

Inside Trader Joe's Podcast Transcript — ICYMI: Retail Media

[Light upbeat music.]

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

Matt: We love your questions, so keep them coming.

Tara: Here's one they probably haven't gotten much yet, but I think it's coming because it's in the news a lot. What is retail media?

Matt: And why won't customers experience retail media at their neighborhood Trader Joe's?

Tara: It's another ICYMI, In Case You Missed It, Mini Episode of *Inside Trader Joe's*.

[Theme music begins.]

Tara: ICYMI, what the heck is retail media?

Matt: Well, let's go to Wikipedia for their answer. Retail media, it's marketing to consumers at or near the point of purchase or point of choice between competing brands or products. Now, some of the common techniques include in-store advertising or even online advertising, sampling, loyalty programs, coupons, vouchers.

[Theme music ends. Light upbeat music begins.]

Tara: So we've talked about some of that before, and the only thing on that list that Trader Joe's does is the sampling.

Matt: Yeah, like demo. Product demonstration. That movable feast throughout the store. You get to taste the things we're offering.

Tara: I hear retail media, and where my brain goes directly is to those screens that are ubiquitous now in most grocery stores. They're at the cash register, sometimes they're on a shelf where the products are, sometimes they're just in the middle of the aisle. There are some supermarkets that have robots that are flowing through the store that have screens on them. Some supermarkets have shopping carts that have screens on them. Freezer cases where the outside of the freezer case has been turned into a screen that has advertising on it. We don't do any of that stuff.

Matt: I guess that's a natural result of an undifferentiated shopping experience. I mean, when everything has been so commoditized that there's nothing new to expect in a store and you've got to look at something, well, I guess that's why they put so many screens in there. But more than something to look at, I think those screens are a source of revenue for these businesses, and I think there's a lot of expense that comes with them.

[Music transition.]

Tara: Everything you do to operate the business of a grocery store or of any retail store costs money. So everything you put into it has a cost. We prefer to put those costs into developing products and hiring people to work in the store. I want to read you something from a radio ad. Yes, radio ads.

Matt: Sure. I remember.

Tara: We used to do radio ads. This one was written in 2008, so that's, what? Seventeen years ago?

[Flipping through radio dial. Transition to nostalgic music.]

Tara: "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."

[Radio static. Music transition.]

Matt: So I think those screens in regular grocery stores, they used to be something to look at. It's like an admission of defeat that shopping in those regular grocery stores was awful, and so you needed to have your mind taken away to another place. And now those screens, really empowered by data. We all have supercomputers in our back pockets. Those smartphones and those smartphones are probably tracking everywhere we are and the things that we're doing, and through something known as geotargeting and geofencing, those screens in regular supermarkets, they're going to all of a sudden know that you are just looking at vanilla ice cream and they might advertise a chocolate sauce to you.

Tara: Yeah. We haven't invested money in screens, we haven't invested money in robots, we haven't invested money in in-store advertising paid for by a vendor who makes the product that we are then selling, therefore raising the price to us so that we would have to raise the price for you. We've invested in what we've always invested in, our people and our products. That's what we do. I have these conversations with people all the time on the phone. (switch to conversation on a phone) "Wait a minute. You mean to tell me that you don't track your customers' shopping?" That's right, we don't. We don't track our customers' shopping habits, their shopping patterns, their shopping choices, their shopping data. Basically, we just don't track our customers. "Really? How do you know what people are buying?" We look at our shelves and we look at what we sell. They just can't understand how you can run a retail business if you're not doing customer data collection and analytics. And listen, there might be some folks who are perfectly fine with that and think that's great. Within Trader Joe's, we would just prefer that you have a conversation with one of our crew members. We love to have those conversations. So rather than having a screen say to you, "Go buy this chocolate sauce," we have a crew member there who might say to you, "You might like this Chili Lime Seasoning on that vanilla ice cream with a wedge of mango." Unexpected. Not what you're going to get from a screen in a supermarket.

Matt: So it turns out we are all about marketing, the lowercase-M marketing being an actual market, and we'd love to make suggestions that you might try and hopefully really enjoy. And when we see those screens and all the tech support that goes into them, we know that

there are incredible costs, expenses with those systems, and those costs get borne out somewhere, most often at the regular grocery store in the prices on products.

Tara: And I think there's another cost that's not a financial cost, but it's a cost. It's about values. I mean, philosophical values. For us, one of our values is providing a "wow" customer experience, and that requires being connected as human beings to each other, as crew members, as customers. That doesn't happen if you have screens constantly between you. Another cost of those screens is people going through their day and not acknowledging one another and not interacting with each other.

Matt: We have never, ever been accused of being a tech company, but that's deliberate.

Tara: These are just not things we do, and they're not things we have any plans to do. We sell food and we're in the people business. We know what they buy based on what it is that we sell. We're not tracking our customers' behavior.

Matt: And once a retailer starts collecting data on you, they're probably going to figure out new ways to monetize it. That's what's happening now with so-called retail media.

[Transition to closing.]

Tara: I'm Tara Miller. Thanks for listening to a special ICYMI episode.

Matt: And I'm Matt Sloan, and thanks for listening. ICYMI, In Case You Missed It.

Tara: That's what's happening with retail media at lots of grocery stores.

Matt: And that's what's not happening at Trader Joe's.