joe's Podcast.

[3] Episode 11 – Sustainability. Trader Joe's Podcast.

[4] It's important to note that **Trader Joe's is a privately held company and does not publish audited financial statements or publicly disclose financial information**. Therefore, we cannot independently verify this figure or cross-reference it against other sources. Episode 11 – Sustainability. Trader Joe's Podcast.

[5] What Is a Good Inventory Turnover Ratio for Grocery Stores. https://www.marktpos.com/blog/what-is-a-good-inventory-turnover-rate-for-grocery-stores

[6] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.

[7] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.

[8] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.

products than they do from national brands. The company enforces strict ingredient standards, ensuring that its offerings are made from real, wholesome ingredients. For example, Trader Joe's products are free from artificial flavors, MSG, bleached flour, and added hormones in dairy products.[9] These rigorous standards assure customers that anything carrying Trader Joe's name meets the company's high expectations for quality, safety, and taste.

Every new product at Trader Joe's is tasted and evaluated independently before going on shelves, a responsibility entrusted to the company's internal Tasting Panel.[10] **As of 2024, the panel consists of 21 anonymous members, each tasting and assessing products independently.**[11]

Moreover, for Trader Joe's, keeping human interaction at the center of the shopping experience is not just a preference, it is also a core value. Genuine interaction, not automation, is what creates the "WOW" experience the company strives to deliver, especially in the current digital era. Even in today's digital era, where online shopping dominates the retail landscape, **Trader Joe's deliberately takes the opposite approach. It neither offers online shopping nor partners with third-party platforms for online ordering or delivery.** For Trader Joe's, the physical store, with its maritime theme, friendly crew, and sense of discovery, is the brand in our opinion. The company believes that moving sales online would strip away the magic of in-store discovery, where customers often find new and unexpected products that were not on their shopping lists. Indeed, **Trader Joe's estimates that about half of the items customers ended up purchasing were not on their shopping lists when they entered the store, a reflection of how integral exploration is to its retail experience.**[12]

A prime example of Trader Joe's human-centered business model and favorable customer service is its decision to sell bananas individually for 19 cents each, a practice that originated from a simple yet meaningful customer interaction. In the early 2000s, the company's then CEO noticed that an elderly shopper was hesitant to buy pre-packaged bananas, which were sold in bunches back then. When he asked why, she replied, "Sonny…I may not live to that fourth banana." This response inspired the company to start selling single bananas, making them more accessible and practical for all customers. The company has maintained the 19-cent price for more than two decades, underscoring its commitment to value. This story reflects Trader Joe's customer-centric philosophy – listening closely to customers and understanding their real needs. Rather than following standard retail practices, Trader Joe's focuses on human connections and practical solutions, which has become a defining feature of its favorable customer service and brand loyalty. **The 2025 American Customer Satisfaction Index among U.S. supermarkets has ranked Trader Joe's the first in customer satisfaction,[13] reflecting its continued reputation for favorable customer experience.[14]**

This combination of highest quality (private label) products, very low prices, great customer service, and a treasure hunt experience has led to very attractive results as data demonstrates. The founder, Joe Coulombe, stated that during his tenure at Trader Joe's (1967-1988), the company's sales per square foot were around \$1,000,[15] nearly double the supermarket industry average at that time, which was around \$570. A 2010 Fortune report estimated that Trader Joe's generated \$1,750 in sales per square foot, more than double that of Whole Foods at the time.[16] **By 2019, industry consultants estimated Trader Joe's productivity at \$1,500 to \$2,000 in sales per square foot roughly three times higher than that of a typical supermarket.**[17]

2. **Trader Joe's pays attention to keeping costs low by eliminating unnecessary expenses and streamlining operations. The company prefers to work directly with suppliers whenever possible, bypassing intermediaries to reduce markups and maintain tighter quality control. Moreover, Trader Joe's emphasizes building long-term, relationship-focused partnerships with its suppliers, fostering trust, collaboration, and mutual benefit.**

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[9] Episode 47 – Trader Joe's Designs Delicious. Trader Joe's Podcast.
[10] Episode 2 – It's About Values. Trader Joe's Podcast.
[11] Episode 2 – Holiday Tasting Panel 2024. Trader Joe's Podcast.
[12] Episode 15 – You Asked. We Answered. Trader Joe's Podcast.
[13] Tied with Publix, followed by other names such as Sam's Club, Whole Foods, and Costco.
[14] Supermarkets. The American Customer Satisfaction Index. https://theacsi.org/industries/retail/supermarkets/
[15] Chapter 16. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.
[16] Inside the Secret World of Trader Joe's. Fortune. https://web.archive.org/web/20140816085124/http://fortune.com/2010/08/23/inside-the-secret-world-of-trader-joes/
[17] Here's What Trader Joe's Is Looking for in A New Location, And Why It's Not (Yet) in the Lehigh Valley. The Morning Call. https://www.mcall.com/2019/08/28/heres-what-trader-joes-is-looking-for-in-a-new-location-and-why-its-not-yet-in-the-lehigh-valley/

With over 80% of products being private label, Trader Joe's is able to remove middle layer costs such as slotting fees, advertising expenses, and brand markups, enabling it to offer high-quality products at lower prices than comparable branded products to customers.[18] A 2025 price comparison found that across 45 similar items, Trader Joe's prices were approximately 21.5% lower on average than those at Stop & Shop.[19] In another comparison between Trader Joe's and Target, where similar products were purchased in-store, Trader Joe's was found to be about 21.3% cheaper overall.[20]

For example, a condiment company that produces a range of products, from dressings and dips to cheeses and herbs, explained that slotting fees vary by product category and retailer. While Walmart does not charge slotting fees, other chains such as Kroger, Albertsons, and Safeway typically charge the company between $50 and $100 per slot per store when a SKU is first introduced. At first glance, this may not seem significant, but the costs can add up quickly for companies with multiple SKUs seeking placement in hundreds or even thousands of stores nationwide. In addition, grocery retailers typically reset their shelves every six to twelve months, retaining products that perform well and discontinuing those that do not. Vendors seeking to regain shelf space after being removed may be required to pay another slotting fee for re-entry.[21]

By streamlining the supply chain and removing unnecessary middle layers of markup, the company is able to keep product costs low.[22] Whenever possible, Trader Joe's works directly with producers and manufacturers rather than going through multiple intermediaries. To reduce costs further, Trader Joe's designs its packaging to maximize efficiency in transportation. By minimizing packaging materials and reducing the weight of each unit, the company can ship more products at once, thus lowering per-unit costs. **A prime example is Charles Shaw wine, famously known as "Two Buck Chuck."** Since its debut in 2002, the wine has become an icon of value for Trader Joe's. Over time, the producer has made small but impactful adjustments, such as switching to thinner, lighter glass bottles. This change allows more cases to fit on a single pallet and more pallets to fit on a truck, moving more bottles to stores using the same amount of fuel. The result is savings in transportation costs from gas, which ultimately benefit customers through lower prices.[23]

In fiscal year 2025, Walmart reported $4.4 billion in global advertising revenue,[24] generated through its retail media network, which allows brands to reach Walmart customers via website displays, in-store promotions, mobile app placements, and other Walmart channels. These advertising expenses are paid by advertisers (vendors/suppliers), the brands and manufacturers that sell products to consumers through Walmart. To maintain their profit margins, suppliers need to build these marketing costs into their product prices, which means that the costs are ultimately passed on to consumers in the form of higher retail prices.

By shifting to a centralized distribution system in the 1970s, Trader Joe's gained greater control over inventory and operations. The change improved security, allowed the company to better coordinate labor schedules with the arrival of its own delivery trucks, and kept parking lots clear for customers to shop in-store.

Trader Joe's also distinguishes itself and maintains a good relationship with suppliers through the way it pays them. **In contrast to many major retailers, which often take 30 to 90 days to pay vendors,[25] and sometimes even charge suppliers interest for financing during that period,[26] Trader Joe's pays electronically upon delivery.[27]** The company believes this approach ensures suppliers have reliable cash flow, allowing them to run their operations

[18] Episode 4 – The Store is Our Brand. Trader Joe's Podcast.
[19] Is Trader Joe's Really Cheaper Than an Average Grocery Store in 2025? We Did the Math. CNET. https://www.cnet.com/home/kitchen-and-household/is-trader-joes-really-cheaper-than-an-average-grocery-store-in-2025-we-did-the-math/
[20] Shopping for Same Groceries at Trader Joe's and Target, Clear Winner. Business Insider. https://www.businessinsider.com/trader-joes-vs-target-grocery-shopping-which-is-better-review-2024-10
[21] Interview with Former Vice President of Marketing and Communication at Litehouse Food. Posted publicly to Tegus subscribers 4/9/2025.
[22] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[23] Episode 11 – Sustainability. Trader Joe's Podcast.
[24] Walmart Q4 2025 Earnings Release. 2/20/2025.
[25] Kroger Annual Report 2024; Walmart Annual Report 2025.
[26] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[27] Episode 15 – You Asked. We Answered. Trader Joe's Podcast.

more efficiently and offer better prices in return. By contrast, Walmart typically pays suppliers 60 to 90 days after receiving products.[28]

Furthermore, unlike some retailers, Trader Joe's does not buy inventory on consignment. Instead, it purchases products outright when they are delivered, assuming full responsibility for selling them. This reduces uncertainty and financial risk for suppliers, strengthening long-term relationships and promoting mutual trust. This is similar to some of the country's largest retailers such as Walmart, Costco, and Kroger, which also do not use consignment inventory. In addition, Trader Joe's does not require vendors to visit stores to merchandise their own products, a further efficiency that saves time and cost on both sides.[29]

These disciplined operational and supplier practices enable Trader Joe's to maintain stable prices on many of its most popular products, often for decades. For example, Mandarin Orange Chicken has remained at $4.99 since its launch in 2003;[30] bananas have been $0.19 each for more than 20 years; greeting cards continue to sell for $0.99 each since the day they were introduced; and butter has stayed at $2.99 per pound for years.[31] As the company proudly notes, "A whole generation has grown up eating Mandarin Orange Chicken, and their parents have paid the same price for it the whole time."[32]

3. **Trader Joe's has an employee-centered culture with very low turnover. The company values its workforce highly, paying wages that are approximately 60% to 140% above the industry median.**

   Trader Joe's full-time crew members typically earn between $40,000 and $60,000 per year, while store captains earn in the low six figures, according to a 2010 Fortune report.[33] By comparison, employees of grocery and related product merchant wholesalers in the U.S. had a median annual wage of $25,410 in 2009, according to the Bureau of Labor Statistics.[34] **This suggests that Trader Joe's compensation levels were roughly 60% to 140% higher than the industry median.** This pay philosophy dates back to the company's founder, Joe Coulombe. Around the time of his retirement in 1988, the average Trader Joe's employee earned about $34,000 annually, excluding bonuses or overtime pay, with wages ranging from $18,000 for new hires to $44,000 for store captains. Considering that the median family income in California was $32,000 during that period,[35] the average Trader Joe's employee earned roughly the equivalent of an entire household's income in the state.

   In addition, crew members receive biannual performance reviews and are eligible for raises twice a year, an average annual pay increase of about 7%.[36] This consistent investment in employee compensation and growth underscores Trader Joe's enduring belief that well-treated employees create favorable customer experiences.

   As a result, during Joe Coulombe's time at Trader Joe's, the company "had virtually no turnover of full-time employees," and nearly all full-time employees came from part-timers.[37]

4. **Trader Joe's has a large total addressable market within the United States, its sole operating geography.** Despite decades of growth, we believe there remains a significant amount of white space for the company to expand nationwide. As of 2024, we estimate Trader Joe's held nearly 2% of the total market share among grocery and liquor stores in the U.S.,[38] highlighting what we believe provides attractive growth potential for the future.

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[28] Interview with Former Vice President of Supply Chain at Walmart Inc. Posted publicly to Tegus subscribers 5/17/2024.
[29] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[30] The price of Mandarin Orange Chicken has gone up in 2025 to $5.49. Prices Continue To Creep Up at Trader Joe's. https://traderjoesrants.com/2025/08/23/prices-are-creeping-up-at-trader-joes/; Mandarin Orange Chicken. Trader Joe's. https://www.traderjoes.com/home/products/pdp/mandarin-orange-chicken-066563
[31] The price of Trader Joe's Butter is $3.99 per pound in 2025. Butter Quarters, Unsalted. Trader Joe's. https://www.traderjoes.com/home/products/pdp/butter-quarters-unsalted-006253
[32] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[33] Inside the Secret World of Trader Joe's. Fortune. https://web.archive.org/web/20140816085124/http://fortune.com/2010/08/23/inside-the-secret-world-of-trader-joes/
[34] Occupational Employment and Wages – May 2009. Bureau of Labor Statics. U.S. Department of Labor.
[35] Chapter 16. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.
[36] ICYMI: What's It Like to Work at Trader Joe's? Trader Joe's Podcast.
[37] Chapter 3. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.
[38] In 2024, grocery store sales in the United States totaled approximately $891.3 billion, while liquor store sales reached $72.3 billion. Trader Joe's 2023 sales were estimated at over $20 billion, representing around 2% of the combined grocery and liquor store market. Welcome New Board Member. The Painted Turtle. https://www.thepaintedturtle.org/post/welcome-new-board-member-dan-bane;

When Joe Coulombe founded Trader Joe's in 1967, its addressable market, which consists of grocery and liquor stores in the U.S., had reported estimated sales of $65.1 billion and $6.8 billion, respectively, in the preceding year.[39] Combined, these two segments accounted for nearly 24% of total retail store sales. In the five years leading up to the opening of the first Trader Joe's, grocery store sales grew at a CAGR of 5.5%, while liquor store sales expanded at 6.6%, or 5.6% combined.[40]

Fast forward to 2024, grocery store sales in the U.S. reached $891.3 billion, while liquor store sales totaled $72.3 billion,[41] together representing roughly 13% of overall retail sales. From 1966, just before Trader Joe's first store opened, to 2024, the company's total addressable market grew at a CAGR of 4.6%, above the U.S. rate of inflation of approximately 4.0% for the period.[42] From 1988, when Joe Coulombe retired from Trader Joe's, to 2023, the company's estimated revenue grew from about $133 million to over $20 billion,[43] reflecting a CAGR of roughly 15%. Its store count expanded from approximately 19 locations to more than 600 in the U.S. in 2025, representing a 12% CAGR. The company does not operate any stores outside the U.S.

In 2023, Trader Joe's estimated annual revenue was over $20 billion,[44] representing nearly a 2% share of its addressable market of grocery and liquor stores. However, because Trader Joe's remains a privately held company and has historically been secretive about its financial performance, these figures could not be independently verified or cross-referenced.

Some industry experts note that Trader Joe's typically targets areas with median household incomes above $100,000, describing the "perfect storm" for a new Trader Joe's location as a neighborhood with high incomes and expensive homes within a two-mile radius, ideally complemented by a major university or large medical complex nearby,[45] both strong indicators of an educated and engaged customer base.

Trader Joe's maximizes the use of its small stores (over 600 in 2025), which are typically around 15,000 square feet, with some smaller Pronto-format stores as compact as 2,800 square feet.[46] When selecting new store locations, Trader Joe's follows a set of site selection criteria. Key considerations include accessibility, traffic flow, and ease of entry and exit, as well as sufficient parking capacity to support customer demand, despite having small stores.[47] As a "neighborhood store," the company prefers compact, populated areas where customers live, work, and shop within a concentrated radius rather than sparsely populated regions.

In his memoir, founder Joe Coulombe explained that he would not consider any trading area with fewer than 40,000 households likely to include Trader Joe's "core" customers. For example, if a region had 60,000 residences but only 66% fit that demographic, it would just meet the 40,000-household threshold for consideration.[48] Following Joe Coulombe's retirement in 1988, when Trader Joe's had about 20 stores, his successor John Shields, Trader Joe's

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Monthly Retail Trade - Annual Revision of Monthly Retail and Food Services. U.S. Census Bureau. https://www.census.gov/retail/mrts/historic_releases.html

[39] Survey of Current Business December 1967. https://apps.bea.gov/scb/issues/1967/scb-1967-december.pdf

[40] Survey of Current Business December 1962. https://apps.bea.gov/scb/issues/1962/scb-1962-december.pdf; Survey of Current Business December 1967. https://apps.bea.gov/scb/issues/1967/scb-1967-december.pdf

[41] Monthly Retail Trade - Annual Revision of Monthly Retail and Food Services. U.S. Census Bureau. https://www.census.gov/retail/mrts/historic_releases.html

[42] The annual inflation rate is estimated based on the assumption that one dollar in 1966 is equivalent to approximately $9.66 in 2024. Inflation Calculator. Federal Reserve Bank of Minneapolis. https://www.minneapolisfed.org/about-us/monetary-policy/inflation-calculator

[43] A History of Trader Joe's and Joe Coulombe, the Man Behind the Brand. CNN Business. https://edition.cnn.com/2022/05/07/business/trader-joes-history-joe-coulombe; Welcome New Board Member. The Painted Turtle. https://www.thepaintedturtle.org/post/welcome-new-board-member-dan-bane

[44] Welcome New Board Member. The Painted Turtle. https://www.thepaintedturtle.org/post/welcome-new-board-member-dan-bane

[45] Here's What Trader Joe's Is Looking for in A New Location, And Why It's Not (Yet) in the Lehigh Valley. The Morning Call. https://www.mcall.com/2019/08/28/heres-what-trader-joes-is-looking-for-in-a-new-location-and-why-its-not-yet-in-the-lehigh-valley/

[46] Trader Joe's Opens 'Pronto' Small(er)-Format Convenience Store. https://www.cspdailynews.com/company-news/trader-joes-opens-pronto-smaller-format-convenience-store

[47] ICYMI: How Do I Get a Trader Joe's in My Neighborhood? Trader Joe's Podcast.

[48] Chapter 16. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

second CEO, began assessing its long-term growth strategy. By 1991, he believed the West Coast could only support about 100 stores, with limited opportunities to the east of California due to deserts and mountains and ruled out international expansion into Canada or Mexico. The central United States, he reasoned, lacked sufficient population density to sustain the concept. After extensive research, Shields concluded that the 500-mile corridor from Boston to Washington, D.C., home to the highest concentration of colleges and universities in the country, was ideal for the brand's next phase. This idea proved highly successful. By 2025, Trader Joe's opened more than 600 stores across the country.

Trader Joe's deliberately positions its small-format stores in high-density, high–disposable-income areas, with real estate locations that offer convenience to its target customers. Coupled with high sales per square foot, this strategy presents the opportunity for strong store-level economics. By generating high sales within smaller spaces, Trader Joe's allows for sustained profitability even in locations that larger-format grocers might overlook. We believe this model reinforces Trader Joe's competitive edge in both operational efficiency and customer accessibility.

Company Overview

Trader Joe's, we believe, is one of the most distinctive and successful grocery retailers in the United States, widely recognized for its unconventional approach to marketing, emphasis on private-label products, and uniquely engaging customer experience. The company's origins date back to 1958, when founder Joe Coulombe launched Pronto Markets, a small chain of convenience stores created under Rexall Drug as a California counterpart to 7-Eleven, which had not yet existed in the state.[49] When Rexall later in 1962 decided to liquidate the business for strategic shift, Coulombe bought out the operation and continued to run it independently, later stating in his memoir that **his total cost basis of purchasing Pronto Markets, the predecessor of Trader Joe's, was $25,000, which he sold half to the employees.**[50]

In 1967, he opened the first Trader Joe's store in Pasadena, California, still operating today with the same parking lot, and began transforming the concept from a standard convenience store into a distinctive retail destination. Over time, Trader Joe's evolved into a nationally beloved brand known for its curated product selection, quirky characteristics, and loyal fan base.

Figure 1: Trader Joe's, Pasadena, California[51]

Unlike traditional supermarkets that compete through vast selections, we believe that Trader Joe's has built its success on curation and efficiency. The company deliberately limits its product range, focusing instead on a tight assortment of high-quality, affordable private-label goods. This strategic simplicity not only keeps costs low but also reinforces the brand's authenticity and consumer trust. Today, Trader Joe's operates over 600 stores across the U.S., and in our opinion continues to maintain the friendly, local feel of a neighborhood market.

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[49] Chapter 1. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

[50] Chapter 2. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

[51] Trader Joes First Location Pictures 50th Anniversary. https://www.refinery29.com/en-us/2017/08/168772/trader-joes-original-store-photos

Trader Joe's business has grown organically throughout its course of development, without any acquisitions.[52] In addition, it has long avoided debt by self-financing its expansion.[53] Joe Coulombe recalled that during his final thirteen years leading the company, Trader Joe's carried no fixed, interest-bearing debt, never recorded a loss, and became more profitable each year.[54]

This conservative financial discipline continued under his successors. When John Shields took over as CEO and led the company's expansion to the East Coast, Trader Joe's continued to rely on self-generated funds rather than outside capital, despite initial losses in the early years of that expansion.[55]

In 1979, Coulombe and the employee owners sold Trader Joe's to the Albrecht family from Germany, the owners of Aldi. He remained with the company for another decade, continuing to refine Trader Joe's operations until his retirement in 1988.

Figure 2: Joe Coulombe at Trader Joe's, 1986[56]

From 1988, when Joe Coulombe retired from Trader Joe's, to 2024, the company's estimated revenue grew from about $133 million to over $20 billion,[57] reflecting a CAGR of roughly 15%. Its store count expanded from approximately 19 locations to more than 600 in the U.S. in 2025, representing a 12% CAGR. The company does not operate any stores outside the U.S.

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[52] ICYMI: How Do I Get a Trader Joe's in My Neighborhood? Trader Joe's Podcast.

[53] Here's What Trader Joe's Is Looking for in A New Location, And Why It's Not (Yet) in the Lehigh Valley. The Morning Call. https://www.mcall.com/2019/08/28/heres-what-trader-joes-is-looking-for-in-a-new-location-and-why-its-not-yet-in-the-lehigh-valley/

[54] Preface. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

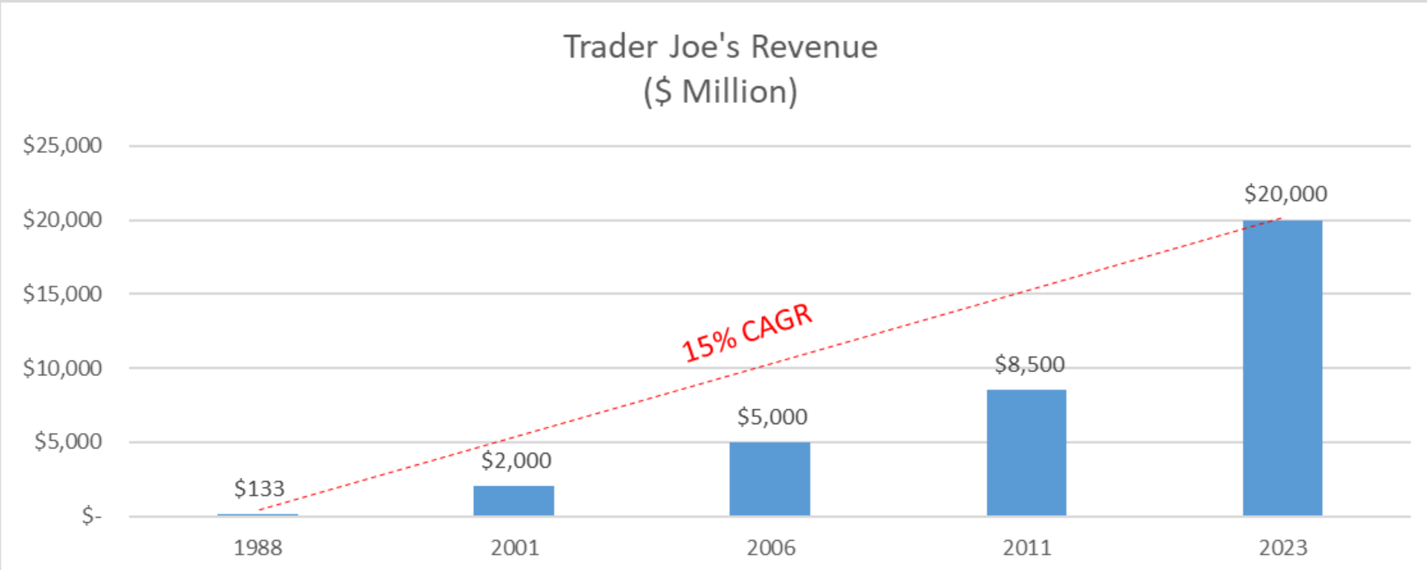
[55] Conversation with Trader Joe's John Shields. Graziadio Business Review. https://web.archive.org/web/20150902024446/http://gbr.pepperdine.edu/2010/08/gbr-conversation-with-john-shields/

[56] How Trader Joe's Went from Extra-Large Eggs to A Grocery Store Empire. CNBC. https://www.cnbc.com/2021/11/13/how-trader-joes-went-from-extra-large-eggs-to-a-grocery-store-empire.html

[57] A History of Trader Joe's and Joe Coulombe, the Man Behind the Brand. CNN Business. https://edition.cnn.com/2022/05/07/business/trader-joes-history-joe-coulombe; Welcome New Board Member. The Painted Turtle. https://www.thepaintedturtle.org/post/welcome-new-board-member-dan-bane

In a hypothetical scenario we created, applying an average price-to-sales (P/S) ratio of 0.7x, based on Costco, Walmart, and Kroger, which traded at approximately 1.2x, 0.7x, and 0.2x, respectively, at the end of 2023, would imply a market capitalization of about $14 billion for Trader Joe's at year end 2023. This valuation would suggest an estimated 24% CAGR since 1962, when Coulombe acquired Pronto Markets for $25,000.[58]

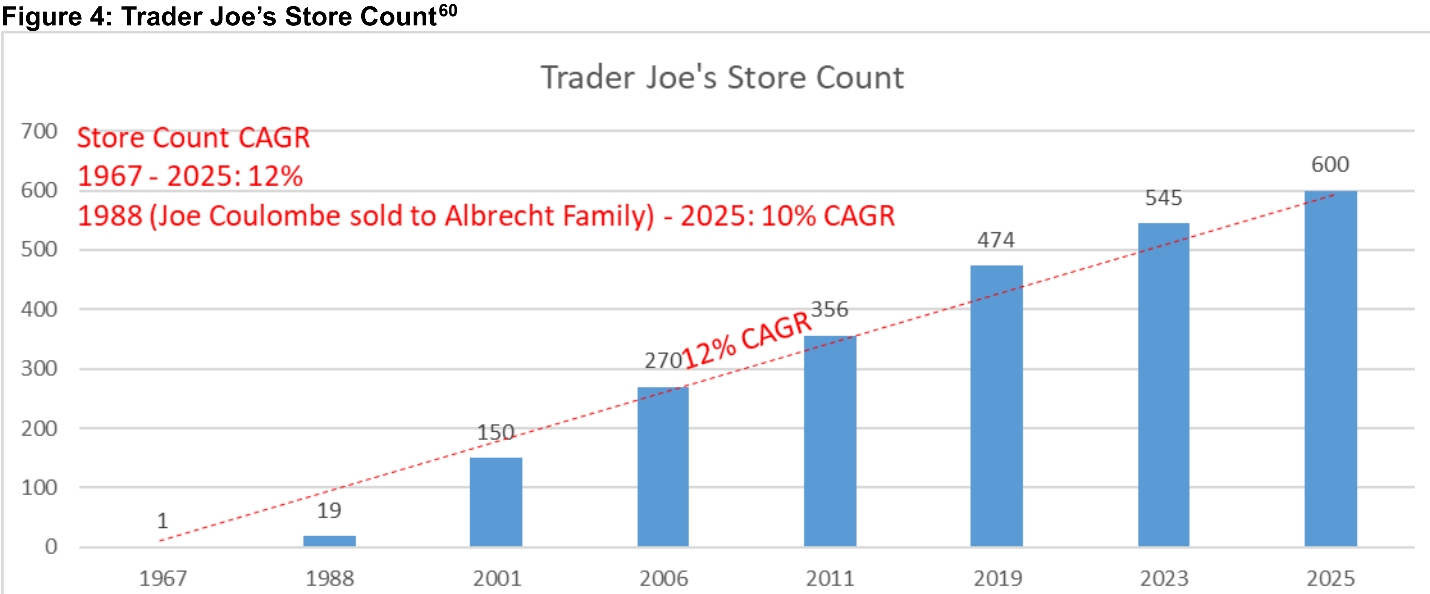
Figure 3: Trader Joe's Revenue[59]



Note:

1. Because Trader Joe's has remained privately held and historically secretive about its financials, some figures above are third-party estimates derived from various sources. We were unable to independently verify or cross-reference the data.

Figure 4: Trader Joe's Store Count[60]



[58] Chapter 2. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

[59] Conversation with Trader Joe's John Shields. Graziadio Business Review. https://web.archive.org/web/20150902024446/http://gbr.pepperdine.edu/2010/08/gbr-conversation-with-john-shields/; He's Got It in the Bag. USC News. https://web.archive.org/web/20230525002328/https://news.usc.edu/19309/He-s-Got-It-in-the-Bag/; 2011 Power 50: No. 23 Dan Bane Supermarket News https://www.supermarketnews.com/grocery-trends-data/2011-power-50-no-23-dan-bane; Welcome New Board Member. The Painted Turtle. https://www.thepaintedturtle.org/post/welcome-new-board-member-dan-bane

[60] 1967-2019: Episode 2 – It's About Values. Trader Joe's Podcast; He's Got It in the Bag. USC News. https://web.archive.org/web/20230525002328/https://news.usc.edu/19309/He-s-Got-It-in-the-Bag/; 2011 Power 50: No. 23 Dan

Notes:
1. Joe Coulombe opened the first Trader Joe's store in 1967. Before that, he operated a few convenience stores in the Los Angeles area under the name Pronto Markets, which he helped Rexall launch while working there and later bought the chain out.
2. The store count figures above are estimates compiled from various sources, including both Trader Joe's and third-party reports. In addition, the numbers cited may reflect data from any time during or around the stated year.
3. As of 2025, Trader Joe's has more than 600 stores across the U.S.[61]

Industry Overview

When Joe Coulombe founded Trader Joe's in 1967, its addressable market, which consists of grocery and liquor stores in the U.S., had reported estimated sales of $65.1 billion and $6.8 billion, respectively, in the preceding year.[62] Combined, these two segments accounted for nearly 24% of total retail store sales. In the five years leading up to the opening of the first Trader Joe's, grocery store sales grew at a CAGR of 5.5%, while liquor store sales expanded at 6.6%, or 5.6% combined.[63]

Fast forward to 2024, grocery store sales in the U.S. reached $891.3 billion, while liquor store sales totaled $72.3 billion,[64] together representing roughly 13% of overall retail sales. From 1966, just before Trader Joe's first store opened, to 2024, the company's total addressable market grew at a CAGR of 4.6%, driven by 4.6% growth in grocery store sales and 4.2% growth in liquor store sales. Over the same period, U.S. inflation rose at an average CAGR of approximately 4.0%.[65]

In 2023, Trader Joe's estimated annual revenue was approximately over $20 billion,[66] representing nearly a 2% share of its addressable market of grocery and liquor stores. However, because Trader Joe's remains a privately held company and has historically been secretive about its financial performance, these figures could not be independently verified or cross-referenced.

Bane Supermarket News https://www.supermarketnews.com/grocery-trends-data/2011-power-50-no-23-dan-bane; 2023: Episode 69: Trader Joe's Rings in the New Year… with Bubbles! 2025: Trader Joe's Sets Plans for $5.7M Store in Austin-Area Suburb. https://www.mysanantonio.com/business/article/trader-joes-cedar-park-21090240.php

[61] Trader Joe's Sets Plans for $5.7M Store in Austin-Area Suburb. https://www.mysanantonio.com/business/article/trader-joes-cedar-park-21090240.php

[62] Survey of Current Business December 1967. https://apps.bea.gov/scb/issues/1967/scb-1967-december.pdf

[63] Survey of Current Business December 1962. https://apps.bea.gov/scb/issues/1962/scb-1962-december.pdf; Survey of Current Business December 1967. https://apps.bea.gov/scb/issues/1967/scb-1967-december.pdf

[64] Monthly Retail Trade - Annual Revision of Monthly Retail and Food Services. U.S. Census Bureau. https://www.census.gov/retail/mrts/historic_releases.html

[65] The annual inflation rate is estimated based on the assumption that one dollar in 1966 is equivalent to approximately $9.66 in 2024. Inflation Calculator. Federal Reserve Bank of Minneapolis. https://www.minneapolisfed.org/about-us/monetary-policy/inflation-calculator

[66] Welcome New Board Member. The Painted Turtle. https://www.thepaintedturtle.org/post/welcome-new-board-member-dan-bane

Business Model – Quality-Centric, Value-Focused, and People-Centered (Customer & Employees)

Trader Joe's has built its success on a deliberate, low-cost, value-driven business model that prioritizes efficiency, quality, and customer experience. The company's strategy centers around a few distinctive pillars — people-centric operations, private label dominance, small stores with fast-turn assortments, and a strong in-store experience where the store itself is the brand. **Since its first opening, Trader Joe's has grown organically, without acquisitions, opening each store carefully and intentionally, one at a time, ensuring that its culture and customer experience remain consistent over the decades.**[67]

Every Trader Joe's employee is introduced to the company's seven foundational values,[68] which have guided the business since its founding:

Trader Joe's Seven Values[69]

1. **Integrity;**
2. **Product-driven company;**
3. **Wow customer service;**
4. **No bureaucracy;**
5. **Kaizen.** At Trader Joe's, Kaizen means that "everybody in the company owes everybody else a better job every day."[70] The company does not have budgeting, instead expecting stores to improve incrementally each year by setting their own targets — a philosophy that has paid off over its course of development.
6. **The store is our brand; and**
7. **We are a national chain of neighborhood grocery stores.**

These values reflect a culture of accountability, efficiency, and authenticity that shapes every aspect of the company's operations.

<u>**We believe Trader Joe's success is largely rooted in its commitment to private label products.** While other grocers historically treated store brands as lower-cost, lower-quality alternatives to national brands, displayed side by side, Trader Joe's took a different approach – turning its private label into a signature of quality and trust, solidifying its brand image of a national chain of neighborhood stores.</u>[71]

From1967, when the store was first opened, to 1972, the store had not been successful, according to Joe Coulombe. Some employees then had to dress in a gorilla suit to attract people! **From the introduction of its first private label product, granola, in 1972, Trader Joe's transformed its business model.** Founder Joe Coulombe realized that private labels eliminated many inefficiencies common in grocery retailing such as managing multiple brand representatives and negotiating shelf space, stating,

> "You didn't have to worry about all of the soft drink salesmen coming in, and the bread salesmen coming in, and the potato chip people coming in. You're just focused. And that solved so many problems."[72]

<u>This focus allowed the company to simplify operations and concentrate on products that truly appeal to customers.</u>

Today, over 80% of Trader Joe's products are private label, a strategy that reinforces its brand identity and keeps costs low for customers. Someone does not need to be frequent customers of Trader Joe's to find out that when they first enter a Trader Joe's store, most of the products in-store are private-label, under Trader Joe's names. **By removing**

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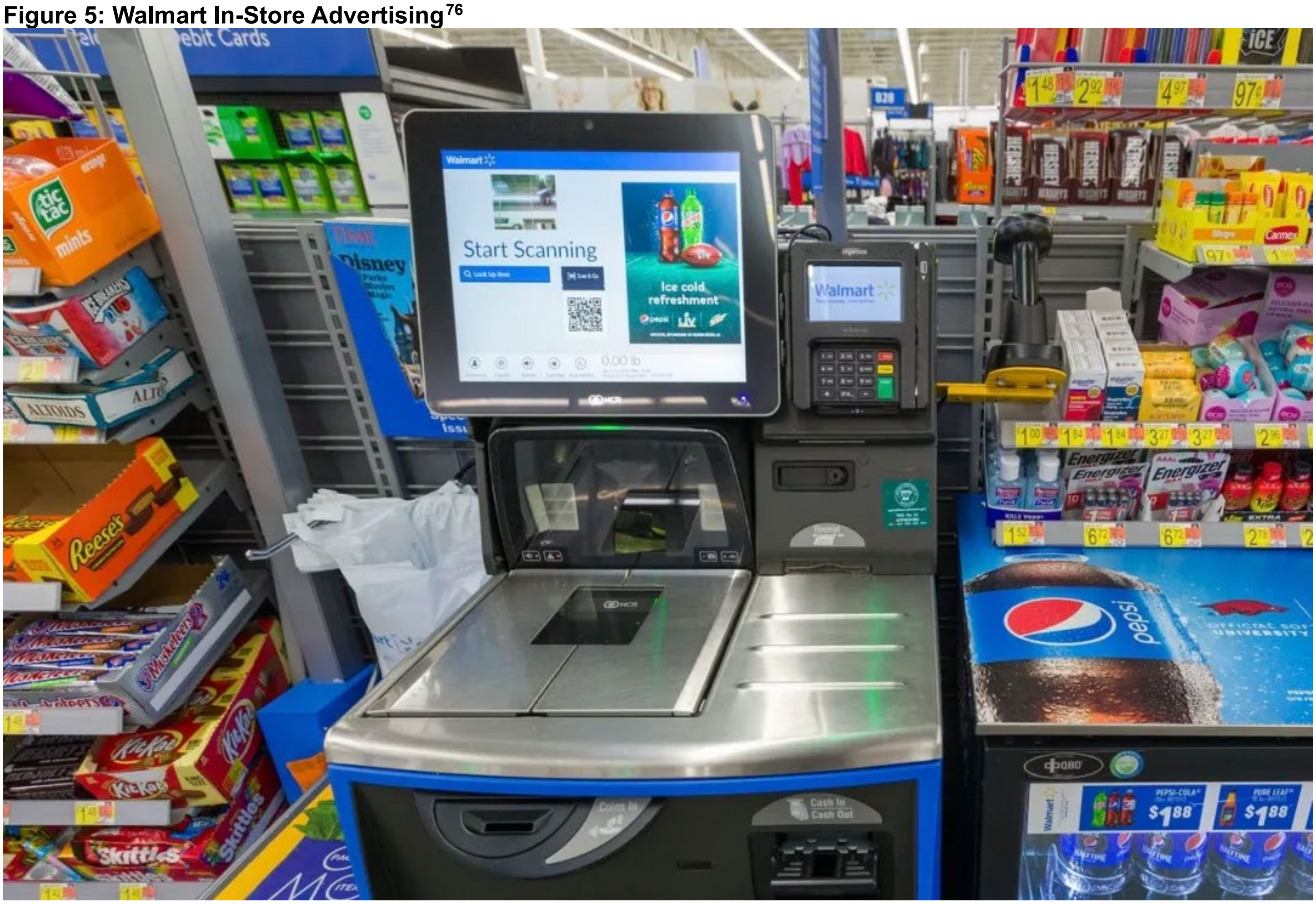
[67] ICYMI: How Do I Get a Trader Joe's in My Neighborhood? Trader Joe's Podcast.
[68] Episode 2 – It's about values. Trader Joe's Podcast.
[69] Episode 2 – It's about values. Trader Joe's Podcast.
[70] Episode 2 – It's about values. Trader Joe's Podcast.
[71] ICYMI: What is a Private Label, and Why Does Trader Joe's Use Private Labels? Trader Joe's Podcast.
[72] Episode 2 – It's about values. Trader Joe's Podcast.

middle layer costs such as slotting fees, advertising expenses, and brand markups, Trader Joe's can offer high-quality products at significantly lower prices than comparable branded products.[73]

For example, a condiment company that produces a range of products, from dressings and dips to cheeses and herbs, explained that slotting fees vary by product category and retailer. While Walmart does not charge slotting fees, other chains such as Kroger, Albertsons, and Safeway typically charge the company between $50 and $100 per slot per store when a SKU is first introduced. At first glance, this may not seem significant, but the costs can add up quickly for companies with multiple SKUs seeking placement in hundreds or even thousands of stores nationwide. In addition, grocery retailers typically reset their shelves every six to twelve months, retaining products that perform well and discontinuing those that do not. Vendors seeking to regain shelf space after being removed may be required to pay another slotting fee for re-entry.[74]

In fiscal year 2025, Walmart reported $4.4 billion in global advertising revenue,[75] generated through its retail media network, which allows brands to reach Walmart customers via website displays, in-store promotions, mobile app placements, and other Walmart channels. These advertising expenses are paid by advertisers (vendors/suppliers), the brands and manufacturers that sell products to consumers through Walmart. To maintain their profit margins, suppliers need to build these marketing costs into their product prices, which means that the costs are ultimately passed on to consumers in the form of higher retail prices.

Figure 5: Walmart In-Store Advertising[76]



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[73] Episode 4 – The Store is Our Brand. Trader Joe's Podcast.

[74] Interview with Former Vice President of Marketing and Communication at Litehouse Food. Posted publicly to Tegus subscribers 4/9/2025.

[75] Walmart Q4 2025 Earnings Release. 2/20/2025.

[76] Walmart Expands In-Store Advertising Initiatives, Including at Checkout. The Verge. https://www.theverge.com/2023/8/2/23817029/walmart-ads-in-store-self-checkout

Although it is challenging to make a direct, apple-to-apple comparison between Trader Joe's product prices and those of other grocery retailers due to differences in brands, packaging, and product specifications, several reports have provided some ideas to illustrate the value Trader Joe's offers. **For example, a 2025 price comparison found that across 45 similar items, Trader Joe's prices were approximately 21.5% lower on average than those at Stop & Shop.[77] In another comparison between Trader Joe's and Target, where similar products were purchased in-store, Trader Joe's was found to be about 21.3% cheaper overall.[78]**

At Trader Joe's, the private label does not just represent value, it also stands for quality. As Tara Miller, a longtime marketing executive at Trader Joe's, explained, **unlike in some places where customers might expect lower quality for store brands than for a comparable national brand, customers actually expect more from Trader Joe's private label products than they do from national brands.** The company enforces strict ingredient standards, ensuring that its offerings are made from real, wholesome ingredients. For example, Trader Joe's products are free from artificial flavors, MSG, bleached flour, and added hormones in dairy products.[79] These rigorous standards assure customers that anything carrying Trader Joe's name meets the company's high expectations for quality, safety, and taste.

Trader Joe's introduced its first organic product, Organic Unfiltered Apple Juice, in the 1970s, nearly three decades before the "organic" movement became mainstream in the U.S.[80] As customers expressed appreciation for having organic options, the company steadily expanded its range to include example products such as milk, yogurt, apples, lettuce, cereal, meat, almonds, cashews, extra virgin olive oil, beans, frozen pizza, chocolate, bread, cheese, pasta, and wine.

Today, more than 20% of all products purchased at Trader Joe's are organic, and this share has continued to grow.[81] However, the company maintains a disciplined approach, offering organic products only when they deliver what the company believes is an attractive value, that it defines as outstanding quality at an affordable price. For instance, Trader Joe's Organic Ketchup sells for $2.49 per 24-ounce bottle,[82] compared to a 20-ounce bottle of conventional Heinz ketchup priced $3.48 at Walmart[83] and $3.99 at Kroger.[84]

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[77] Is Trader Joe's Really Cheaper Than an Average Grocery Store in 2025? We Did the Math. CNET. https://www.cnet.com/home/kitchen-and-household/is-trader-joes-really-cheaper-than-an-average-grocery-store-in-2025-we-did-the-math/

[78] Shopping for Same Groceries at Trader Joe's and Target, Clear Winner. Business Insider. https://www.businessinsider.com/trader-joes-vs-target-grocery-shopping-which-is-better-review-2024-10

[79] Episode 47 – Trader Joe's Designs Delicious. Trader Joe's Podcast.

[80] Product Information. Trader Joe's. https://www.traderjoes.com/home/FAQ/product-faqs

[81] Product Information. Trader Joe's. https://www.traderjoes.com/home/FAQ/product-faqs

[82] Organic Ketchup. Trader Joe's. Retrieved on 10/12/2025. https://www.traderjoes.com/home/products/pdp/organic-ketchup-055860

[83] Heinz Tomato Ketchup 20 oz Bottle Thick and Rich Dipping & Cooking Sauce. Walmart.com. Retrieved on 10/12/2025. https://www.walmart.com/ip/Heinz-Tomato-Ketchup-20-oz/15077427?wmlspartner=wlpa&selectedSellerId=102914197

[84] Heinz Tomato Ketchup, 20 OZ. Kroger. Retrieved on 10/12/2025. https://www.kroger.com/p/heinz-tomato-ketchup/0001300000640

Figure 6-1: Trader Joe's Organic Ketchup[85]

[85] Organic Ketchup. Trader Joe's. https://www.traderjoes.com/home/products/pdp/organic-ketchup-055860

Figure 6-2: Heinz Tomato Ketchup at Walmart[86]

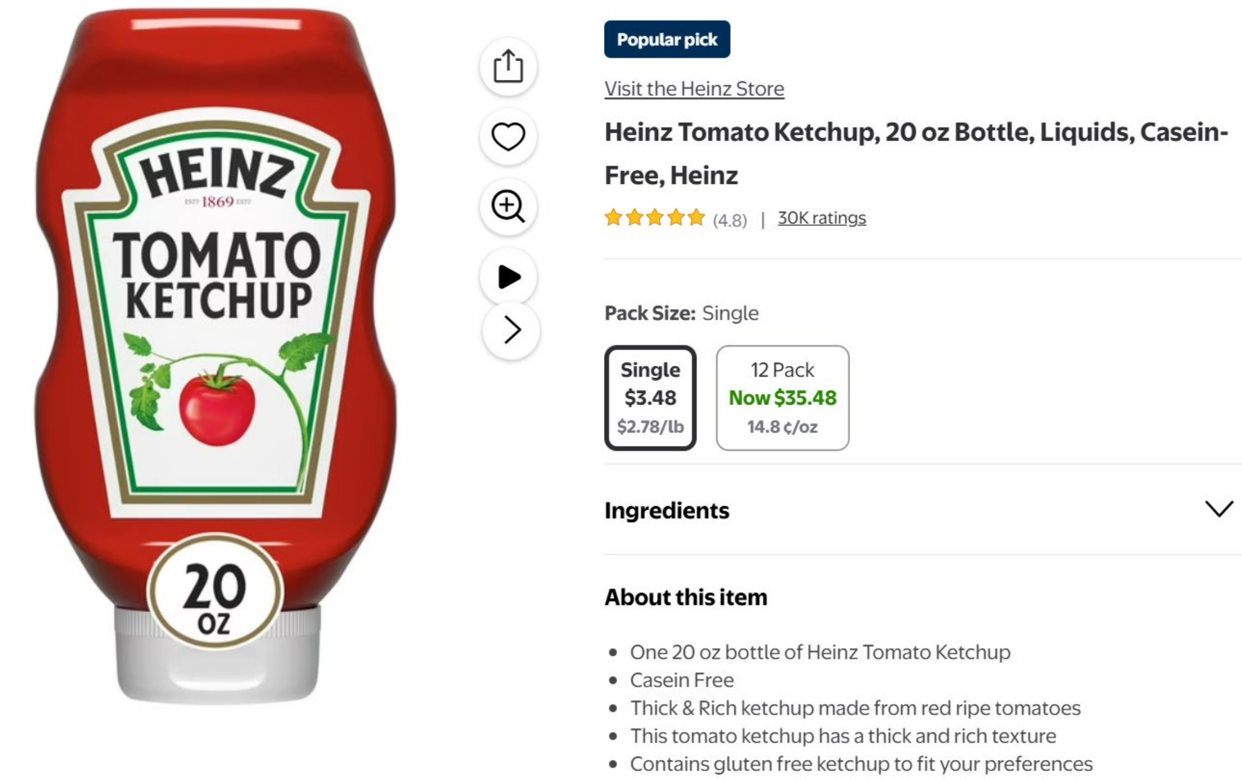
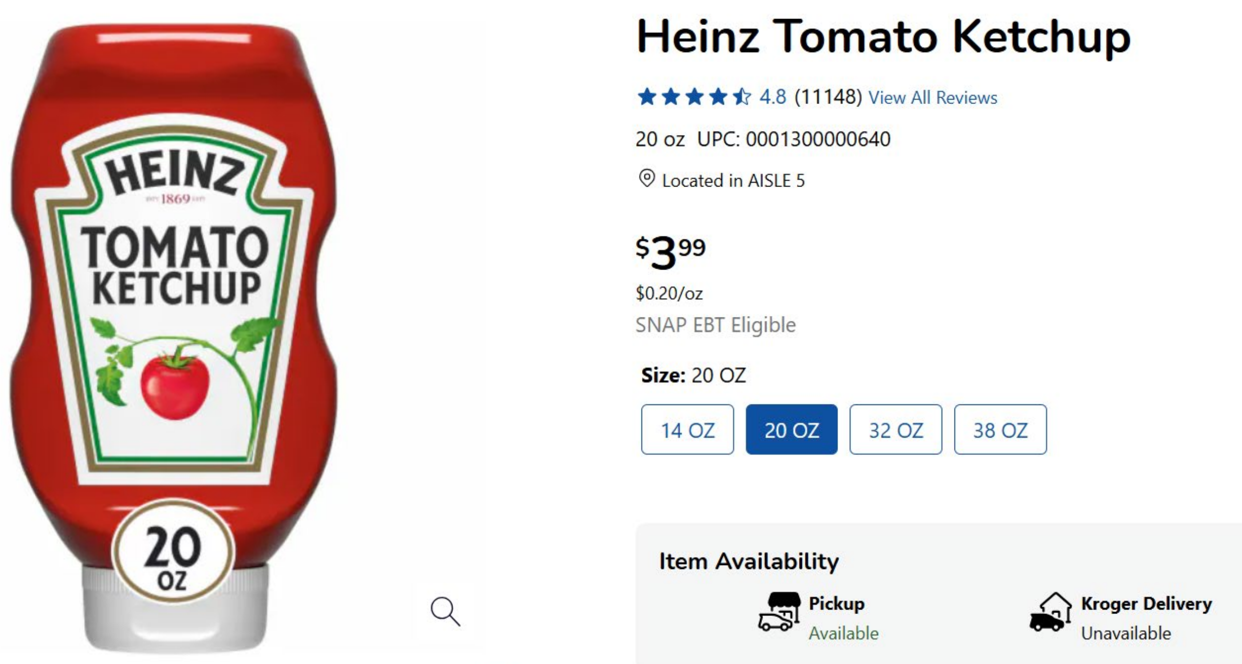


Figure 6-3: Heinz Tomato Ketchup at Kroger[87]



Being cost-conscious is at the core of Trader Joe's business model. Many details at Trader Joe's, from product assortment and packaging to store layout and supply chain management, reflect a deep commitment to efficiency, which we will discuss in detail below. As mentioned above, by managing product development and supply chains under its own brand, Trader Joe's eliminates many of the unnecessary expenses that typically burden other retailers. Many of the company's

[86] Heinz Tomato Ketchup 20 oz Bottle Thick and Rich Dipping & Cooking Sauce. Walmart.com. https://www.walmart.com/ip/Heinz-Tomato-Ketchup-20-oz/15077427?wmlspartner=wlpa&selectedSellerId=102914197

[87] Heinz Tomato Ketchup, 20 OZ. Kroger. https://www.kroger.com/p/heinz-tomato-ketchup/0001300000640

decisions are guided by a simple principle, to minimize unnecessary costs so that savings can be passed on ultimately to customers.

When negotiating with vendors and the manufacturers who produce Trader Joe's products, the company strips away many traditional costs associated with national brands. Trader Joe's eliminates slotting fees, which are fees that retailers charge vendors for their products to be displayed on store shelves, and does not require its suppliers to fund advertising. By removing these expenses, the retailer is able to offer products of comparable quality at a lower price than competitors. **As Trader Joe's explains, when customers see branded products featured in a television show or movie, the cost of that marketing is ultimately passed down through the supply chain.**[88] Trader Joe's avoids those costs entirely by selling primarily private-label products under its own brand. **This approach allows suppliers to focus on production rather than marketing and relieves them of slotting and advertising fees needed to compete with other brands in-store.** And since the vast majority of its assortment consists of private label products, the company does not need to charge suppliers for premium shelf placement, a common practice elsewhere in the grocery industry.[89]

To reduce costs further, Trader Joe's designs its packaging to maximize efficiency in transportation. By minimizing packaging materials and reducing the weight of each unit, the company can ship more products at once, thus lowering per-unit costs. **A prime example is Charles Shaw wine, famously known as "Two Buck Chuck."** Since its debut in 2002, wine has become an icon of value for Trader Joe's. Over time, the producer has made small but impactful adjustments, such as switching to thinner, lighter glass bottles. This change allows more cases to fit on a single pallet and more pallets to fit on a truck, moving more bottles to stores using the same amount of fuel. The result is savings in transportation costs from gas, which ultimately benefit customers through lower prices.[90]

Figure 7: Charles Shaw – "Two Buck Chuck"[91]

[88] ICYMI: What is a Private Label, and Why Does Trader Joe's Use Private Labels? Trader Joe's Podcast.
[89] Episode 4 – The Store is Our Brand. Trader Joe's Podcast.
[90] Episode 11 – Sustainability. Trader Joe's Podcast.
[91] What's in That $5 Bottle of Trader Joe's or Target Wine. https://vinepair.com/articles/trader-joes-target-wines-cheap-budget/

Trader Joe's cost efficiency also extends to its in-store operations. Unlike many modern grocery stores or supermarkets, there is no public address (PA) system in Trader Joe's stores. Not only does it fit better with the stores' overall nautical vibe, an idea from founder Joe Coulombe, who envisioned Trader Joe's stores as a kind of island where crew members communicate by ringing bells, but it is also consistent with the company's long-standing frugality. In the past, a PA system was much more expensive than a bell.[92]

Figure 8: Trader Joe's Cash Register and Bell[93]

While many chain grocers invest in in-store advertising screens or digital displays, Trader Joe's intentionally avoids retail media altogether. The company believes that everything in a store costs money, and that those costs are ultimately passed on to customers. Rather than installing screens or robots, Trader Joe's invests in what it thinks truly matters – high-quality products and friendly, knowledgeable crew members. As a 2008 radio ad put it,

> "While we have nothing against flat panel TVs for, say, relaxing at home, we think grocery shopping should be a fun social experience. So instead of cold, impersonal, flat monitors, we have live crew members who are smart and fun to talk with. They'll not only help you find what you're looking for and discover new products, they're happy to share their thoughts on those products. Heck, they'll even go outside and check the weather for you if you like."[94]

This philosophy also reinforces the brand's commitment to creating an engaging, people-driven shopping experience rather than a transactional one.

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[92] ICYMI: What do the Bells Mean at Trader Joe's? Trader Joe's Podcast

[93] Trader Joe's Stores Have A Secret Theme That Inspires EVERYTHING from Décor to Job Titles. https://www.the-sun.com/lifestyle/5026197/trader-joes-stores-nautical-theme-decor-job-roles/

[94] ICYMI: Retail Media. Trader Joe's Podcast.

Trader Joe's also steers away from costly national or international marketing campaigns, paid advertising, or celebrity endorsements. By removing these traditional marketing expenses, the company keeps its business model simple.[95] Instead of spending it on commercials or spokespeople, Trader Joe's channels its resources into other areas such as product innovation that helps it to maintain competitive prices, ensuring that customers experience real value where it matters most at the checkout counter.

One of Trader Joe's few marketing tools is the Fearless Flyer, which debuted in 1985. Before that, from 1969 to 1985, the publication was known as the Insider's Report, a newsletter focusing on the wine industry that shared the results of Trader Joe's frequent wine tastings as the company deepened its expertise. Around the same time, Trader Joe's began conducting blind taste tests for food products, selecting winners to sell at "the lowest shelf price in town."[96] Joe Coulombe himself typed many of these flyers during his tenure.[97]

Initially, the Fearless Flyer was distributed only in stores and to a small subscriber list. Coulombe was initially skeptical of mailing it to individuals, believing that Americans moved too frequently for it to be worthwhile. However, he later realized that even if one household moved, another demographically similar one often replaced it.[98] The company began mailing the Flyer to addresses rather than names, targeting ZIP codes with high concentrations of what Coulombe called "overeducated and underpaid" consumers. **By the time of his retirement in 1988, Trader Joe's was mailing millions of copies five times a year.**

The Fearless Flyer serves both as an educational and promotional tool, for both customers and employees. For example, it helped younger employees who were not legally allowed to sample wine to better understand the products they sold. **Unlike conventional store circulars, the Fearless Flyer is word-heavy but intentionally lighthearted, filled with cartoons and witty, conversational writing. True to Trader Joe's principles, there is no paid product placement within its pages.[99] Today, the Fearless Flyer is available in both print and digital formats, and customers can subscribe online.**

We believe the Fearless Flyer has inspired enthusiasm among Trader Joe's customers. One customer shared their experience:

> "I read that Fearless Flyer cover to cover because it's super engaging and the writing is really great and I gave it to another person I cook with because I was like, you need to read this about food. It's really good. I came in last night and bought all the stuff I found in the Fearless Flyer that was interesting that I never had. So last night I made sunchoke. I never even had a sunchoke. And yeah, just nerding out on food…I just was sitting there and my wife was sleeping, and every time she woke up I was like, "I'm still reading this thing." And she like... dosed off. And I was like, I'm still reading this thing."[100]

This testimonial illustrates how the Fearless Flyer functions not only as an educational and marketing medium but also as a driver of customer engagement and brand loyalty. It encourages word-of-mouth promotion as readers share products, recipes, and ideas with others. Trader Joe's also recognizes that these devoted customers play a crucial role in promoting the brand, both through personal recommendations and by sharing their experiences on social media,[101] expanding the company's reach and community connection.

Reflecting the success of this customer-focused approach, Trader Joe's has been ranked first in the 2025 American Customer Satisfaction Index among U.S. supermarkets, reflecting its continued reputation for a positive customer experience and brand loyalty.[102]

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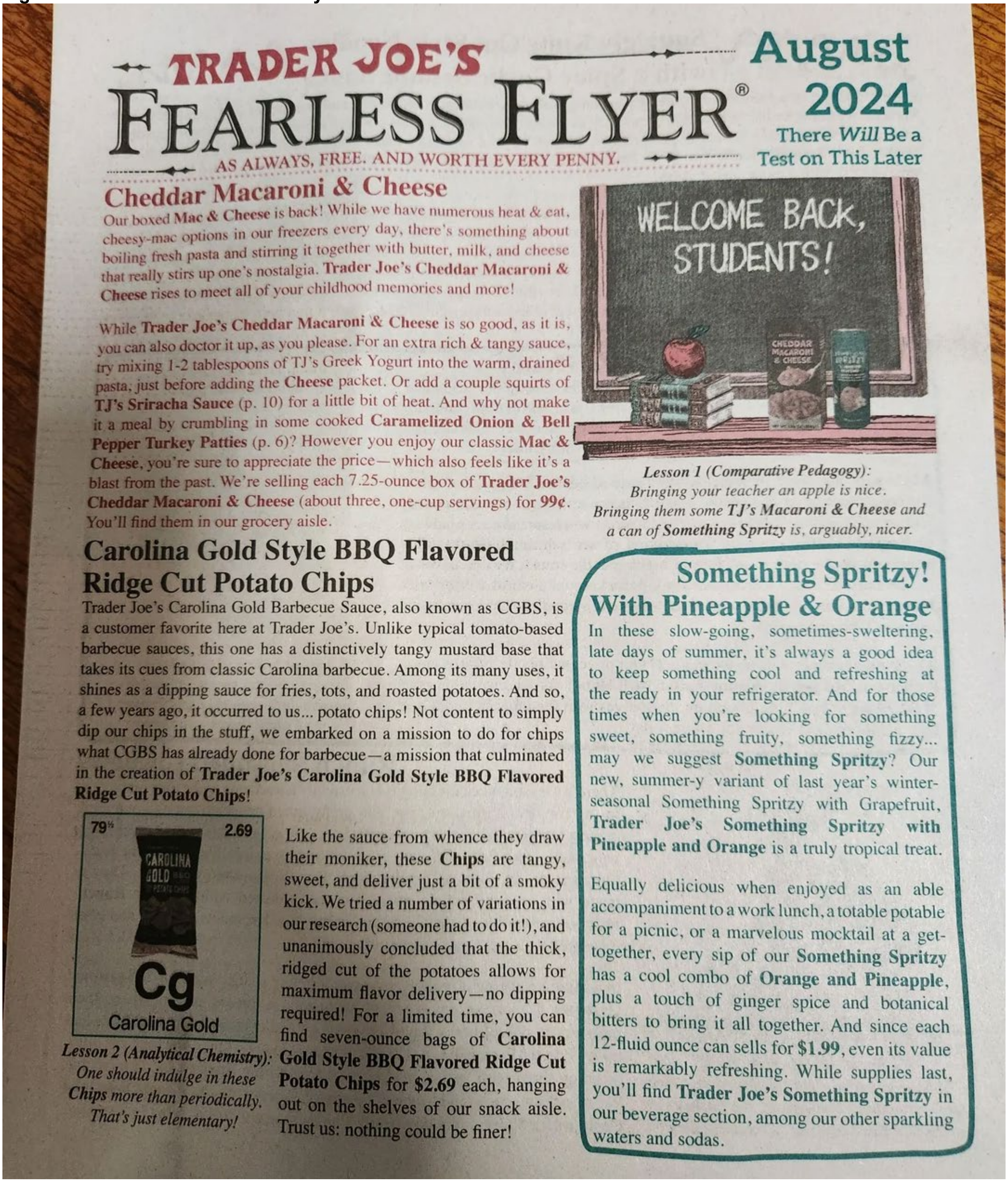
[95] Episode 81 – What We're Wine-ing About at Trader Joe's? Trader Joe's Podcast.
[96] Chapter 9. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.
[97] Episode 3 – Informative and Seriously Not Too Serious. Trader Joe's Podcast.
[98] Chapter 9. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.
[99] Episode 3 – Informative and Seriously Not Too Serious. Trader Joe's Podcast.
[100] Episode 3 – Informative and Seriously Not Too Serious. Trader Joe's Podcast.
[101] Episode 56 – 2022 Captains' Meeting. Trader Joe's Podcast.
[102] Tied with Publix, followed by other names such as Sam's Club, Whole Foods, and Costco. Supermarkets. The American Customer Satisfaction Index. https://theacsi.org/industries/retail/supermarkets/

Figure 9-1: Trader Joe's Fearless Flyer[103]



TRADER JOE'S

FEARLESS FLYER®

AS ALWAYS, FREE. AND WORTH EVERY PENNY.

August 2024

There *Will* Be a Test on This Later

Cheddar Macaroni & Cheese

Our boxed **Mac & Cheese** is back! While we have numerous heat & eat, cheesy-mac options in our freezers every day, there's something about boiling fresh pasta and stirring it together with butter, milk, and cheese that really stirs up one's nostalgia. **Trader Joe's Cheddar Macaroni & Cheese** rises to meet all of your childhood memories and more!

While **Trader Joe's Cheddar Macaroni & Cheese** is so good, as it is, you can also doctor it up, as you please. For an extra rich & tangy sauce, try mixing 1-2 tablespoons of TJ's Greek Yogurt into the warm, drained pasta, just before adding the **Cheese** packet. Or add a couple squirts of **TJ's Sriracha Sauce** (p. 10) for a little bit of heat. And why not make it a meal by crumbling in some cooked **Caramelized Onion & Bell Pepper Turkey Patties** (p. 6)? However you enjoy our classic **Mac & Cheese**, you're sure to appreciate the price—which also feels like it's a blast from the past. We're selling each 7.25-ounce box of **Trader Joe's Cheddar Macaroni & Cheese** (about three, one-cup servings) for **99¢**. You'll find them in our grocery aisle.

WELCOME BACK, STUDENTS!

*Lesson 1 (Comparative Pedagogy): Bringing your teacher an apple is nice. Bringing them some **TJ's Macaroni & Cheese** and a can of **Something Spritzy** is, arguably, nicer.*

Carolina Gold Style BBQ Flavored Ridge Cut Potato Chips

Trader Joe's Carolina Gold Barbecue Sauce, also known as CGBS, is a customer favorite here at Trader Joe's. Unlike typical tomato-based barbecue sauces, this one has a distinctively tangy mustard base that takes its cues from classic Carolina barbecue. Among its many uses, it shines as a dipping sauce for fries, tots, and roasted potatoes. And so, a few years ago, it occurred to us... potato chips! Not content to simply dip our chips in the stuff, we embarked on a mission to do for chips what CGBS has already done for barbecue—a mission that culminated in the creation of **Trader Joe's Carolina Gold Style BBQ Flavored Ridge Cut Potato Chips**!

79 | 2.69 | Cg | Carolina Gold

Lesson 2 (Analytical Chemistry): One should indulge in these Chips more than periodically. That's just elementary!

Like the sauce from whence they draw their moniker, these **Chips** are tangy, sweet, and deliver just a bit of a smoky kick. We tried a number of variations in our research (someone had to do it!), and unanimously concluded that the thick, ridged cut of the potatoes allows for maximum flavor delivery—no dipping required! For a limited time, you can find seven-ounce bags of **Carolina Gold Style BBQ Flavored Ridge Cut Potato Chips** for **$2.69** each, hanging out on the shelves of our snack aisle. Trust us: nothing could be finer!

Something Spritzy! With Pineapple & Orange

In these slow-going, sometimes-sweltering, late days of summer, it's always a good idea to keep something cool and refreshing at the ready in your refrigerator. And for those times when you're looking for something sweet, something fruity, something fizzy... may we suggest **Something Spritzy**? Our new, summer-y variant of last year's winter-seasonal Something Spritzy with Grapefruit, **Trader Joe's Something Spritzy with Pineapple and Orange** is a truly tropical treat.

Equally delicious when enjoyed as an able accompaniment to a work lunch, a totable potable for a picnic, or a marvelous mocktail at a get-together, every sip of our **Something Spritzy** has a cool combo of **Orange and Pineapple**, plus a touch of ginger spice and botanical bitters to bring it all together. And since each 12-fluid ounce can sells for **$1.99**, even its value is remarkably refreshing. While supplies last, you'll find **Trader Joe's Something Spritzy** in our beverage section, among our other sparkling waters and sodas.

[103] Trader Joe's Fearless Flyer. https://www.reddit.com/media?url=https%3A%2F%2Fpreview.redd.it%2Ffearless-flyer-mailed-to-my-house-its-been-years-since-weve-v0-

Figure 9-2: Trader Joe's Fearless Flyer[104]

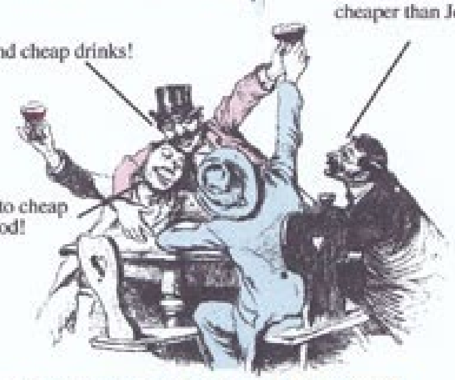
May 2009

TRADER JOE'S

FEARLESS FLYER®

AS ALWAYS, FREE. AND WORTH EVERY PENNY.

*SUPER VALUE ISSUE



What a Value!

Blue Fin California Chardonnay & Pinot Noir $3.99 a Bottle!

Psst! Over here. We want to tell you something, but we're afraid some people won't be very happy about it, so we're going to whisper, okay? Oh, forget it, writing in italics is too exhausting. Here's a little inside info on the inner workings of the wine business. Wine names often start out at one winery before being sold to another (see "Shaw, Charles"). As long as the quality of the wine remains the same, everyone's happy. And there's the rub. Who knows the original wines well enough to watch out for the quality? Well, we do.

For a number of years, we sold a great-tasting Chardonnay called Blue Fin that was made for us by one of Napa's oldest wineries. And then they decided to "retire" the label. Bad. Then, fortuitously, one of our long-term wine partners bought the label, and offered us a great deal on **Blue Fin Chardonnay** and **Pinot Noir**. Good. As we mentioned, this is a label we (and you) know and love, so quality and consistency are key. After all, what good is a low price if the wine doesn't taste good? We guarantee **Blue Fin Wines** taste as good as ever.

Blue Fin Chardonnay features elegant flavors of fig, tropical fruit and spice, with just a hint of vanilla. This is a truly refreshing wine. **Blue Fin Pinot Noir**, a new addition to the Blue Fin family, is a vibrant, ruby-colored wine with rich, fresh berry and currant flavors and a velvety smooth finish. Each of these wines is priced at the ridiculously low **$3.99** a bottle – a perfect example of our favorite equation: quality + price = value. Only at Trader Joe's.

Convenient new package = less waste!

Ground Beef • Great Price $1.99 a Pound!

Your eyes are not deceiving you; **Trader Joe's Butcher Shop 80/20 Ground Beef** is really **$1.99** a pound. What's the 80/20 all about? Well, ground beef is sold according to the ratio of lean to fat. So 80/20 means that this particular **Ground Beef** contains 80% lean meat and 20% fat. This is our favorite ground beef for things like burgers, tacos and meatloaf, because it has so much flavor you barely need to season it at all.

When you look for our **80/20 Ground Beef** in our stores, you'll certainly notice our new package. We love this new vacuum pack because it reduces packaging, takes up less space in your fridge or freezer and, because all the oxygen has been removed from the package, the beef stays fresh for much longer – we call this extended shelf life. Switching to this new package, along with our tip-top negotiating skills, brought down our costs, too, so we can now offer this great-tasting **80/20 Ground Beef** for the terrific everyday price of **$1.99** for each one pound package. Burgers, anyone?

Buccaneer Joe's Unburied Treasure Sour Cream & Onion

No need to dive to the depths of the ocean, **Buccaneer Joe's Unburied Treasure** is available at Trader Joe's. These are airy, flavor-filled corn puffs that are incredibly popular with adults and kids alike. We've just introduced a new flavor – **Sour Cream & Onion** – that has everyone around here popping puffs at a ridiculously rapid rate. Eating these puffs is like enjoying a chip and a dip simultaneously, without the pesky refrigeration that dips so often require.

Maybe the very best part is that **Buccaneer Joe's Sour Cream & Onion Unburied Treasure** is low in fat, so you can snack without worry. We're selling each seven ounce bag for the everyday value price of **$1.99**.

**These are not sale prices. These are unbelievably low everyday prices.*

gkul8ovw0bhd1.jpeg%3Fwidth%3D1080%26crop%3Dsmart%26auto%3Dwebp%26s%3Dc544e64b3f0978f2e7cb2c7768ef2780193978e9

[104] Trader Joe's Fearless Flyer. https://janicesextonart.blogspot.com/2009/05/trader-joes-fearless-flyer.html

Unconventionally, Trader Joe's does not have a loyalty program or use customer-tracking systems, a practice that may seem odd to some in today's digital age. The reason is simple – the company believes in treating every customer equally. From Trader Joe's perspective, traditional loyalty programs can actually undermine true loyalty. They encourage shoppers to chase short-term discounts, buying from one retailer this week and another the next, as brands and manufacturers compete with promotions. Trader Joe's, on the other hand, offers everyday value without gimmicks – prices remain consistent unless underlying costs change, and every customer who walks through the door receives the same fair deal. As the company puts it, it strives to be "loyal to all of our customers,"[105] rather than trying to buy loyalty through rewards or discounts.

Moreover, operating a loyalty program would contradict Trader Joe's cost-conscious philosophy. Such programs require expensive infrastructure to track individual purchases, analyze personal data, and distribute targeted coupons, costs that would ultimately be passed on to customers. Instead, Trader Joe's proudly declares:

> "Loyalty Rewards Program? No. At Trader Joe's, we reward all our customers all the time."[106]

While Trader Joe's does not track individual customers, that does not mean it ignores data altogether. The company relies on aggregate sales data, the collective "votes" of its customers, to understand which products work and which do not. If a product sells well, Trader Joe's knows that it is something customers love. If it does not sell, that is valuable feedback too, a signal to discontinue or improve the product. This approach allows the company to stay responsive to customer preferences without compromising its privacy principles or adding unnecessary costs. As Trader Joe's explains:

> "That's another example of its 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."[107]

While cost increases are inevitable in any business, Trader Joe's takes a proactive approach to minimize them. <u>The company works closely with its suppliers and focuses on several key strategies to avoid price increases and keeps it as stable as possible for customers.</u>[108]

First, Trader Joe's creates economies of scale by purchasing in large quantities. Buying in bulk allows suppliers to lower their own costs for raw materials, which in turn reduces the price Trader Joe's pays, savings that are ultimately passed on to customers. **<u>This is made possible by Trader Joe's streamlined product assortment. Whereas a typical grocery store might carry around 50,000 different items, Trader Joe's offers fewer than 4,000 SKUs</u>**[109] **<u>across its 600+ stores nationwide.</u>** This tight, fast-moving product mix drives efficiency and sustainability. **<u>According to the company, Trader Joe's stores turn their inventory more than 60 times per year,</u>**[110] **<u>meaning that, on average, stores sell through their entire stock more than once a week.</u>** By comparison, major U.S. grocers such as Costco, Walmart, and Kroger have averaged inventory turnover rates of roughly 12x, 9x, and 15x, respectively, over the past decade.[111] Trader Joe's rapid turnover not only increases volume purchased from suppliers and reduces waste and storage costs but also translates directly into lower prices for shoppers.

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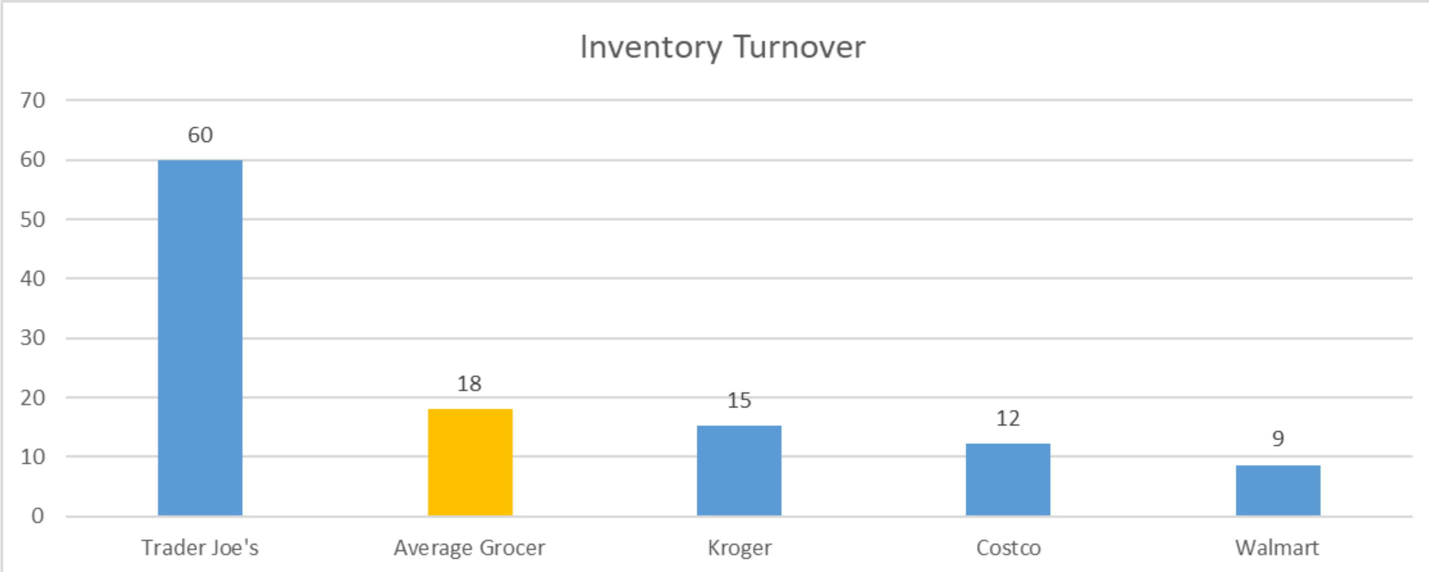
[105] ICYMI: Why Doesn't Trader Joe's Have a Loyalty Program? Trader Joe's Podcast.
[106] Episode 59 – Looking Forward, Looking Back, with Trader Joe's. Trader Joe's Podcast.
[107] ICYMI: Why Doesn't Trader Joe's Have a Loyalty Program? Trader Joe's Podcast.
[108] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[109] Episode 11 – Sustainability. Trader Joe's Podcast.
[110] Episode 11 – Sustainability. Trader Joe's Podcast.
[111] FactSet.

Figure 10: Trader Joe's Inventory Turnover vs. Competitors



Notes:

1. The above inventory turnover data for Costco, Walmart, and Kroger reflect the average of each company's inventory turnover over the most recent 10-year period, based on data from FactSet.
2. The average inventory turnover ratio for the typical grocer shown above was reported in the Independent Grocers Financial Study conducted by the National Grocers Association (NGA) and FMS Solutions in 2023.[112] Other sources indicate that grocery stores generally have an inventory turnover ratio ranging from 10 to 15, depending on their size and product categories. Stores that specialize in perishable items such as produce or dairy often experience higher turnover ratios due to the shorter shelf life of these products.[113]
3. For Costco, nearly 55% of net sales in fiscal year 2025 came from fresh foods, foods, and sundries, while the remaining portion was derived from non-food categories such as appliances, electronics, furniture, and gasoline.[114] Walmart does not disclose sales by merchandise category at the group level. However, in fiscal year 2025, grocery sales accounted for nearly 60% of Walmart U.S. sales and 66% of Sam's Club U.S. sales.[115] At Kroger, as of fiscal year 2024, more than 75% of total sales were generated from fresh and non-perishable food items, with the remainder coming from categories such as fuel and pharmacy.[116]

Starting in the 1970s, Trader Joe's began centralizing its distribution operations, eliminating all direct-store deliveries from vendors, a move that was unusual in the grocery industry at the time.[117] Joe Coulombe believed that the traditional direct-store-delivery model came with several drawbacks. For example, products were sometimes lost during "fast counts," bakery vendors dropped off older goods to avoid taking back stale ones, and delivery trucks often clogged Trader Joe's small parking lots, blocking customers. **By shifting to a centralized distribution system, Trader Joe's gained greater control over inventory and operations. The change improved security, allowed the company to better coordinate labor schedules with the arrival of its own delivery trucks, and kept parking lots clear for customers to shop in-store.** Due to Trader Joe's private ownership, detailed information about the company's distribution centers is limited in the public domain.

Trader Joe's small-format stores are designed for efficiency, maximizing sales in limited space. Although the company does not disclose its financial performance, industry estimates consistently rank Trader Joe's among the most productive retailers in the grocery sector. **Joe Coulombe stated that during his tenure at Trader Joe's (1967-1988), the company's sales per square foot were around $1,000,[118] nearly double the supermarket industry average at that time, which was around $570.** A 2010 Fortune report estimated that Trader Joe's generated $1,750 in sales per square

[112] Smarter Inventory Management. FMS Solutions. https://fmssolutions.com/2023/11/01/smarter-inventory-management/; 2023 Independent Grocers Financial Study Now Available. FMS Solutions. https://fmssolutions.com/2023/08/17/2023-igfs/

[113] What Is a Good Inventory Turnover Ratio for Grocery Stores. https://www.marktpos.com/blog/what-is-a-good-inventory-turnover-rate-for-grocery-stores

[114] Costco Annual Report 2025.

[115] Walmart Annual Report 2025.

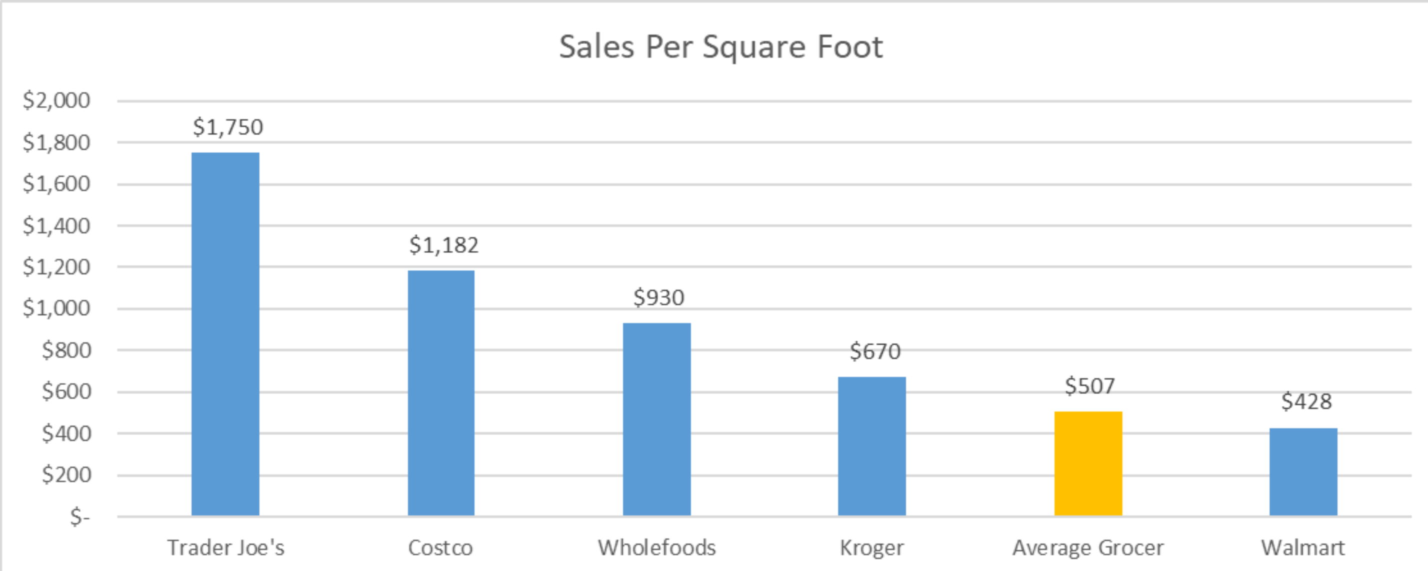
[116] Kroger Annual Report 2024.

[117] Chapter 20. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

[118] Chapter 16. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

foot, more than double that of Whole Foods at the time.[119] In 2014, research from JLL placed Trader Joe's sales at $1,734 per square foot, compared with $930 per square foot for Whole Foods.[120] By 2019, industry consultants estimated Trader Joe's productivity at $1,500 to $2,000 in sales per square foot roughly three times higher than that of a typical supermarket.[121]

Figure 11: Trader Joe's Sales Per Square Foot vs. Competitors



Notes:
1. Due to limited available data on Trader Joe's, the figures above for the company's and its competitors' sales per square foot are from sources around 2014 for comparability. These estimates are based on company statements and third-party analyses.[122]
2. A 2010 Fortune report stated that Trader Joe's generated approximately $1,750 in sales per square foot. In 2014, JLL estimated a similar figure of $1,734 per square foot. Since the company does not publicly disclose these numbers, they cannot be independently verified and should be treated only as rough estimates.

Second, whenever possible, Trader Joe's works directly with producers and manufacturers rather than going through multiple intermediaries. By streamlining its supply chain and removing unnecessary middle layers of markup, the company is able to keep product costs low.[123]

Third, Trader Joe's also distinguishes itself and maintains a good relationship through the way it pays its suppliers. **In contrast to many major retailers, which often take 30 to 90 days to pay vendors,[124] and sometimes even charge suppliers interest for financing during that period,[125] Trader Joe's pays promptly, often electronically, upon delivery.[126]** The company believes this approach ensures suppliers have reliable cash flow, allowing them to run their operations more efficiently and offer better prices in return. As aforementioned, Trader Joe's also pays in full and does not

[119] Inside the Secret World of Trader Joe's. Fortune. https://web.archive.org/web/20140816085124/http://fortune.com/2010/08/23/inside-the-secret-world-of-trader-joes/

[120] How Trader Joe's Sells Twice As Much As Whole Foods. 10/7/2014. https://web.archive.org/web/20141010065607/https://www.businessinsider.com/trader-joes-sales-strategy-2014-10

[121] Here's What Trader Joe's Is Looking for in A New Location, And Why It's Not (Yet) in the Lehigh Valley. The Morning Call. https://www.mcall.com/2019/08/28/heres-what-trader-joes-is-looking-for-in-a-new-location-and-why-its-not-yet-in-the-lehigh-valley/

[122] Inside the Secret World of Trader Joe's. Fortune. https://web.archive.org/web/20140816085124/http://fortune.com/2010/08/23/inside-the-secret-world-of-trader-joes/; JLL Report: Fresh, Value Key in Grocery Future. Progressive Grocer. https://progressivegrocer.com/jll-report-fresh-value-key-grocery-future; Company Annual Reports.

[123] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.

[124] Kroger Annual Report 2024; Walmart Annual Report 2025.

[125] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.

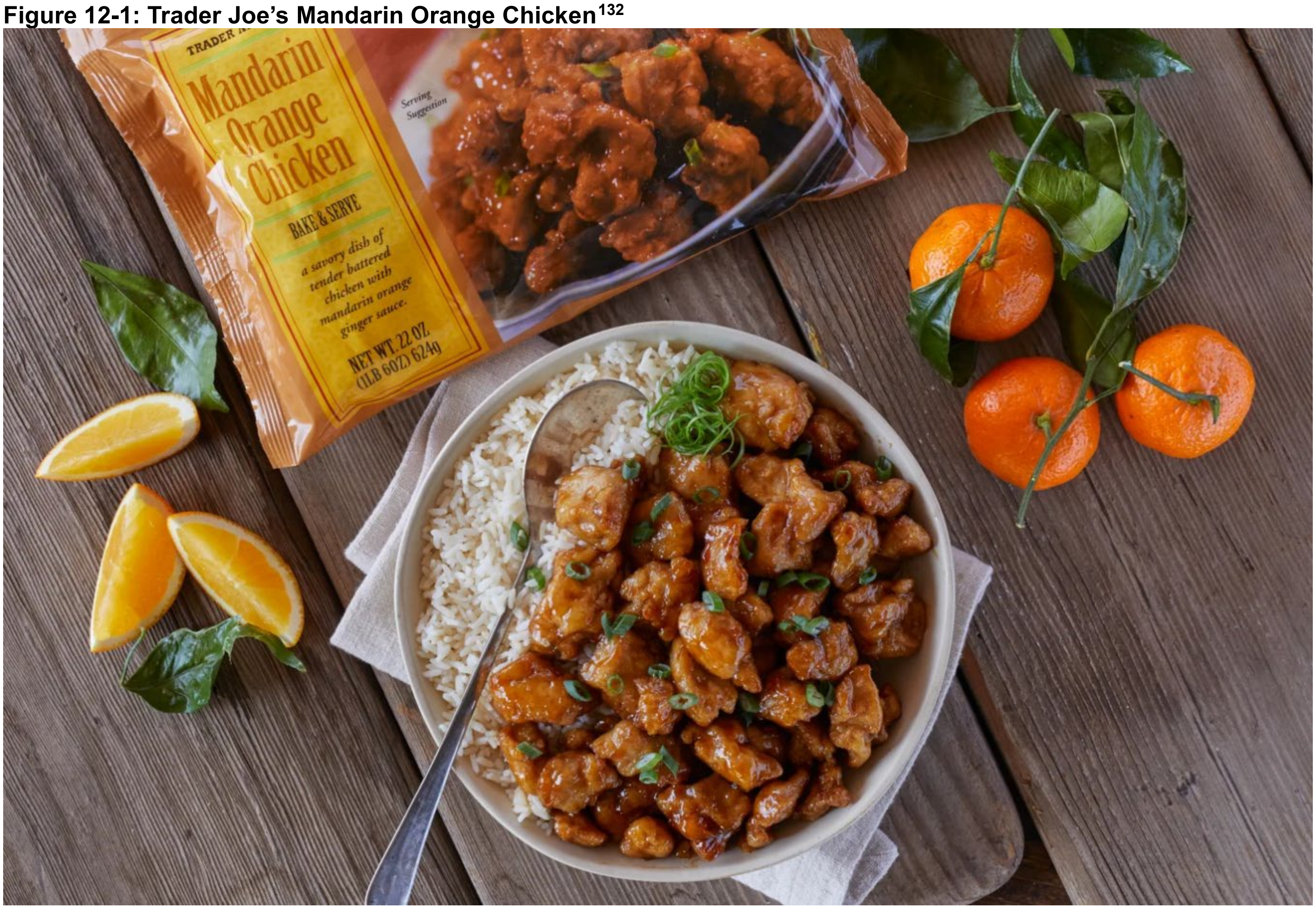
[126] Episode 15 – You Asked. We Answered. Trader Joe's Podcast.

charge slotting fees or impose costs for shelf placement, practices that are common elsewhere and ultimately inflate retail prices. By contrast, Walmart typically pays suppliers 60 to 90 days after receiving products.[127]

Furthermore, unlike some retailers, Trader Joe's does not buy inventory on consignment. Instead, it purchases products outright when they are delivered, assuming full responsibility for selling them. This reduces uncertainty and financial risk for suppliers, strengthening long-term relationships and promoting mutual trust. This is similar to some of the country's largest retailers such as Walmart, Costco, and Kroger, which also do not use consignment inventory. In addition, Trader Joe's does not require vendors to visit stores to merchandise their own products, a further efficiency that saves time and cost on both sides.[128]

These disciplined operational and supplier practices enable Trader Joe's to maintain stable prices on many of its most popular products, often for decades. For example, Mandarin Orange Chicken has remained at $4.99 since its launch in 2003;[129] bananas have been $0.19 each for more than 20 years; greeting cards continue to sell for $0.99 each since the day they were introduced; and butter has stayed at $2.99 per pound for years.[130] As the company proudly notes, "A whole generation has grown up eating Mandarin Orange Chicken, and their parents have paid the same price for it the whole time."[131]

Figure 12-1: Trader Joe's Mandarin Orange Chicken[132]



[127] Interview with Former Vice President of Supply Chain at Walmart Inc. Posted publicly to Tegus subscribers 5/17/2024.
[128] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[129] The price of Mandarin Orange Chicken has gone up in 2025 to $5.49. Prices Continue To Creep Up at Trader Joe's. https://traderjoesrants.com/2025/08/23/prices-are-creeping-up-at-trader-joes/; Mandarin Orange Chicken. Trader Joe's. https://www.traderjoes.com/home/products/pdp/mandarin-orange-chicken-066563
[130] The price of Trader Joe's Butter is $3.99 per pound in 2025. Butter Quarters, Unsalted. Trader Joe's. https://www.traderjoes.com/home/products/pdp/butter-quarters-unsalted-006253
[131] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[132] Mandarin Orange Chicken. Trader Joe's. https://www.traderjoes.com/home/products/pdp/mandarin-orange-chicken-066563

Figure 12-2: Trader Joe's Bananas[133]

Figure 12-3: Trader Joe's Greeting Cards[134]

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[133] Why Are Trader Joe's Bananas So Popular. https://www.thetakeout.com/trader-joes-bananas-price-individual-vs-pound-popular-1851198028/

[134] Trader Joe's $1 Greeting Cards Are Perfect for the Holidays. https://www.apartmenttherapy.com/trader-joes-holiday-cards-37337461

For pricing, unlike many retailers that apply a fixed percentage markup to product costs, Trader Joe's takes a flexible and thoughtful approach. The company does not use a set markup formula. Instead, it focuses on marketplace relativity, ensuring that Trader Joe's pricing is compelling, in their opinion, compared to similar products found elsewhere. This pricing strategy is guided first and foremost by having customers in mind, while also ensuring that the company can fairly cover its operating costs and compensate its employees. As Trader Joe's explains, it aims for a reasonable and fair markup that represents a sustainable profit, one that may vary by product or even fluctuate throughout the year depending on market conditions.[135]

Trader Joe's adheres to a simple rule – it only changes prices when its costs change – in either direction. **When costs decline, prices go down; when costs rise, the company works hard to avoid passing those increases on to customers.** The company has stated publicly that it views price increases as a last resort,[136] which we believe is fully consistent with Trader Joe's customer-centric buying philosophy. A clear example is the company's Dijon mustard. **In 2009, it sold for $2.79 a jar. When taxes and tariffs were reduced, Trader Joe's lowered the price to $1.69, and kept it there for over a decade, through 2021.[137]** This type of price stability was supported by the company's growing scale, with around 300 stores in 2009 and more than 500 by the early 2020s, Trader Joe's was able to purchase larger quantities of mustard, labels, and packaging materials, and coordinate freight more efficiently.[138] Those economies of scale translated directly into long-term savings for customers.

Even when product costs rise, Trader Joe's does not automatically increase retail prices. **Instead, it reevaluates each product to determine whether it still offers genuine value at the new cost. If the answer is no, the company would rather discontinue the product than sell it at a price that no longer represents good value for customers. This disciplined approach is one reason why Trader Joe's product lineup evolves so frequently.** Many discontinued items are simply products that no longer meet the company's standards for quality and value.[139] As Trader Joe's sees it, protecting customers from overpaying and bringing value is more important than keeping every item on the shelf.

At the heart of Trader Joe's pricing and product strategy lies its internal buying philosophy. According to a Trader Joe's employee, a guiding document ("Buying Philosophy") that, while not publicly available, underscores the company's deep commitment to its customers. The word "customer(s)" appears 13 times on the very first page, while product profitability is given much less emphasis. **Trader Joe's sees itself not as a retailer selling goods, but as a "purchasing agent for its customers," finding and offering great products at great prices.[140]** The company believes this mindset ensures that every decision, from supplier negotiation to final shelf price, reflects the company's philosophy to deliver value and quality to customers.

Trader Joe's is very diligent on adding new products to its shelf. Trader Joe's maximizes the use of its small stores – typically around 15,000 square feet, with some smaller Pronto-format stores as compact as 2,800 square feet, derived from the founder's original chain of Pronto Markets convenience stores[141] – by selling products that meet the four tests:[142]

1. High value per cubic inch;
2. High rate of consumption;
3. Easily handled; and
4. Something in which Trader Joe's could be outstanding in terms of price or assortment.

Over time, the types of products meeting these criteria have evolved along with advances in technology and logistics. For example, fresh fruits and vegetables once failed the "easily handled" test due to limited storage and transportation capabilities. However, with modern improvements in refrigeration and supply chain efficiency, produce now meets Trader Joe's standards.

[135] ICYMI: How Does Trader Joe's Set Price? Trader Joe's Podcast
[136] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[137] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[138] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[139] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[140] Episode 41 – Value and the Supply Chain at Trader Joe's. Trader Joe's Podcast.
[141] Trader Joe's Opens 'Pronto' Small(er)-Format Convenience Store. https://www.cspdailynews.com/company-news/trader-joes-opens-pronto-smaller-format-convenience-store
[142] Chapter 6. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

Every new product at Trader Joe's is tasted and evaluated independently before going on shelves, a responsibility entrusted to the company's internal Tasting Panel.[143] **As of 2024, the panel consists of 21 members, each tasting and assessing products independently.[144] Trader Joe's deliberately keeps the identities of panel members secret to preserve their impartiality and ensure that decisions are made solely on behalf of customers.[145] Vendors and suppliers are strictly prohibited from influencing the process. They cannot attend tastings, buy access, or sway opinions in any way.[146]** The company once recounted that when a newspaper reporter was allowed to observe a tasting session, photos were only permitted on the condition that panelists wore bags over their heads,[147] a testament to how seriously Trader Joe's guards the independence of this process.

For a product to pass the tasting panel, it must receive a super majority approval, at least 70% of panelists must vote in favor of offering it to customers. The company believes this ensures that every item sold in-store not only tastes great but also represents an attractive value. As the company emphasizes, "we care about the value that a thing presents, the value as expressed by the quality you get for the price you pay, those two things are inseparable. The tasting panel is all about rooting that out and finding what it believes is the best place for value in a product."[148]

For many customers, Trader Joe's is synonymous with wine and for good reason. From the company's perspective, their wine selection is one of its most distinctive and competitive categories, carefully curated through the same tasting panel process. Out of hundreds of thousands of wines available on the market, Trader Joe's carries about 500 wines in-store (another source indicates 250[149]). Each one is personally selected by the tasting panel, which samples wines daily in search of quality and value. If a wine does not taste great or does not deliver strong value for its price, it simply does not go on shelves.[150]

The company's philosophy is clear – customers should not have to spend $50 for a bottle of Pinot Noir when they can enjoy one for $12.99 at Trader Joe's.[151] Similarly, the retailer's Diamond Reserve Cabernet Sauvignon from Oakville, priced at $19.99, rivals wines that often sell for more than $50 elsewhere.[152]

Trader Joe's organizes its wine offerings into four main tiers, each representing a different level of craftsmanship and price – from 1) Reserve, starting at $9.99; 2) Grand Reserve; and 3) Platinum Reserve; to 4) Diamond Reserve, which starts around $19.99.[153] This tiered approach makes high-quality wines accessible to a wide range of customers, reinforcing the company's commitment to offering premium value without premium prices.

Trader Joe's sells about 40 million bottles of wine every year,[154] out of which about 10% is Charles Shaw, or famously known as "Two Buck Chuck,"[155] which was debuted in 2002 for $1.99 per bottle, cheaper than some bottled water.[156] As of 2025, after over two decades of launching, Charles Shaw is still selling only at $3.49.[157] It has sold over a billion bottles since 2002.[158] This enduring popularity of "Two Buck Chuck" perfectly captures Trader Joe's brand promise, making quality products accessible to everyone.

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[143] Episode 2 – It's About Values. Trader Joe's Podcast.
[144] Episode 2 – Holiday Tasting Panel 2024. Trader Joe's Podcast.
[145] Episode 2 – It's About Values. Trader Joe's Podcast.
[146] Episode 2 – It's About Values. Trader Joe's Podcast.
[147] Episode 2 – It's About Values. Trader Joe's Podcast.
[148] ICYMI: What the Heck is a Tasting Panel. Trader Joe's Podcast.
[149] 'Two-Buck Chuck' wine producer announces North Valley layoffs. The Business Journal. https://thebusinessjournal.com/two-buck-chuck-wine-producer-announces-north-valley-layoffs/
[150] Episode 4 – The Store is Our Brand. Trader Joe's Podcast.
[151] Episode 57 – Wine Wonderings. Trader Joe's Podcast.
[152] Episode 81 – What We're Wine-ing About at Trader Joe's? Trader Joe's Podcast.
[153] Trader Joe's Wine! 2025 Guide To The Best Wines at Trader Joe's. https://www.reversewinesnob.com/search/label/trader-joes/; Episode 81 – What We're Wine-ing About at Trader Joe's? Trader Joe's Podcast.
[154] Episode 57 – Wine Wonderings. Trader Joe's Podcast.
[155] Episode 81 – What We're Wine-ing About at Trader Joe's? Trader Joe's Podcast.
[156] Why is Trader Joe's Wine Cheaper Than Bottled Water. https://www.mentalfloss.com/article/94047/why-trader-joes-wine-cheaper-bottled-water
[157] 'Two-Buck Chuck' wine producer announces North Valley layoffs. The Business Journal. https://thebusinessjournal.com/two-buck-chuck-wine-producer-announces-north-valley-layoffs/
[158] Fred Franzia and the Legacy of Two-Buck Chuck. The New York Times. https://web.archive.org/web/20220927010133/https://www.nytimes.com/2022/09/26/dining/drinks/two-buck-chuck-wine-fred-franzia-trader-joes.html

Figure 13: Two Buck Chuck[159]

159 'Two-Buck Chuck' wine producer announces North Valley layoffs. The Business Journal. https://thebusinessjournal.com/two-buck-chuck-wine-producer-announces-north-valley-layoffs/

From time to time, Trader Joe's introduces unique seasonal products to delight customers during different seasons and holidays. Many of these items are produced in limited quantities, as the company does not intend to make them available year-round.[160] For example, Trader Joe's Pumpkin Alfredo Sauce, featured on the fall shopping list, is made with real pumpkin. Building on the success of its popular everyday Alfredo sauce, the company recognized its customers' love for pumpkin and collaborated with its Alfredo supplier in Italy to develop the new seasonal flavor. After testing more than 25 recipe variations, Trader Joe's selected what it believes is the best version to offer in stores.[161]

Occasionally, customer enthusiasm transforms a seasonal favorite into a year-round staple. One such example is Trader Joe's frozen mashed potatoes, which were originally a long-time seasonal product. Due to overwhelming demand and frequent customer requests for their return, the company decided to make them an everyday item.[162]

The strategy of offering seasonal products benefits Trader Joe's in several ways. It helps optimize limited store space, given the relatively small size of its locations,[163] while also driving repeat visits and fostering customer excitement and advocacy. This approach not only keeps the shopping experience fresh and engaging but also strengthens the emotional connection between Trader Joe's and its loyal customers.

Figure 14-1: Trader Joe's Pumpkin Alfredo Sauce[164]

[160] Episode 72 – Spring Shopping List. Trader Joe's Podcast.
[161] Episode 39 – A Trader Joe's Shopping List of Fabulous Fall Finds. Trader Joe's Podcast.
[162] Episode 15 – You Asked. We Answered. Trader Joe's Podcast.
[163] Episode 15 – You Asked. We Answered. Trader Joe's Podcast.
[164] Pumpkin Alfredo Sauce. Trader Joe's. https://www.traderjoes.com/home/products/pdp/pumpkin-alfredo-sauce-071861

Figure 14-2: Trader Joe's Frozen Mashed Potato[165]

[165] Mashed Potatoes. Trader Joe's. https://www.traderjoes.com/home/products/pdp/mashed-potatoes-074158

As previously noted, customers are at the heart of Trader Joe's business philosophy, not only in product selection but also in how the company defines the shopping experience itself. Trader Joe's believes that retail is, above all, a human-centered business. Genuine interaction, not automation, is what creates the "WOW" experience the company strives to deliver, especially in the current digital era. In today's retail landscape, shopping has become increasingly impersonal. Customers can order groceries online, have them delivered without leaving home, or check out in stores without speaking to a single person. Self-checkout terminals and cashier-less systems are now the norm in many grocery chains. Trader Joe's, however, takes the opposite approach, noting:

> "We are committed to being completely the opposite of that," noting "a shopping experience where people have that genuine interaction with each other and it feels natural…Where you can go out and shop in your neighborhood store and say hi to someone you recognize and it kinda makes your day…the more retailers that want to go the opposite way, fantastic. We'll do it this way and have fun doing it."[166]

Trader Joe's store managers describe their roles in deeply personal terms. One store captain summed it as:

> "We're in the people business, we sell groceries, but we're in the people business. The absolute best part is I get to come to work every day and talk to people and smile and meet new people and it's, I'm really lucky. I'm really blessed."[167]

This people-first mentality is also why Trader Joe's refuses to install self-checkout systems, which the company once called "an admission of defeat."[168] For Trader Joe's, keeping human interaction at the center of the shopping experience is not just a preference, it is also a core value.

Even in today's digital age, when online shopping is prevalent, Trader Joe's has deliberately chosen not to offer online ordering, mail delivery, or partnerships with third-party delivery services, with the reasoning,

> "Our brand is the store."[169]

For Trader Joe's, the physical store, with its maritime theme, friendly crew, and sense of discovery, is the brand. The company believes that moving sales online would strip away the magic of in-store discovery, where customers often find new and unexpected products that were not on their shopping lists. As Tara Miller, a longtime marketing executive at Trader Joe's, explained:

> "What you lose when you start putting things online for someone to just do that or order their groceries online and then just pick them up at the door, what you lose is the sense of discovery."[170]

In addition to its healthy organic options, as previously mentioned, Trader Joe's also carries international flavors, enhancing the treasure-hunt shopping experience that customers love. The store encourages exploration and discovery by offering unique international products, from traditional foreign flavor to innovative plant-based foods inspired by cuisines around the world.[171] For example, Trader Joe's offers items such as Thai Peanut Satay Sauce and Korean Beefless Bulgogi, a soy-based vegan version of the classic Korean beef dish. These internationally inspired offerings allow customers to enjoy diverse flavors and culinary experiences, all while shopping in Trader Joe's friendly, neighborhood-style grocery environment.

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[166] Episode 50 – A Trader Joe's Journey from Portland (ME) to Portland (OR). Trader Joe's Podcast.
[167] Episode 4 – The Store is Our Brand. Trader Joe's Podcast.
[168] Episode 59 – Looking Forward, Looking Back, with Trader Joe's. Trader Joe's Podcast.
[169] Episode 15 – You Asked. We Answered. Trader Joe's Podcast.
[170] Episode 15 – You Asked. We Answered. Trader Joe's Podcast.
[171] Episode 32 – Trader Joe's Seeds the Conversation About Plant & Plant. Trader Joe's Podcast.

Figure 15-1: Trader Joe's Thai Peanut Satay Sauce[172]

[172] Thai Peanut Satay Sauce. Trader Joe's. https://www.traderjoes.com/home/products/pdp/thai-peanut-satay-sauce-077247

Figure 15-2: Trader Joe's Beefless Bulgogi[173]

Indeed, **Trader Joe's estimates that about half of the items customers ended up purchasing were not on their shopping lists when they entered the store, a reflection of how integral exploration is to its retail experience.**[174]

While third-party resellers sometimes offer Trader Joe's products online, often in regions without stores, the company views this as a misrepresentation of its brand. As Jon Basalone, President of Stores, put it:

> "When someone is selling our products on their own online to other places, it essentially is watering down our brand. Our store is our brand, and we're set up that way on purpose that our products are meant to be sold as part of an overall customer experience."[175]

Another senior employee echoed this sentiment, noting that the company empathizes with customers who live in areas without Trader Joe's locations, for example, in places such as Juneau, Alaska, but emphasized that expanding online or through third parties would compromise the brand's identity and business model.

Ultimately, Trader Joe's decision to remain offline is not about resisting technology, but it is about preserving the joy of discovery and human connection. The company sees shopping not just as a transaction but as an experience to be enjoyed.

> "The real magic in our stores is when people find all that stuff that isn't on their list and not just from a, 'Hey, that really helps us grow our business' and all that kind of stuff. It's also fun and interesting for our customers to have

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[173] Korean Beefless Bulgogi. Trader Joe's. https://www.traderjoes.com/home/products/pdp/korean-beefless-bulgogi-072949

[174] Episode 15 – You Asked. We Answered. Trader Joe's Podcast.

[175] Episode 15 – You Asked. We Answered. Trader Joe's Podcast.

that experience. We'll ask them, 'Are you finding everything on your list?' And, 'How much stuff is in your cart that isn't on your list?' And it's amazing. It's about 50/50."[176]

At Trader Joe's, the in-store experience is the brand. By prioritizing people over automation and connection over convenience, the company seeks to cultivate a loyal following that values authenticity, warmth, and discovery in every visit.

Trader Joe's takes a selective and deliberate approach to choosing new store locations. While the company does not publicly disclose the specific metrics or formulas it uses, its decisions reflect a careful balance of demographic, geographic, and cultural factors, as guided by the goal of creating accessible, neighborhood-centered stores that reflect the Trader Joe's ethos. Each location is evaluated on a case-by-case basis. A potential site might be in an area without an existing Trader Joe's presence, or it might be in a densely populated region where traffic patterns make traveling between existing stores inconvenient. Population density and accessibility play important roles as the company favors markets with enough residents or commuters within a reasonable trade area who would see the store as part of their community.[177]

The foundation of Trader Joe's target market dates back to its founder, Joe Coulombe, who built the brand around a distinctive demographic insight. As he once explained, "the demographics were changing in the United States because of the GI Bill of Rights, which was the largest experiment in mass higher education in the history of the human race. And I thought that these people would want something different."[178] In addition, drawing from his experience operating Pronto Markets, Coulombe also observed that people who traveled, even as close as San Francisco from the Los Angeles area, tended to be far more adventurous in their food choices. He viewed travel itself as a form of education.[179] With this perspective, Coulombe envisioned a store for the "overeducated and underpaid" customers with college degrees who valued authenticity, quality, and sophistication, but still sought affordability. He had little interest in appealing to what he called "the masses who willingly consumed Folger's coffee, Best Foods mayonnaise, Wonder Bread, and Coca-Cola."[180] Instead, he designed Trader Joe's for discerning, value-conscious adults, often singles or couples, who appreciated products like whole-bean coffee, fine cheese, and real maple syrup without paying luxury prices, noting,

> "Trader Joe's is not a store for kids or big families. One or two adults was just fine."[181]

Trader Joe's looks for more than just geography when selecting new store locations. **It seeks communities that align with its values and attract the kind of customers who appreciate what makes the brand unique.** According to company spokeswoman Rachel Friend-Daniel, the retailer focuses on areas where people are "open to trying and learning about new and interesting products." While Trader Joe's does not base its site selection directly on education levels, intellectual curiosity and a spirit of exploration are key characteristics of its ideal customer base.[182]

Coulombe also noted that during his tenure, most Trader Joe's stores were located near major educational institutions and hospitals throughout California. The company's second most important customer segment, he observed, was retirees, who were among the leading consumers of liquor, candy, high-fiber foods, and vitamins. The location of the first Trader Joe's store, which was opened in Pasadena, California, in 1967, perfectly exemplified this target demographic. Coulombe described it this way:

> "Pasadena was an extended campus, with Cal Tech, Pasadena City College, Fuller Theological Seminary, Ambassador College (which proved to be a major customer), an Armenian college, and Occidental College and Cal State LA not too far away. The Huntington Hospital is a major employer of people with advanced degrees, as are some big engineering firms like Parsons. In short, Pasadena probably had more well-educated, well-traveled people than any city of its size in California."[183]

Although Trader Joe's is a value-driven retailer, financial viability remains a crucial part of its expansion in new locations. Each new location must be able to sustain strong sales and store profitability. Mark Mallinger, emeritus professor at

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[176] Episode 15 – You Asked. We Answered. Trader Joe's Podcast.

[177] ICYMI: How Do I Get a Trader Joe's in My Neighborhood? Trader Joe's Podcast.

[178] Episode 2 – It's About Values. Trader Joe's Podcast.

[179] Chapter 4. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

[180] Chapter 8. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

[181] Chapter 16. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

[182] Here's What Trader Joe's Is Looking for in A New Location, And Why It's Not (Yet) in the Lehigh Valley. The Morning Call. https://www.mcall.com/2019/08/28/heres-what-trader-joes-is-looking-for-in-a-new-location-and-why-its-not-yet-in-the-lehigh-valley/

[183] Chapter 6. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

Pepperdine University, who developed a relationship with former CEO John Shields (1988–2001), explained that Trader Joe's is not designed for the ultra-wealthy, but it does seek areas with enough disposable income to support meaningful revenue.[184]

Some industry experts note that Trader Joe's typically targets areas with median household incomes above $100,000, describing the "perfect storm" for a new Trader Joe's location as a neighborhood with high incomes and expensive homes within a two-mile radius, ideally complemented by a major university or large medical complex nearby,[185] both strong indicators of an educated and engaged customer base. As a "neighborhood store," the company prefers compact, populated areas where customers live, work, and shop within a concentrated radius rather than sparsely populated regions.

Beyond demographics and economics, Trader Joe's places great importance on people, not just customers, but employees as well. As Friend-Daniel explained, an important factor in opening a new store is whether the company believes it "can get a great crew to run the store."[186] This includes having the right number of Mates (assistant store managers) and Captains (store managers) ready to lead the new location. Because Trader Joe's promotes its store leaders from within, opening a new store often requires finding a captain willing to relocate and help establish the store's culture from day one. This internal leadership model reinforces Trader Joe's commitment to maintaining consistency in its operations, culture, and customer experience, ensuring that every new store, no matter where it opens, feels like Trader Joe's.

As previously mentioned, Trader Joe's maximizes the use of its small stores (over 600 in 2025), which are typically around 15,000 square feet, with some smaller Pronto-format stores as compact as 2,800 square feet, derived from the founder's original chain of Pronto Markets convenience stores.[187] When selecting new store locations, Trader Joe's follows a set of site selection criteria. Key considerations include accessibility, traffic flow, and ease of entry and exit, as well as sufficient parking capacity to support customer demand, despite having small stores.[188]

The company also evaluates the household density of surrounding neighborhoods because it believes this ensures a strong customer base. In his memoir, founder Joe Coulombe explained that he would not consider any trading area with fewer than 40,000 households likely to include Trader Joe's "core" customers. For example, if a region had 60,000 residences but only 66% fit that demographic, it would just meet the 40,000-household threshold for consideration, according to Coulombe.[189] Similarly, when John Shields led the company's expansion in the 1990s, he decided to bypass the middle of the country and expand directly to the East Coast. After extensive research, Shields identified the 500-mile corridor from Boston to Washington, D.C., home to the nation's highest concentration of colleges and universities, as an ideal market for the brand's next growth phase.[190]

Trader Joe's deliberately positions its small-format stores in high-density, high–disposable-income areas, with real estate locations that offer convenience to its target customers. Coupled with high sales per square foot, this strategy often results in strong store-level economics. By generating high sales within smaller spaces, Trader Joe's allows for sustained profitability even in locations that larger-format grocers might overlook. We believe this model reinforces Trader Joe's competitive edge in both operational efficiency and customer accessibility.

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[184] Here's What Trader Joe's Is Looking for in A New Location, And Why It's Not (Yet) in the Lehigh Valley. The Morning Call. https://www.mcall.com/2019/08/28/heres-what-trader-joes-is-looking-for-in-a-new-location-and-why-its-not-yet-in-the-lehigh-valley/
[185] Here's What Trader Joe's Is Looking for in A New Location, And Why It's Not (Yet) in the Lehigh Valley. The Morning Call. https://www.mcall.com/2019/08/28/heres-what-trader-joes-is-looking-for-in-a-new-location-and-why-its-not-yet-in-the-lehigh-valley/
[186] Here's What Trader Joe's Is Looking for in A New Location, And Why It's Not (Yet) in the Lehigh Valley. The Morning Call. https://www.mcall.com/2019/08/28/heres-what-trader-joes-is-looking-for-in-a-new-location-and-why-its-not-yet-in-the-lehigh-valley/
[187] Trader Joe's Opens 'Pronto' Small(er)-Format Convenience Store. https://www.cspdailynews.com/company-news/trader-joes-opens-pronto-smaller-format-convenience-store
[188] ICYMI: How Do I Get a Trader Joe's in My Neighborhood? Trader Joe's Podcast.
[189] Chapter 16. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.
[190] Conversation with Trader Joe's John Shields. Graziadio Business Review. https://web.archive.org/web/20150902024446/http://gbr.pepperdine.edu/2010/08/gbr-conversation-with-john-shields/

Cultures and Employees (Crew)

Trader Joe's distinctive nautical and island-themed branding has been part of its identity since its founding. **The idea, inspired by Joe Coulombe's reading of *White Shadows in the South Seas* and his experiences at Disneyland's Jungle Cruise attraction, evokes the image of "traders on the high seas."[191]** The concept appears to be working. To this day, Trader Joe's stores maintain the playful, tropical island vibe, with crew members wearing Hawaiian shirts and colorful attire. The company extends this theme beyond store design to its organizational structure and job titles, which reflect the hierarchy of a ship's crew:[192]

1. **Crew** – store employees from running the register, to stocking shelves, to creating a display;

2. **Mates** – assistant store leaders. They can be promoted from Crew Members who excel in their roles or hired externally as well qualified candidates. Mates work side by side with the Crew while providing training, guidance, and development.

3. **Merchants** – exclusively promoted from Trader Joe's Crew Members. They are customer service champions identified by their connection with customers. Merchants are tasked to do it all, like the Crew, while setting a Wow customer experience example.

4. **Captains** – the leader of the store, **always promoted from within.** With the assistance of a team of Mates, the Captain directs the strategy and develops the Crew. They do it all from the floor of the store (there are no back offices).

Trader Joe's deeply values internal growth and long-term employee development. Regardless of education or background, every crew member has the opportunity to advance through the ranks. The company promotes them based on their performance in-store. Nearly 80% of Mates began as Crew Members, and 100% of Captains were promoted from the Mate role.[193] This internal mobility reflects Trader Joe's belief in "taking people along on the growth journey." As of 2023, Trader Joe's operated 545 stores and employed nearly 65,000 crew members.[194] Given its continued expansion, surpassing 600 stores by 2025, on a pro-rata basis, we estimated that the company now employs over 70,000 people.

Trader Joe's people-centric philosophy extends beyond customers to its employees. The company believes that fair pay and meaningful benefits not only reduce turnover but also foster loyalty and morale (and de-unionization). Joe Coulombe noted, "It's the quality of the people which sets Trader Joe's apart. Forget the merchandise, forget the all the other stuff, it's the quality of the people in the stores."[195]

Trader Joe's pays above industry averages and does not offer minimum wage positions.[196] Crew members receive performance reviews and are eligible for raises twice a year, leading to an average annual pay increase of about 7%.[197] **Full-time crew members typically earn between $40,000 and $60,000 per year, while store captains earn in the low six figures, according to a 2010 Fortune report.[198]** By comparison, employees of grocery and related product merchant wholesalers in the U.S. had a median annual wage of $25,410 in 2009, according to the Bureau of Labor Statistics.[199] **This suggests that Trader Joe's compensation levels were roughly 60% to 140% higher than the industry median.** Even in the earlier years, around the time Joe Coulombe retired in 1988, the average Trader Joe's employee earned about $34,000 annually, excluding bonuses or overtime pay, with wages ranging from $18,000 for new hires to $44,000 for store captains.[200] Considering that the median family income in California was $32,000 during that period,[201] the average Trader Joe's employee earned roughly the equivalent of an entire household's income in the state.

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[191] Episode 2 – It's About Values. Trader Joe's Podcast.

[192] Our Crew. Trader Joe's. https://www.traderjoes.com/home/careers/our-crew

[193] ICYMI: What's It Like to Work at Trader Joe's? Trader Joe's Podcast.

[194] Episode 69 – Trader Joe's Rings in the New Year…with Bubbles! Trader Joe's Podcast.

[195] Episode 2 – It's About Values. Trader Joe's Podcast.

[196] ICYMI: What's It Like to Work at Trader Joe's? Trader Joe's Podcast.

[197] ICYMI: What's It Like to Work at Trader Joe's? Trader Joe's Podcast.

[198] Inside the Secret World of Trader Joe's. Fortune. https://web.archive.org/web/20140816085124/http://fortune.com/2010/08/23/inside-the-secret-world-of-trader-joes/

[199] Occupational Employment and Wages – May 2009. Bureau of Labor Statics. U.S. Department of Labor.

[200] Chapter 16. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

[201] Chapter 16. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

Coulombe began this pay philosophy in 1958 when he launched Pronto Markets while working at Rexall Drug. He later described paying employees well as the single most important business decision he ever made, believing that fair compensation was essential to maintaining his employees' trust and shared sense of common future.[202] He also noted that no one has successfully replicated Trader Joe's model because no one was willing to offer the same level of wages and benefits needed to attract and retain the quality of people who make Trader Joe's successful. As a result, during his time at Trader Joe's, the company "had virtually no turnover of full-time employees," and nearly all full-time employees came from part-timers, according to Coulombe.

Trader Joe's also contributes 15.4% of each employee's gross annual income to a tax-deferred retirement account regardless of whether the employee contributes.[203] In 2021 alone, the company contributed more than $100 million to its crew retirement plan. Crew members who work at least 700 hours a year (about 14 hours per week) are eligible for full retirement contributions.[204]

The company offers a variety of health plans, with crew members paying less than $100 per month for full coverage. Employees working at least 28 hours a week qualify for the full benefits package. Trader Joe's covers more than 80% of health insurance premiums,[205] ensuring its employees access to quality care at an affordable cost.

In addition, from day one working at Trader Joe's, employees begin accruing paid time off that can be rolled over every year, with no cap and no expiration.[206] Crew members also receive store discounts on all products, with savings of 10% on purchases under $20 and 20% on purchases over $20.

Trader Joe's has remained a privately held company since its first opening in 1967, a structure that supports long-term stability in leadership and shields the business from the short-term pressures of public markets. The company believes that staying private allows it to focus on development, culture, and consistency rather than quarterly earnings targets.[207] This continuity is reflected in its leadership history. **In nearly six decades, Trader Joe's has had only three CEOs (four, including Bryan Palbaum, who just became the company's new CEO in 2023).[208] A senior company employee recounted,**

> "Joe starts this, sows the seeds of the idea and grows it to a point where he thinks it is basically what it could be. **It is almost limited by what he could physically cover in a day actually driving around from store to store. And in 1988 when Joe retires, Trader Joe's has 19 stores. John Shields takes over as CEO, the company goes from 19 to 150 stores. And really, John Shields has been described as the architect of Trader Joe's growth. He saw that this could expand beyond the original base – that area around Pasadena, California – and to facilitate that growth, John understood that de-centralized decision making, this idea that the Captain runs the ship was really important. In 2001, Dan Bane takes over as chairman and CEO, we have 150 stores and we go up to now 474 stores and growing and counting, and Dan not only saw the opportunity to really capitalize on this growth directive, but also to formalize the strategy, to really focus the business and make Trader Joe's what I think is the best grocery store in the world."[209]**

Trader Joe's CEOs

Joe Coulombe (1967 – 1988)

Born in 1930 in San Diego, Joe Coulombe grew up on an avocado ranch in Del Mar. He attended Stanford University where he received an undergraduate degree in economics and an MBA in 1954.[210] Joe Coulombe began his retail career in 1958, developing the Pronto Markets convenience store chain within Rexall Drug. After expanding Pronto to six locations, he purchased Rexall's shares in 1962 when the company decided to exit the convenience store business

[202] Chapter 3. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.
[203] Inside the Secret World of Trader Joe's. Fortune. https://web.archive.org/web/20140816085124/http://fortune.com/2010/08/23/inside-the-secret-world-of-trader-joes/
[204] ICYMI: What's It Like to Work at Trader Joe's? Trader Joe's Podcast.
[205] ICYMI: What's It Like to Work at Trader Joe's? Trader Joe's Podcast.
[206] ICYMI: What's It Like to Work at Trader Joe's? Trader Joe's Podcast.
[207] Episode 2 – It's About Values. Trader Joe's Podcast.
[208] Episode 2 – It's About Values. Trader Joe's Podcast.
[209] Episode 2 – It's About Values. Trader Joe's Podcast.
[210] Trader Joe's Founder Joe Coulombe Dies at Age 89. https://web.archive.org/web/20200515134655/https://www.eastbaytimes.com/2020/02/29/trader-joes-founder-joe-coulombe-dies-at-age-89/

to focus on other strategic priorities.[211] Coulombe then operated Pronto Markets independently before opening the first Trader Joe's in 1967, a differentiated grocery concept aimed at what he described as "overeducated and underpaid" customers.

In 1979, Coulombe and the employee owners sold Trader Joe's to the Albrecht family of Essen, Germany,[212] the owners of Aldi. He remained with the company for another decade, continuing to refine its operations until his retirement in 1988. During this period, Coulombe focused on but not limited to tightening product assortment, expanding private label offerings, improving distribution efficiency, and paying crew members fairly, initiatives that we believe reduced costs, benefited customers, and laid the foundation for Trader Joe's long-term success. By the time of Coulombe's retirement in 1988, Trader Joe's opened 19 stores with sales growing at a 19% CAGR.[213]

John Shields (1989 – 2001)

When John Shields became CEO of Trader Joe's in 1989, he brought with him extensive retail management experience, but no background in the grocery industry. A Stanford University graduate where he received his undergraduate degree in European Studies in 1954 and MBA in 1956, Shields joined Macy's California through its executive training program.[214] Over two decades, he rose to Vice President of Operations before leaving in 1979 to join Mervyn's Department Stores, where he played a key role in the company's national expansion. During his nine-year tenure, Mervyn's grew from 36 to 175 stores.[215]

Shortly after retiring from Mervyn's in 1987 shortly, Shields was approached by Joe Coulombe, who was his longtime friend and also attended Stanford. After a year of consulting for Trader Joe's, Shields succeeded Coulombe as CEO when the founder retired in 1988. During his twelve-year tenure, Shields oversaw a period of rapid growth and transformation. Under his leadership, Trader Joe's expanded to 174 stores, while annual sales grew from $132 million to $2 billion,[216] a CAGR of approximately 23% between 1988 and 2001.

Although Shields had no prior experience in the grocery business and had not been directly involved in Trader Joe's early operations, he was no stranger to its origins. He had helped Coulombe draft the original business plan for Pronto Markets years earlier and had followed Trader Joe's development closely through regular updates and reports shared by Coulombe. When Shields took over, he sought to evolve and expand the business while keeping its founding principles.

By 1991, Shields began to consider the company's long-term growth prospects. He believed the West Coast could only support about 100 stores, with limited opportunities to the east of California due to deserts and mountains and ruled out international expansion into Canada or Mexico. The central United States, he reasoned, lacked sufficient population density to sustain the concept. After extensive research, Shields concluded that the 500-mile corridor from Boston to Washington, D.C., home to the highest concentration of colleges and universities in the country, was ideal for the brand's next phase. During a conversation with Graziadio School of Business and Management at Pepperdine University, Shields recalled:

> "We spent almost a year putting together a business plan to expand. We were very conservative. We estimated that we would lose money for the first three years, but we projected that we could break even at the end of the third year. And we had a cash cow on the west coast, so we could make the expansion without any outside funds. I still had real reservations whether we could transfer the company culture 2500 miles away. The culture of the company is very important to Trader Joe's, and we spent a lot of time on this issue. We finally decided if we could move a cadre of about 25 existing employees to the east coast, we could do it. So, in September of 1996, we opened our first two stores in Boston. That was a gutsy move, 2,500 miles away. Three years later we had 27 stores from Boston to Washington DC, and we broke even, right on schedule. By the end of 2001, we

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[211] Chapter 2. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.
[212] Chapter 22. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.
[213] Preface. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.
[214] John V. Shields Jr. Dies - Trader Joe's CEO Made Grocery Chain A Powerhouse. Los Angeles Times. https://web.archive.org/web/20141111022519/https://www.latimes.com/local/obituaries/la-me-john-shields-20141107-story.html
[215] Conversation with Trader Joe's John Shields. Graziadio Business Review. https://web.archive.org/web/20150902024446/http://gbr.pepperdine.edu/2010/08/gbr-conversation-with-john-shields/
[216] Conversation with Trader Joe's John Shields. Graziadio Business Review. https://web.archive.org/web/20150902024446/http://gbr.pepperdine.edu/2010/08/gbr-conversation-with-john-shields/

had 48 stores, now going from Chicago to Boston to Washington These stores are very profitable, so in retrospect, it was the right decision. But it was very challenging."[217]

Dan Bane (2001 – 2023)

Dan Bane attended the University of Southern California and graduated in 1969 with a bachelor's degree in accounting. He began his career at the public accounting firm Peat Marwick Mitchell, which later became KPMG.[218] Bane's career took a pivotal turn when one of his clients from KPMG, Standard Brands Paint Company, hired him as CFO. During his tenure there, he led the company through bankruptcy proceedings in the early 1990s. In 1994, he joined Certified Grocers of California, a wholesaler serving independent grocers across the state, as CFO. This experience introduced him to a broad network within the industry.

In 1998, Bane received a call from then–Trader Joe's CEO John Shields, who invited him to join the company. Already familiar with Trader Joe's, and its founder, Joe Coulombe, Bane's connection to the brand dated back years, as his wife had served as Trader Joe's auditor while working at KPMG.[219] He joined Trader Joe's as Regional President for the Western Region, spending much of his time in stores to fully understand the business from the ground up. He toured locations extensively, observing operations firsthand and engaging directly with store crew members. Bane became Trader Joe's CEO in 2001 after Shields' retirement.

During his nearly quarter-century at the helm, Bane built upon the foundation established by his predecessors, formalizing Trader Joe's seven core values,[220] which were mentioned previously, principles that had long existed informally but became a guiding framework for the company under his leadership. He also famously introduced Trader Joe's 19-cent bananas, inspired by an encounter with an elderly customer at the Sun City store:

> "I was in the Sun City store, and we used to sell bananas by the pound, like everybody else, but that meant because we don't have scales in the store, that we had to weigh them and package them in little plastic bags in the warehouse before they got shipped out and usually the smallest bag you could buy, it was like four or five bananas. I was watching in Sun City which was near a retirement complex. Customer… nice little lady… customer comes up and she looks at all the packages but didn't put one in her cart. And so I asked her, I said, 'Ma'am, if you don't mind me asking, I saw you looking at the bananas but you didn't, you didn't put anything in your cart.' And she says to me, 'Sonny…I may not live to that fourth banana.' And so we decided the next day we were going to sell individual bananas. And they've been 19 cents ever since."[221]

Bane continued to emphasize Trader Joe's long-standing focus on integrity, unique products, and customer experience. In a 2007 interview, he explained that the company's mission centered on providing high-quality, distinctive private-label goods at affordable prices while maintaining a sense of discovery and enjoyment for customers.[222] Trader Joe's discards traditional mass media advertising in favor of in-store product demonstrations and its signature radio ads, allowing it to keep costs low and invest directly in products.

> "We have a simple and focused format: We don't have secretaries because everyone should be supporting the company, not someone else…We are a product-driven company, and we have a passion for our products."

Under Bane's leadership, Trader Joe's grew from just over 150 stores nationwide to more than 540 locations across 42 states by the time he announced his retirement in mid-2023.[223] Based on our research, we believe his tenure solidified

[217] Conversation with Trader Joe's John Shields. Graziadio Business Review. https://web.archive.org/web/20150902024446/http://gbr.pepperdine.edu/2010/08/gbr-conversation-with-john-shields/
[218] "Leading Explosive Growth" with Dan Bane, Retired President and CEO of Trader Joe's. https://podcasts.apple.com/us/podcast/leading-explosive-growth-with-dan-bane-retired/id1118682019?i=1000685077239
[219] "Leading Explosive Growth" with Dan Bane, Retired President and CEO of Trader Joe's. https://podcasts.apple.com/us/podcast/leading-explosive-growth-with-dan-bane-retired/id1118682019?i=1000685077239
[220] "Leading Explosive Growth" with Dan Bane, Retired President and CEO of Trader Joe's. https://podcasts.apple.com/us/podcast/leading-explosive-growth-with-dan-bane-retired/id1118682019?i=1000685077239
[221] Episode 1 – It's about the Products. Trader Joe's Podcast.
[222] He's Got It in the Bag. USC News. https://web.archive.org/web/20230525002328/https://news.usc.edu/19309/He-s-Got-It-in-the-Bag/
[223] Trader Joe's CEO Dan Bane Announces Retirement. Grocery Dive. https://www.grocerydive.com/news/trader-joes-ceo-announces-retirement-dan-bane/650289/

Trader Joe's reputation as one of the most distinctive and efficient retailers in the U.S., recognized for its loyal customer base, strong private-label model, and enduring company culture.

Bryan Palbaum (2023 – Current)

Public information about Bryan Palbaum is limited. According to news reports, when Palbaum succeeded Dan Bane as Trader Joe's CEO in 2023, he had already been with the company for more than two decades and previously served as the company's COO. Upon assuming the role, he reaffirmed Trader Joe's enduring mission, stating:

> "We remain focused on providing customers with exciting products at great values while being true to the seven values that will continue to guide Trader Joe's."[224]

In a company podcast episode, Palbaum elaborated on his leadership philosophy and approach to maintaining Trader Joe's distinctive culture:

> "When you think about a Trader Joe's store, it's made up of crew mates, captains, and products and the physical space. But what really brings it all together is the 'wow' customer experience. We can't bring that in from outside. It just doesn't work. We really need people that have worked in a Trader Joe' s that it's become Trader Joe's has become part of their DNA. We really do look to existing stores for leadership and then supplement that with new hires from around whatever that neighborhood might be…I'm visiting stores to understand what's happening in the stores. I can't sit in an office and assume that I know what's actually happening in the stores…There are two things that we look for when we visit a store. One of the things we want to know is, is this a store if I were a crew member that I would want to work in, are people enjoying themselves? Does it seem like work here is actually something that's fun and engaging? The other question is, is this a store I'd want to shop in? If I were a customer, do I feel good in here? Do I like it? If the crew enjoys working in the store, then the customers are going to enjoy shopping in the store. So that's why we visit the store. It's not really a tour of stores where we're looking to make sure the cans are located in the right place, because each store, as you've covered in previous podcasts, really knows their customers, knows their neighborhood and sets up the store that makes sense for them. So, we're not really looking to tour and make sure things are necessarily ship shape or something like that. For me, I want to meet the crew. I want to talk to them. What feedback can they give me so that when we are in the office having to make decisions or make investments on whether it's technology or how product is shipped to stores, what can we do better? That's our job. Our job is to support them. Plus, it's just the most fun I can have in my job is walking into a store, talking to the crew, hearing what they're excited about, hearing what they did last weekend or what have you. It just is so inspiring. And I'm encouraging as we've done for years, our crew members in the office to spend as much time as they can in the stores."[225]

Palbaum's remarks reflect his deep understanding of Trader Joe's people-centered culture, developed through more than twenty years of experience within the company. His leadership approach emphasizes maintaining the close-knit, customer-focused ethos that has long defined Trader Joe's, ensuring that its values of integrity, connection, and fun continue to guide the company into the future.

Valuation

In a hypothetical scenario we created, applying an average price-to-sales (P/S) ratio of 0.7x, based on Costco, Walmart, and Kroger, which traded at approximately 1.2x, 0.7x, and 0.2x, respectively, at the end of 2023, would imply an equity valuation of about $14 billion for Trader Joe's at year end 2023. This valuation would suggest an estimated 24% CAGR since 1962, when Coulombe acquired Pronto Markets for $25,000.[226]

[224] Trader Joe's Names New CEO. Progressive Grocer. https://progressivegrocer.com/trader-joes-names-new-ceo
[225] Episode 65 – Q&A With TJ's CEO & President. Trader Joe's Podcast.
[226] Chapter 2. Becoming Trader Joe: How I Did Business My Way & Still Beat the Big Guys. Joe Coulombe.

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