



# **Trader Joe's Outpost Marketing Proposal**

**Client: Trader Joe's**

**FabFour Agency**

**Team Members:**

**Danny Kim**

**Peggy Lim**

**Judi Reilly**

**Josh Williamson**

**December 7, 2011**





# Table of Contents

Situation Analysis	Page 3
New Product Proposal	Page 11
Target Markets	Page 19
Competition	Page 24
Pricing	Page 38
Distribution	Page 44
Promotion	Page 48
Conclusion	Page 56
Works Cited	Page 58
Appendix	Page 68





# Situation Analysis





### **Natural and Organic Food and Beverages (NOFB) on the Rise**

Public health campaigns combating obesity and movies, such as “Food, Inc.” and “Supersize Me,” have increased the push for healthy food in recent years. Public health campaigns include the Let’s Move exercise program promoted by First Lady Michelle Obama and the Fit Pick vending labeling campaign by the National Automatic Merchandising Association (NAMA).



toutlecine.com

Sales of natural and organic food and beverages, for instance, increased 20 percent from 2009 to 2011 in food, drug and mass retailers and specialty markets. The resilience of NOFB products, despite the economic stagnation negatively impacting the entire food industry, reflects the strength of that market. Industry experts expect the NOFB market to continue to grow with annual growth reaching 11.5 percent over the next two years and sales reaching \$23.5 billion through 2013 (Mintel, Oct. 2011).

Trader Joe’s is in an ideal position to take advantage of the growing national interest in natural and organic food and beverages. Despite the economic downturn, only about 27 percent of NOFB consumers have cut down or stopped buying natural or organic products because of the economic downturn, and about eight percent are even buying more natural or organic products (Mintel, Oct. 2011). Consumers are more likely to trade down to private-label natural or organic brands versus switching to conventional products. Trader Joe’s can take advantage of this trend, as it has more than 4,000 private-label products, making up approximately 80 percent of sales (Kowitt, 2010).





### **Snacks a Key Growth Segment within Natural, Organic Foods**

An important segment of the NOFB market is snacks, which have become like a fourth meal in the United States. U.S. consumers now obtain a quarter of their daily calories from between-meal snacking, according to research cited at the 2011 Institute of Food Technologists Annual Meeting & Food Expo. Sales of natural and organic salty snacks surged nearly 25 percent from 2009 to 2011. Most of that growth came from the natural segment, which grew by 31 percent during that period, versus the organic segment, which only grew by 2.5 percent (Mintel, Oct. 2011).



[faithfulprovisions.com](http://faithfulprovisions.com)

### **Healthy Vending also on the Rise**

The heightened demand for healthy offerings and stricter government nutritional standards influences the \$12.1-billion vending industry. Eighty-five percent of food and beverage sales come from cold beverages (52 percent) and candy/snacks/confections (33 percent) (Maras, 2011). One report from Research and Markets projects the “better-for-you” (BFY) segment of the U.S. vending market will grow over the next five years, while the rest of the market is flat (Research and Markets, 2011).

However, vending sites remain interested in products that sell well. They want better-for-you products that taste good enough to please their employees or clientele (and earn commissions on sales).





### **Trader Joe's: A Leader in Affordable, Healthy Foods**

Opening its first store in Pasadena, Calif., in 1967, Trader Joe's has been ahead of the healthy, natural food curve almost as long as it's been in business. Value for the money has always been a big piece of the equation. Founder Joe Coulombe gave the first store its start by selling leftover cases of fine wine from California vineyards at a low price. He later added health food to the shelves.

Since the 1970s, Trader Joe's put "innovative, hard-to-find, great-tasting foods in the 'Trader Joe's' name," according to the company website. Buying directly from suppliers enables Trader Joe's to reduce costs and bargain for the best prices. In turn, the company passes these savings on to customers in the form of value-based retail prices.

Trader Joe's added its first private-label grocery product, granola, in 1972. It expanded the diversity of its private-label foods in 1977, using playful titles, such as Trader Ming's (Asian food), Trader Jose's (Latin/Mexican food) and Trader Giotto's (Italian food). The company's first organic private-label product, organic unfiltered apple juice, debuted in 1978.

In 2007, Trader Joe's eliminated trans fats, artificial colors, flavors, preservatives and genetically modified ingredients from all its private-label products, according to the website.

Furthermore, Trader Joe's continues to keep costs low by doing little advertising, aside from a *Fearless Flyer* newsletter, and having no service departments.



[cookingquest.wordpress.com](http://cookingquest.wordpress.com)





### **On the Expansion Path**

Originally a West Coast company (a third of its stores are in California), Trader Joe's has been aggressively expanding in recent years. The company added 25 new stores in 2011, and plans to open between 25 and 30 new stores in 2012 (Hoover's, 2011). The expansion comes at a time when many retailers are seeking to mimic Trader Joe's success by experimenting with smaller-format stores in urban areas with lower rents (Li, 2011).

In the retail arena, Trader Joe's primary competitors have been grocery chains, such as Whole Foods Market, Kroger and Safeway. Trader Joe's biggest rival is Whole Foods, which touts itself as "the world's leading natural and organic foods supermarket and America's first national 'Certified Organic' grocer" (Whole Foods, 10-K, 2010). In 2010, Trader Joe's pulled in an estimated \$8 billion in sales, roughly on par with Whole Foods, based in Austin, Texas (Li, 2011).





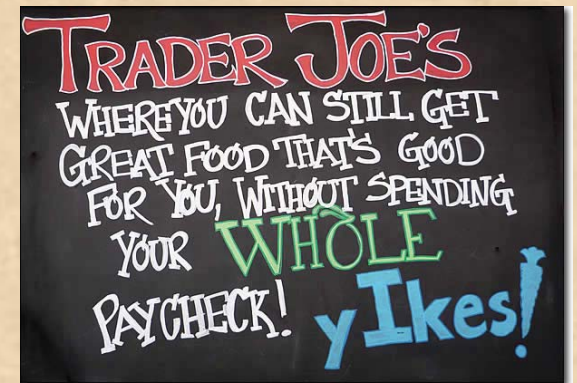
### Size: A Competitive Advantage

Trader Joe's has 360-plus stores in 31 states, which have historically ranged between 8,000 square feet and 12,000 square feet in size (Leonard, 2011, Misonnzhnik, 2011). Whole Foods, by contrast, has about 300 stores in the United States, Canada and the United Kingdom, averaging about 37,600 square feet in size (Whole Foods 10-K, 2010).

Trader Joe's smaller store format has been a competitive advantage. Shoppers move five feet between purchases instead of 50, pass through a store more quickly and leave more cash behind, according to the *Los Angeles Magazine*. "The average supermarket brings in \$10 million to \$30 million annually in sales. A Trader Joe's one-fifth the size of a supermarket can make \$1 million in a week's time. Square foot for square foot, that Trader Joe's outperforms an average Wal-Mart, which would have to do \$30 million in business to match it during the same period" (Gardetta, 2011). This has also been an advantage for Trader Joe's, who can operate in urban and smaller markets where Whole Foods Market and mass retailers can't be as profitable (Mintel, Oct. 2011).

### Competing with Whole Foods

In many cases, Trader Joe's strategically opens new stores in close proximity to Whole Foods stores to feed off the existing customer base. Whole Foods targets areas with average household annual incomes of \$75,000 and above (Zwiebach, 2011). Likewise, Trader Joe's gravitates toward affluent, highly educated neighborhoods. However, with Trader Joe's Hawaiian-shirt uniforms and down-to-earth decor, its personality is more about fun and everyday low prices versus being high-end.



[cfcfood.blogspot.com](http://cfcfood.blogspot.com)







### **Whole Foods Primary Retail Competition (continued)**

To defend itself, Whole Foods has chosen to selectively match Trader Joe's on price in categories where Trader Joe's has maybe two items and Whole Foods has 10. Whole Foods matches prices on the two items comparable to products Trader Joe's carries, but prices higher on the other eight items Trader Joe's doesn't stock. This type of category management takes away some of Trader Joe's value advantage (Zwiebach, 2011).

Trader Joe's, in turn, has been seeking to compete head-to-head with Whole Foods in some markets by increasing the size of its stores. For instance, Trader Joe's opened a 14,670-square-foot store in Montrose, Calif., in October 2010, and has been angling after sites in Texas between 15,000- and 20,000-square-feet (Li, 2011).

### **Trader Joe's Portfolio: Varied and Fast Changing**

Trader Joe's product portfolio includes snacks, beverages, produce, dairy, baked goods, beer and wine, nutritional supplements and refrigerated and frozen meals.

A key advantage is Trader Joe's nimbleness in rapidly adapting its product mix to new trends. When consumers walk into any Trader Joe's store, they discover many things they had not planned on buying. Consumers know Trader Joe's for stocking unconventional items they won't find elsewhere. Trader Joe's introduces 10 to 15 new products per week. Items not selling well get quickly pulled off shelves, according to the company website.



sunnyinla.com





### **Vending Opportunity for Trader Joe's**

As the desire for quality, healthy foods in vending machines increases, it is an opportune time for Trader Joe's to enter the better-for-you market. Offices are surpassing manufacturing facilities as the top location for vending machines. This trend has created a shift in clientele, increasing the importance of catering to white-collar workers, who generally value healthy foods more than blue-collar workers. Many white-collar workers bemoan the dearth of good-tasting, healthy options in machines even as large snack manufacturers move to build up their better-for-you portfolios with single-serve products such as Frito-Lay's Baked! Lays potato chips and Quaker Chewy granola bars.

As marketing author/blogger Seth Godin once put it, Trader Joe's "finds foods for its customers, not customers for its foods." Trader Joe's can introduce more high-quality healthy foods to the vending machine industry as it currently offers in retail stores.

With its varied and fast-changing spectrum of products, the store has a full portfolio of items from which it can stock a vending machine and rotate in novelty items to entice new buyers.

Furthermore, vending can serve a number of Trader Joe's business objectives:

- Add another source of revenue and profit
- Help increase same-store sales
- Increase brand awareness to engage new or more far-flung buyers
- Cultivate future store customers, such as university students
- Serve as a smaller scale test market for new products





# New Product Proposal





### **Product Concept: At a Glance**

Trader Joe's will need to continue its successful business model of staying one step ahead of the competition. The company faces an opportunity to expand its retail offering of low-priced, yuppie-friendly products to a new distribution channel prime for healthy products – vending machines – as a way to increase brand awareness and enhance products sales companywide.

### **Concept Name**

FabFour Agency proposes Trader Joe's Outpost as the name for Trader Joe's venture into vending. The agency recommends this name because it fits with the trading and adventure philosophy of the retail stores. Additionally, Outpost indicates an outlying settlement or position, or something detached from a main location.

Other names Trader Joe's could consider include:

- Trader Vender's
- Trader Joe's On the Go
- Trader Joe's Store-in-a-Box
- Trader Joe's Vending





## Value Proposition

Trader Joe's vending value proposition is similar to what it is for its retail operation: value-based pricing, variety of healthy products, and shopping as a fun, cultural experience.

- For locations, such as offices and universities: Trader Joe's vending machines provide a perk for employees and students. A company providing a Trader Joe's machine comes across as encouraging a healthy lifestyle (and as being more "hip" than your average employer).
- For end consumers: For end consumers: Vending customer's won't feel guilty indulging in an impulse snack or beverage purchase from a Trader Joe's machine – in fact, they'll feel good about it.



[hoklife.com](http://hoklife.com)



[jonekh.wordpress.com](http://jonekh.wordpress.com)



## **Positioning**

Just as in the company's retail stores, Trader Joe's Outpost operations would offer premium natural and organic products featuring value-based prices. This compares to vending competitors offering better-for-you products at higher prices and traditional vending products at lower prices. The premium healthy Trader Joe's Outpost products also serve as a perk for employees wanting their corporate leaders to offer healthy food and beverage alternatives.

## **Branding Elements**

The objective of Trader Joe's Outpost operations is to create a miniature version of the retail stores but in a remote location. Branding elements for vending include:

- Trader Joe's Outpost design will match the colors and logo of the larger Trader Joe's retail brand.
- All single-serve products within Trader Joe's Outpost machines will include some branded elements of the larger packaging.
- Signage in and on the Trader Joe's Outpost machine will resemble the look of retail signage
- Trader Joe's vending employees will dress in Hawaiian shirts to match their retail counterparts.





# TRADER JOE'S

## outpost

This one is on us.  
Have a nice day.

Our Tasting Panel Meets several times a week to sample lots of products so we can find tasty food at awesome prices - all for you!





### **Product Mix: Considerations**

Trader Joe's will evolve its vending machine business over time. Initially, Trader Joe's should take a conservative approach as a way to monitor consumer response and collect vending sales data. Product mix should take into consideration the key reasons customers use vending machines: convenience.

- Employees who do not have time to pack a lunch
- Afternoon snacks
- Meals on-the-go

### **Product Mix: Initial Phase**

Considering the cost of more complicated machines, Trader Joe's Outpost will initially supply machines with snacks/candy and cold beverages. Such products are more likely to be non-perishable and generate less waste. Snacks and beverages correspond with the two categories with the greatest share of vending sales. Trader Joe's has enough variety in both categories to easily fill a vending machine and have new items to rotate in.

Trader Joe's will include a product mix similar to its stores, with 80 to 85 percent of its private-label products present. The remaining product mix will include non private-label products, such as the Clif nutrition bar or Fiji water.







### Healthy Product Mix

Trader Joe's can experiment with the breadth of its product line. It can also take cues from healthy vending competitors by initially aligning its product mix with top selling snacks and beverages at companies, such as h.u.m.a.n. Healthy Vending.

Leading Competitor's Top 5 Healthy Vending Snacks	Alternative Vending Snacks From Trader Joe's
PopChips	Trader Joe's Pretzel Slims
Pirate's Booty rice puffs	Trader Joe's sea salt and pepper rice crisps
Luna nutrition bar	Clif Bar nutrition bar
Back to Nature crackers	Trader Joe's Bite Size Everything crackers
Stacy's pita chips	Trader Joe's pita chips with sea salt
Top 5 Healthy Vending Beverages	Trader Joe's Vending Beverages
Hansen's natural soda	Hansen's natural soda
Switch carbonated juice	Trader Joe's 100% pineapple juice
Honest tea	Trader Joe's tea
Vitamin Water 10	Fiji water
Muscle Milk	Trader Joe's Very Berry fruit smoothie
(h.u.m.a.n. Healthy Vending, 2011)	(FabFour Agency primary research, 2011)

Source h.u.m.a.n. Healthy Vending 2001, FabFour Agency in-store research



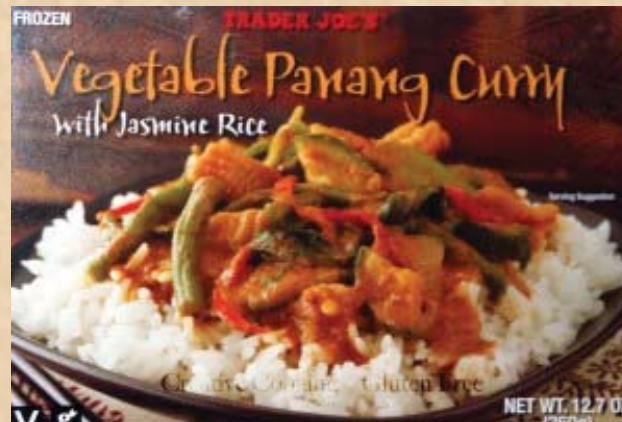


### **Product Mix: What Trader Joe's Employees Recommend**

Other popular snack/candy items staff highly recommend for vending include peanut-butter filled pretzels, fried crunchy green beans and dark-chocolate-covered espresso beans (“Those sell out like it’s nothing,” says Trader Joe’s crewmember Josh). As far as drinks, regular Trader Joe’s natural spring water as well as Sparkling Blueberry and Orangina’s tend to do well, crewmembers say. Trader Joe’s also has a full line of unusual fruit and juices (such as pomegranate limeade and carrot juice), protein drinks, dairy beverages (such as mango lassi), some more perishable than others, but which may be able to command more premium prices.

### **Product Mix: Secondary Phase**

If the initial phase is a success, Trader Joe’s Outpost will explore adding other products to its machines, such as frozen foods. Frozen foods are convenient for employees who forget to pack a lunch. Popular frozen items, according to Trader Joe’s crewmembers, include Indian foods, such as chicken biryani, as well as more mainstream meals such as meat lasagna. The addition of frozen items may require a vending machine separate from the snack and beverage system.



creativecookinggf.wordpress.com





# Target Markets





### **Primary Locations: Offices**

Trader Joe's will seek white-collar offices locations such as technology hubs, federal government agencies and larger multinational companies. These offices offer higher vending traffic, and are more likely to be ethnically diverse or open to Trader Joe's mix of products

Another location Trader Joe's will target is corporate offices offering Office Coffee Services (OCS), providing single-serve gourmet coffee service as a free perk to employees. These locations are open to providing healthy vending machines as a differentiator for their company when comparing employee break-time benefits.

### **Secondary Locations: Universities, Gyms and Transportation Hubs**

- Universities: Members of the younger population are advocates for vending. Trader Joe's will search areas where universities cluster, such as Massachusetts, North Carolina and Virginia.
- Gyms: Gyms are interested in healthy vending options, because it is a tie-in with their brand. Trader Joe's will look for partnerships with large multi-location chains rather than single locations.
- Another location Trader Joe's should consider is transportation hubs, such as metro stations, which are highly trafficked.





## End Users

Trader Joe's target markets share similarities with the target market of its traditional retail stores. Initially, loyal Trader Joe's customers may drive vending sales, who like the convenience of purchasing products outside of a store. However, in order to sustain growth, the product mix must appeal to casual non-Trader Joe's target demographics as well:

- Well-educated, higher-income, health-conscious individuals
- Less devoted to brand names, but strong advocates of Trader Joe's
- Interested in variety and foods reflecting a growing multicultural population with various cultural influences.
  - The fastest growing consumer groups in America include Asians, Indians and Hispanics (Llopis, 2011)
  - Trader Joe's cultural awareness boosts business growth
- White-collar workers
- Gender: Trader Joe's creates products and packaging appealing equally to men and women
  - Men are more likely to use vending machines in general (Mintel, July 2011).
  - Women are more interested in eating healthy. They make up the majority of professional and related workers (57%), the majority of office and administrative support workers (74.5%), and the majority of those who work in service occupations (57.2%) (Vital Workforce Statistics, 2010).
- Millennials: Trendsetters who make up the largest sector of the population, 25 percent according to the Census Bureau. Millennials are highly interested in vending machine use.
  - 25 to 32 year olds: This age group is most likely to buy items on impulse and most interested in buying new or unusual items.
  - 17 to 24 year olds: This age group is likely to be attending college and are forming habits that will translate into workplace.





## Geographic Targets

- **Healthy Cities:** Target metropolitan areas with large health-conscious populations, such as San Francisco, New York, Los Angeles and Washington D.C. (See Appendix A).
- **Highly Educated Cities:** Target areas with a greater concentration of universities and people who are college educated, such as San Francisco, Austin, Texas, Denver, Washington D.C. and Boston.
- **Millennials:** Target cities with a high percentage of “young achievers.” According to PRIZM Nielsen data, the cities with highest concentration of young achievers are:
  1. San Francisco
  2. New York
  3. Austin, Texas
  4. Boston
  5. Los Angeles
- **Locations with existing Trader Joe’s Stores:** Locating vending machines near existing stores has operational and distribution advantages. The top states by Trader Joe’s store count are:
  1. California – 170 stores
  2. Illinois – 18 stores
  3. Washington – 18 stores
  4. Massachusetts – 17 stores
  5. New York - 17 stores(See Appendix B)





### **Possible Test Markets**

Some of the above target markets, however, are not representative of the U.S. average. With an initial goal to see how vending machines would do as an auxiliary business outside these large metropolitan areas, Trader Joe's should test in smaller markets, such as one or more of the following:

1. Temecula, Calif. (Riverside County) as a second-tier California city, which would have home front advantages because of Trader Joe's origins and the number of existing stores in that state.  
(See Appendix C)
2. Richmond, Va., (Henrico County) as a second-tier market elsewhere in the United States, which is more representative of the general U.S. population.
3. Chapel Hill, N.C., (Orange County) as a community with a large university population.





# Competition







## **Competition Overview**

Trader Joe's entry into the healthy vending distribution channel faces both direct and indirect competition.

Direct competition will come from numerous younger and start-up vending companies looking to tap into the increasing demand for convenient, healthier snacks and beverages. This competition targets the same locations and consumer segments.

Trader Joe's also needs to monitor indirect competition, both inside and outside the vending channel. These are companies currently offering some of the products or services (but not all) proposed for Trader Joe's vending venture.

For example, many traditional snack and beverage manufacturers, as well as vending machine operators, are adding some better-for-you options to their product mix. Likewise, Trader Joe's needs to protect its traditional business market share by watching indirect competition from healthy food retailers, where consumers purchase healthy snacks in larger-sized or bulk packages. Indirect competition also may come from convenience stores offering healthy snacks and beverages.

Finally, Trader Joe's should avoid competing with itself and cannibalizing its own business, as the average in-store purchase generates more profits than an occasional vending machine purchase.





### **Direct Competition: Fresh Healthy Vending L.L.C.**

- Based in San Diego, Calif.
- Launched franchise model for healthy vending in 2010
- Now has 85 franchisees operating in more than 40 states and five Canadian provinces
- Reported record growth in July and August 2011 by adding 15 franchisees purchasing 170 vending machines (average of 11 machines per new franchisee); existing franchisees purchased an additional 22 machines
- Launched the company's own vending operation in the San Diego area in September 2011 with 35 locations to mimic retail store openings by Whole Foods, Trader Joe's and other healthy food retailers
- Jolly Backer, chief executive at Fresh Healthy Vending, considers the company's vending machines as miniature healthy food retail stores
- Privately-held company; annual sales estimated by Hoover's: \$84,000
- Offers bright, colorful and attractive machines to attract vending customers
- Business model offers fresh juices, fruits and vegetables, yogurt, organic chips and granola bars (up to 400 products) usually found in healthy food retailers
- Machines located in schools, commercial office complexes, health clubs and government buildings
- Average price of Fresh Healthy Vending machine: \$10,000; franchise investment: \$120,000 to \$330,000 (Fresh Healthy Vending, 2011)



freshvending.com

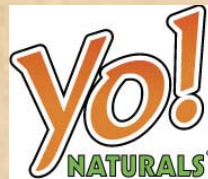


freshvending.com



### Direct Competition: Yo Naturals

- Based in San Diego, Calif.
- Founded in 2006; acquired by Fresh Healthy Vending in 2010
- Has 1,700 locations in 125 urban markets nationwide
- Privately-held company; 2010 annual revenue was \$3,000,000; 10 percent of revenue donated to obesity-fighting and malnutrition charities
- Franchise minimum investment: \$50,000 to \$125,000
- Primarily targeted to school-age and healthy club vending purchasers
- Business model offers natural and organic snacks and beverages, including Clif bars, Stacy's pita chips, Vitamin Water and Horizon organic milks (Yo Naturals web site, 2011)



yonaturals.com



yonaturals.com



## Direct Competition: h.u.m.a.n.

### (Helping Unite Man and Nutrition) Healthy Vending

- Based in Santa Monica, Calif.
- Founded in 2007 with a company mission to “unite man and nutrition by making health foods, drinks and information universally accessible”
- Network of vendors serves more than 750 locations throughout North America and overseas. The company’s goal is to have 1,000 locations by early 2012.
- Company web site touts h.u.m.a.n. offers larger, tastier and lower-priced selection of healthy product than anyone using innovative machines with advanced technologies and offering better vending operations than other options.
- In addition to machines and products, company offers location-finding service for h.u.m.a.n. vending machine operators and nutrition information and optional advertising information from LCD screens on the vending machines.
- Business model offers better-for-your foods meeting nutrition criteria established by team of nutritionists, registered dietitians and public healthy specialists. These products include Back to Nature cookies, Stonyfield fruit smoothies, Luna nutrition bars, organic milk and coconut water. (h.u.m.a.n. Healthy Vending, 2011).



healthyvending.com



### Direct Competition: Evergreen Vending

- Based in Spokane Valley, Wash.
- Founded in 1976; operates in western Washington and northern Oregon
- Privately-held company; 2010 annual sales estimated by Hoover's: \$74,000
- Provides machines, machine maintenance, customer service and vending products directly to workplace locations, such as office complexes
- Offers commission program for company providing the location to share in product sales (Evergreen Vending, 2011)



[evergreenvending.com](http://evergreenvending.com)



[securityinfowatch.com](http://securityinfowatch.com)





### **Indirect Competition: Canteen Vending**

- Based in Charlotte, N.C.
- Founded in 1929; joined the Compass Group in the 1990s
- Operates a network of more than 200 company and franchise locations in 48 states, with 18,000 client sites
- Offers traditional vending machines, coffee kiosks and 2BU healthy vending machines promoting delicious and wholesome alternative to mainstream vending
- 2BU product mix includes organic, all-natural, locally sourced, vegan, gluten-free or kosher options.
- 2BU machines feature the latest in technology (SKU merchandising, out-of-stock tracking, cashless readers) and energy efficiency (LED lighting and Energy Star compliant full-front glass).
- Microsoft, Inc., corporate offices feature 2BU machines alongside traditional vending machines (Canteen Vending, 2011, and Vending Gets Healthy(er), 2011).



Canteen.com





### **Indirect Competition: Sodexo USA**

- Based in Gaithersburg, Md.
- Leading provider of integrated food and facilities management services in U.S., Canada and Mexico; Sodexo Vending Services is part of the product mix
- Touts “vending with a tailored approach” to achieve its goal of satisfying consumers anytime day or night
- Matches vending machine product mix to the consumers at that particular location
- Offers Wellness & You and Your Health Your Way initiatives with customized machines for healthcare and corporate locations
- Devoting 30 percent (up from 20 percent, in 2001) of its vending machine product mix to products that meet guidelines limiting calories, saturated fat and sodium
- Offers option for electronic coupons

(Sodexo USA, 2011)



[sodexousa.com](http://sodexousa.com)





## Indirect Competition: Aramark

- Based in Philadelphia, Pa.
- Vending services (Aramark Refreshment Services) founded in 1936; first company to bring vending to workplace with office coffee service, break room supplies and vending
- Offers Just4U vending for employees wanting refreshments that best fit their lifestyles
- Just4U business model features products with 5 grams of fat or less than 30 percent of calories per serving; 100 or fewer calories per serving; 15 carbohydrates or less per serving, and 100% juice
- Reaches consumers through about 100,000 locations in North America (Aramark, 2011)



greenbigtruck.com



aramark.com





## **Indirect Competition: Snack Food Manufacturers Supplying Traditional Vending Machine Operators**

- Most large locations, such as major office parks, already may have established relationships with vending machine operators who stock items produced by large manufacturers of consumer packaged goods. Those products have strong brand equity and loyalty.
- In locations with more traditional vending machines, it may be challenging to have Trader Joe's machines supplant existing machines. It may be more likely that a site would agree to have Trader Joe's machines supplement existing vending machines or go into newer facilities. If a building were to have both Trader Joe's vending machines and traditional machines, then Trader Joe's products would be vying head-to-head with established snack brands for share of customer wallet.
- Large companies such as PepsiCo, owner of Frito-Lay (Doritos, SunChips, Lays, Cheetos, Rold Gold), have moved to diversify their portfolios into healthier product lines. PepsiCo, for instance, plans on growing its Good-for-You portfolio from \$10 million in net revenue in 2010 to \$30 million by 2020. And the company added Pepsi Max, a zero-calorie beverage option, in markets where consumers are looking for healthier choices while maintaining great taste. In 2011, the company worked towards the goal of having 50 percent of Frito-Lay's snacks made with all-natural ingredients (Source: PepsiCo, 2010).
- Other snack and beverage manufacturers include Coca-Cola, General Mills, Kellogg's (Rice Krispies, Pop Tarts, Nutri-Grain bars, Special K bars, Kashi), Kraft (Oreos, Corn Nuts, Triscuits, Honey Maid, Wheat Thins, Newtons, Nabisco and the maker of 100-calorie packs).





### **Indirect Competition: Whole Foods Market, Inc.**

- Based in Austin, Texas
- Incorporated in 1980
- Public company; 2010 annual sales reported by Hoover's: \$9 billion
- One main business segment: supermarkets emphasizing natural and organic foods
- Including its subsidiaries, Whole Foods is the largest chain of natural and organic foods supermarkets in U.S.
- Average store size: 38,000 square feet
- Strong brand awareness
- Originally catered to wealthier, more educated consumers; recently expanding to less wealthy neighborhoods as initial demographic areas become saturated with health food stores
- Large size enables company to realize economies of scale in the supply chain (Whole Foods, 2011)





### **Indirect Competition: The Kroger Co**

- Based in Cincinnati, Ohio
- Incorporated in 1902
- Public company; 2010 annual sales reported by Hoover's: \$82 billion
- Operates in several business segments
- 2,460 supermarkets (most as combination food and drug stores but some with fuel centers) in most of the United States
- Also operates 784 convenience stores (KwikShop) and 361 fine jewelry stores (Barclay, Fox's)
- Average store size: 60,000 square feet
- Significant market share in 44 markets covering 31 states
- Offers well-known regional brands, such as Kroger, Dillon's and Ralph's (Kroger, 2011)



[kroger.com](http://kroger.com)





### **Indirect Competition: Safeway, Inc.**

- Based in Pleasanton, Calif.
- Incorporated in 1914
- Public company; 2010 annual sales reported by Hoover's \$41 billion
- Both food and drug retailer with 1,681 stores throughout most of the United States and western Canada
- Also holds a 49 percent interest in Casa Ley, S.A. de C.V., with 169 stores in western Mexico
- Average store size: 46,000 square feet
- Offers strong private label brands, including Safeway, O Organics, Eating Right and Open Nature
- Remodeled stores in 2005 to feature "Lifestyle" format (Safeway, 2011)



[safeway.com](http://safeway.com)





# Pricing





### **Machine Cost**

Manufactured and customized vending machines cost \$3,000 to \$7,000. There are a variety of manufacturer options, such as machines from The Wittern Group and AMS Merchandisers. Vending machine manufacturers can customize machines to Trader Joe's specifications. Vending machine manufacturers finance customized machines for under \$180 a month (Wittern, 2011).

### **Labor Cost**

Trader Joe's has the option to outsource its vending machine maintenance and stocking. However, having the vending machines within a 10-mile radius of a Trader Joe's retail operation could enable Trader Joe's to perform these activities in-house by Trader Joe's employees.

While Trader Joe's keeps company information private, Dave Gardetta, a writer for *Los Angeles Magazine*, indicated that part-time Trader Joe's employees receive at least \$20 per hour plus benefits. Store managers are affectionately referred to as "first mates" or "captains," and receive an annual salary of \$130,000 (Gardetta, 2011). Another publication estimated a Trader Joe's crewmember makes \$40,000 to \$60,000 per year, and a store managers earns a salary in the "low six figures" (Kowitt, 2010).





### **Packaging**

Creating individual-sized packaging for vending machines may be an additional design and manufacturing cost. However, retrofitting Trader Joe's existing manufacturing capabilities would minimize packaging costs because major systems are already in place.

Vending machines do have some degree of flexibility internally and can hold up to 60 different products. If desired, Trader Joe's could bypass the additional costs of creating single-size packaging by configuring space inside the machines to accommodate larger sizes. However, single-serve sizes for vending may generate higher profit margins.

### **Commissions**

In terms of retailing the machines to target audiences, Trader Joe's should arrange a compensation deal with neighboring office buildings and academic institutions within a 10-mile radius of a store. Standard vending machine commissions for locations range from no commission to 25 percent of machine revenue (h.u.m.a.n. Healthy Vending, 2011).

The preference would be to negotiate favorable terms for Trader Joe's, including complimentary use of space, possibly with a tie-in to Trader Joe's making a donation to a mutually acceptable charitable cause. Additionally, Trader Joe's should remember in negotiations that a one percent reduction in commission equals a one percent increase in profits. To capitalize on profit potential of high-traffic areas, Trader Joe's should be willing to enter a compensation deal with up to 25 percent of revenue from the machines going to the owner of the retailing space.





### **Other Pricing Considerations**

The initial pricing objective for Trader Joe's vended products is to provide healthy and specialty items for less than traditional healthy vending machine operators such as h.u.m.a.n. Currently, h.u.m.a.n. states the average vended price on its products is \$2 and its average machine sees 20 healthy vends per day, with a profit margin of about 50 percent (h.u.m.a.n. Healthy Vending, 2011).

Trader Joe's strategy will be to deliver products with an average price of \$1.75 with beverages costing more than snacks. Vending machines will be placed in high-traffic areas with the potential for 30 transactions per day. (See Appendix D)

Proposed markup on products is 65 percent on wholesale price and costs. Trader Joe's must maintain a wholesale price with an average of \$.45 per item to reach sustainable break even levels. Trader Joe's is able to dictate to an extent the average wholesale price by negotiating favorable terms with vendors. By doing so, Trader Joe's can repackage products using their own label and play the role of a wholesaler to control their wholesale costs.

To reach maximum current profit, Trader Joe's should research the possibility of raising markup. By raising markup however, Trader Joe's may be sacrificing long term success by ignoring pertinent market factors such as competitors and value perception.







### Break-Even Volume

A sample proposition of break-even volume given the fixed cost of leasing (1) Wittern Co. manufactured vending machine at \$180 a month. Typical leases run for 36 months or three years. Variable costs include hourly wage employees, stocking costs, utilities, and other miscellaneous costs estimates. The average selling price may be lifted by higher-priced items such as beverages.

Average selling price of vended item: \$1.75

#### Costs of Goods Sold

Average cost of item:	\$ .45
Average variable costs per item:	\$ .15
Total COGS:	\$ .60
Net Contribution Margin	\$1.15 per vended item

Fixed Costs (lease)	\$180 per month
---------------------	-----------------

Commission (25%)	\$ .29
Total Net Contribution Margin	\$ .86

BREAK-EVEN VOLUME:	209 vends per month.
--------------------	----------------------





### Break-Even Volume (continued)

Given that the Outpost is situated in a favorable vending location, there would need to be 209 vends per month to reach the break even volume at \$1.75 average per item. Commissions were calculated at 25 percent. If the Outpost is available five days per week at 30 vends per day, the estimated vends per month would be around 675.

Considering the Outpost does 675 transactions per month, the net profits per month would be \$400.50 or \$4,806 per year per machine. Variable costs may increase with higher vend volume.

Revenues: 675 x \$1.75	\$1,181.25
COGS w/Commission	\$600.75
Gross Profit	\$580.50
Less Fixed Costs	\$180.00 (until lease expires)
 Total Net Profit:	 \$400.50 per month or \$4,806 per year per machine.

If 20 Outpost machines were placed in a 10-mile radius of a Trader Joe's retail store, total net profit would be \$96,120 annually or \$139,320 annually after the machine lease payments expire.





### **Customer's Value Perception**

With many consumers, price sensitivity is a big issue. Trader Joe's must also set their vended products to look favorable compared to other well-known vended products.

FabFour Agency conducted primary product pricing research in the Kansas City area (as a representative of average U.S. city in terms of vending prices). The research included surveying Trader Joe's store for possible vending products, as well as collecting data on vending prices at a local college, government facility and large office building.

### **Promotional Pricing: Loss Leader**

Trader Joe's is a privately held company that does not believe in heavily investing in traditional advertising. Still, Trader Joe's can incorporate some promotional strategies, such as loss leader pricing and special customer pricing.

Trader Joe's vending machines could offer combination vends. For example, two items (beverage and snack item) can be vended as a package. The beverage would be the loss leader. However, enticing the customer to buy items as a package could turn over highly perishable snack items inside the machine. Beverages are a key constant item in demand by vending machines, and the casual passerby with no knowledge of Trader Joe's or the vending machine concept would still purchase a beverage, such as a Fiji water.

### **Promotional Pricing: Special Customer Pricing Strategy**

*Fearless Flyer* is a bulk-rate mailing piece Trader Joe's currently sends to frequent and potential customers. Trader Joe's could expand on its popular *Fearless Flyer* mailing program. FabFour Agency's primary research in the Kansas City area indicates these mailings go to households in a 10-mile radius of Trader Joe's retail locations. Trader Joe's Outpost could use a similar concept, where a vending-specific *Fearless Flyer* alerts the target audience of new items in the Outpost machines as well as promotions for the retail location.





# Distribution





### **Location**

FabFour Agency proposes Trader Joe's place its vending machines in office parks, universities and gyms within a 10-mile radius of existing stores.

First, keeping the area more defined keeps labor and mileage costs down, especially if machines are stocked by a store employee who works part-time on vending and part-time at the store.

Second, being close to stores cuts down on logistical costs. Vending products can be transported and stored in the same way that goods for the main retail store are.

Third, and finally, a 10-mile radius roughly corresponds with the promotional area Trader Joe's typically uses to target customers with its direct mailing, the Fearless Flyer. One of the compelling reasons to enter the vending business is the cross-promotional opportunities for nearby stores. FabFour conducted an informal survey of households in the Kansas City area, one of the newest Trader Joe's locations. Survey participants living within 10 miles of a Trader Joe's store received the Fearless Flyer as part of the company's bulk mail promotional program. Those outside the 10-mile radius did not. Therefore, FabFour Agency deduced that Trader Joe's promotes its products to residents in close proximity to its stores.

Nonetheless, a 10-mile radius still encompasses more than 300 square miles. So geographically it can reach a large swath of the population living close enough to a retail store to have incentive after a vending purchase to make a visit.





## **Vending Machine Manufacturers**

Trader Joe's can choose from many different vending machine manufacturers. Factors when picking a vendor include:

- Cost: reasonable and offering room for negotiation
- Experience: Machine manufacturing ability and experience
- Scalability: What markets are they already in? Where can they deliver? How many partners do they already have?
- Reach: What existing channels / relationships, if any, do they have? Does it match our target market? Geography? And types of locations?

To stay ahead of the competition and take advantage of consumer interest in innovation, FabFour Agency proposed Trader Joe's purchase vending machines with the following specifications:

- Refrigeration (preservative-free snacks last longer in cool temperatures),
- Cashless readers (encourages consumer to make higher-value purchases and presents opportunity for unit price changes as needed through remote technology) and
- LCD screen (a way to promote product nutritional information or other Trader Joe's messages).





## Manufacturing Options

Below are three manufacturers delivering refrigerated vending machines with optional cashless readers or changers. Base prices range from \$4,000 to \$5,650. Some options may come at an additional cost:

- All Brands Vending (part of Wittern), Healthy Vending machine  
\$5,650 per machine, including delivery  
\$315 for the cashless reader  
No option for LCD display  
(All Brands Vending, 2011)
- AMS Merchandiser, Healthy Vend 35" or 39"  
\$4,000 for 35"; \$4,195 per 39" machine  
\$175 for Mars validator and changer  
(AMS Merchandiser, 2011)
- U Select It Corporation (part of Wittern), Alpine VT5000  
\$4,613 per machine (w/o delivery)  
\$200 to \$300 for the cashless reader  
\$600 additional for a 7" LCD screen  
(U Select It, 2011)



vending.com



amsvendors.com



uselectit.com





# Promotion







### **Promotional Strategy Overview**

The “mom and pop” aura of Trader Joe’s has helped generate a cult-like following. The vending machine extension should keep the same personality, making Trader Joe’s stores distinctive and fun. The Outpost should feel like a mini Trader Joe’s store.

The company needs to be strategic with promotions to build on the brand’s appeal and grow a faithful following. One differentiating brand characteristic is the absence of advertising. The brand will not advertise the launch of the vending machine extension nor invest in any amount of media spend. In the eyes of the consumer, blatant advertising is beneath the brand and would be equal to “selling-out” the mom and pop feel.

### **Cultivating Brand Evangelists**

Although Trader Joe’s has found success without advertising in the conventional sense, the vending machines will serve as advertisement in a non-traditional manner. Trader Joe’s will amplify brand affinity by simply engaging the vending consumer in a positive manner with the vending machine. This further creates familiarity with products.

The vending machine introduction strategy will be handled in the same manner as Trader Joe’s executes new store launches.

Trader Joe’s will not invest in media spend, but the media inevitably will follow the vending launches and stories. Word-of-mouth is the strongest form of advertising, and Trader Joe’s will allow followers to promote the vending machines for the brand.





### **Cultivating Brand Evangelists (continued)**

Arielle Patrice Scott wrote, “Trader Joe’s has captivated the hearts of young people. Gen Yer fans have created entire Ning networks, Facebook pages and unofficial YouTube commercials all to show their TJ love. TJ’s is just that – an incredible product that people are willing to evangelize. Thus, the social media marketing is entirely in the hands of TJ fans, which is the most uncontrollable, yet rewarding place to be for a brand. Not to mention, free” (Patrice, 2010).

Currently cities beg and petition for Trader Joe’s stores to open in their areas. Bloggers write detailed reviews of Trader Joe’s products. Businesses, universities and consumers will solicit Trader Joe Outposts just as it occurs at the store level.



independent.com





### **Employees as Brand Ambassadors**

Trader Joe's must preserve its distinguished, yet quirkily fun personality with the vending machine experience. Employees are a significant element for Trader Joe's success. Trader Joe's keeps a holistic marketing approach. The company compensates their employees with above-average grocery store wages and benefits. Employee happiness shines as staff members seem to go the extra mile to give consumers advice, assistance and genuine care.

It could be difficult to incorporate employee affection in the vending machine, but FabFour Agency proposes the following options:

- By displaying small pictures of a store employee by their vending product selection of the week, Trader Joe's valuable employees are still represented. This small-personalized touch assists Trader Joe's in distancing themselves from the appearance of a big corporation.
- Trader Joe's Outpost employees (Trader Joe's employees servicing the vending arm of the local operations) will wear Hawaiian shirts when visiting the vending sites. This outfit matches the attire of Trader Joe's employees in the retail locations.
- Trader Joe's vending employees will create hand-written signage for the vending machines similar to signage created at the retail stores.





### **Offer Freebies**

Free samples add to the store's allure. Using new technology in vending, Trader Joe's Outpost will provide random complimentary vends to roughly every 30th purchase. The free item would be delivered with a message on the display screen saying, "It's on us. Have a great day." The freebie strategy will keep the consumers coming and enhance brand loyalty. It also is another novel way to distinguish Trader Joe's from competing vending machines.

### **Leverage Charitable Connections**

Trader Joe's stores are active members of local communities and will add to the "good neighbor" reputation with a vending machine donation day. Every Friday, the Trader Joe's machine will donate a portion of the machine's revenue to a local charity. The machine will list the charity's name on the screen.

### **Setting the Mood**

Neuroscience marketing research finds music and scent to be effective brand drivers. FabFour Agency proposes several options to take advantage of this trend.

Depending on location, Trader Joe's Outpost will program vending machines to play the same lively music played in stores. If the machines are in an area such as a library or business, the machine will remain quiet so not to be an annoyance.

Every Trader Joe's store has a cinnamon scent at the doorway. The vending machine will provide a slight cinnamon scent to help complete the mini-store atmosphere.





## Consumer Fun

FabFour Agency conducted in-store research at Trader Joe's in November 2011. One observation was that Trader Joe's enhances the customer experience in the store with various messages. For example, during the Thanksgiving season employees carry turkey gobble sound-makers, creating an extra element of entertainment for unsuspecting consumers.

Trader Joe's should continue this practice with its vending operations. Options include:

- The vending machines will add amusement with random holiday messages such as, "Ho, Ho, Ho" for Christmas and "Boo" for Halloween.
- Trader Joe's Outpost also will promote lesser-known holidays, such as Talk like a Pirate Day, Elephant Appreciation Day, National Good Neighbor Day and Confucius Day can add to the enjoyment with audio and screen messages.
- Holidays such as National Cherries Jubilee Day and Johnny Appleseed Day can have product likeness. Holiday promotions provide an engagement factor with consumers talking about the zany holidays and will promote holiday conversation stemming from the Trader Joe's machines.
- Trader Joe's vending machines further could drive retail store traffic with messages for store activities, such as free sample of the day and wine tasting event reminders.

Strategies involving the holidays, music and scent may seem insignificant or even corny, but Trader Joe's attitude of using small effects to add to the consumers' experience differentiates the company from other retailers.





### Launch Time

Initial vending machine launch dates will begin near January 1, when consumers are planning New Year's resolutions, usually centering on nutrition. Consumers may be more apt to try healthy vending as opposed to grabbing the traditional vending machine candy bar. Trader Joe's fun vending experience and tasty food will keep consumers returning to the machine throughout the year.



[sylvscothran-awesomcontests.buzznet.com](http://sylvscothran-awesomcontests.buzznet.com)





# Conclusion





## Conclusion

With rising interest in healthy, natural food, Trader Joe's has an opportunity to position itself as a leader in healthy vending. Although the industry requires some initial investment in terms of machinery, design and manufacturing (or packaging), Trader Joe's can recoup such expenses over time, earn a modest profit in the short-term and gradually ramp up the number of machines to gain economies of scale.

If executed with creative flair, Trader Joe's also has an opportunity to inject some personality into a typically more lackluster vending experience. Trader Joe's personality, as demonstrated through machine design, product mix, packaging, employee ambassadors and promotional messaging, will help the company appeal to vending sites, such as offices and universities looking to differentiate themselves as attractive places to work or study.

The company's diverse and broad portfolio of snacks and beverages gives Trader Joe's a lot of variety to provide exciting options for white-collar office crowds and Millennials on university campuses. By being more vertically integrated as a manufacturer or buyer, Trader Joe's can also leverage cost advantages, which other vending operators may not be able to. For instance, Trader Joe's average vend price (\$1.75) would be lower than that of healthy vending competitor, h.u.m.a.n. (\$2).

FabFour recommends keeping vending sites close to existing stores for logistical reasons, and also so vending machines can help drive traffic to nearby Trader Joe's stores. While the brand already enjoys an extremely enthusiastic customer base, Trader Joe's has an opportunity to build buzz among non-customers in high-traffic locations. In cities where Trader Joe's also faces more intense retail competition, providing an enticing rotation of new snacks and beverages in Outposts can help Trader Joe's build a market for its products and win market share from competitors, such as Whole Foods.







### **Conclusion (continued)**

As an extension of the store, Outposts provide an exciting new way to generate buzz for products in desirable locations. Workplaces can reach brand ambassadors who may encourage the uninitiated to try Trader Joe's products. Universities have students, who are developing tastes and purchasing habits, which they will carry into adulthood. In an experiential and digital age, Outposts can build upon more traditional advertising methods, such as content from The Frequent Flyer newsletter, while adding more interactivity.

By starting with three test markets in Temecula, Richmond and Chapel Hill, Trader Joe's can hit both its home turf (California) and smaller- to medium-sized test markets with sizable university populations and existing Trader Joe's stores. After gauging the success in these three test markets, Trader Joe's can expand its operations into markets with high concentrations of health-conscious, highly educated, young achievers, such as San Francisco, Washington D.C., New York City and Austin, Texas.

Vending machines will never be the cash cow that the retail store operations represent. However, as more traditional snack manufacturers, such as PepsiCo, develop lines of Better-For-You and Good-For-You products, Trader Joe's can maintain its edge in healthy snacks and beverages by staking claim to a leading role in the vending industry.





## Works Cited



- Abbott Vascular. (2011, December). About Abbott Vascular. Retrieved November 26, 2011, from <http://www.abbottvascular.com/us/about.html>
- All Brands Vending. (2011). Vending Machines. Retrieved November 26, 2011, from [http://www.healthiervending.com/Vending\\_Machines/](http://www.healthiervending.com/Vending_Machines/)
- AMS Merchandisers. (2011). AMS Healthy Vend. Retrieved November 19, 2011, from <http://www.amequipmentsales.com/amshealthy.htm>
- Aramark Refreshment Services. (2011). Vending. Retrieved November 19, 2011, from [http://www.aramarkrefreshments.com/webstore/staticpage.action?uid=Ars\\_vending](http://www.aramarkrefreshments.com/webstore/staticpage.action?uid=Ars_vending)
- Are Vending Machines the Next Big Thing? (2011, March). Gigabitting.com blog. Retrieved November 19, 2011, from <http://gigabiting.com/are-vendingmachines-the-next-big-thing/>
- The Betty Mills Company. (2011). Snacks and Breakroom. Retrieved November 29, 2011, from <http://www.bettymills.com/shop>
- Bkind Vending. (2011). Vending. Retrieved November 19, 2011, from <http://www.bkindvending.com/>
- Bridgford, L. (2009, October). Carrots vs. Twix: Employers Target Vending Cafeteria Options as Part of Wellness Programs. *Employee Benefit News*, SourceMedia, Inc. Retrieved November 1, 2011, from <http://ebn.benefitnews.com/news/carrots-vs.-twix-2682017-1.html>
- Canteen Vending. (2011). About Us. Retrieved from November 19, 2011, [www.canteen.com](http://www.canteen.com)





## Works Cited



City of Temecula. (2011, December). About Temecula. Retrieved November 29, 2011, from <http://www.cityoftemecula.org/Temecula/Visitors/AboutTemecula.htm>

Costco (2011, December). Business Delivery/Products/Beverages and Snacks. Retrieved November 29, 2011, from <http://www.costco.com/Common/Category.aspx?ec=BC-EC15872-Cat54990&pos=1&whse=BC&topnav=national&cat=59238&eCat=BC|1892|54990|59238&lang=en-US>

Crane Merchandising Systems. (2011). About Us. Retrieved November 19, 2011, from <http://craneco.com/Solution/16/Merchandising-Systems.html>

Fresh Healthy Vending. (2011). Fresh Vending. Retrieved November 19, 2011, from <http://www.freshvending.com/>

Fresh Healthy Vending Announces Record Franchises Sold, Location Contracts Procured and Franchisee Expansions in July/August. (2011, October). *Globe Newswire*. Retrieved November 19, 2011, from <http://finance.yahoo.com/news/Fresh-Healthy-Vending-pz-2618563828.html>

Gardetta, D. (2011, September). Enchanted Aisles: Why Do People Love Trader Joe's So Much? *Los Angeles Magazine*. Vol. 56, No. 9, p. 134(8). Retrieved November 19, 2011, from <http://www.lamag.com/features/story.aspx?ID=1515075>

Genworth Financial, Inc. (2011, November). About Genworth. Retrieved November 29, 2011, from [http://www.genworth.com/content/genworth/www\\_genworth\\_com/web/corporate/en/about\\_genworth.html](http://www.genworth.com/content/genworth/www_genworth_com/web/corporate/en/about_genworth.html)

The Healthy Snack Store. (2011). Browse Products. Retrieved November 29, 2011, from <http://www.healthysnackstore.com/>

Henrico County, Virginia. (2011, November). About Henrico. Retrieved November 29, 2011, from <http://www.co.henrico.va.us/about-henrico/>.





## Works Cited



Hoover's, Inc. (2011). *The Trader Joe's Company*

h.u.m.a.n. (Helping United Man and Nutrition) Healthy Vending. (2011). The Machines. Retrieved November 19, 2011, from <http://www.healthyvending.com/products>

Kowitt, B. (2010, August). Inside the Secret World of Trader Joe's. CNN.com. Retrieved November 10, 2011, from [http://money.cnn.com/2010/08/20/news/companies/inside\\_trader\\_joes\\_full\\_version.fortune/index.htm](http://money.cnn.com/2010/08/20/news/companies/inside_trader_joes_full_version.fortune/index.htm)

The Kroger Company. (2011). About Us. Retrieved November 19, 2011, from <http://www.thekrogerco.com/>

Leonard, K. (2011, November). Foodies Flock to New Trader Joe's Store in Upper St. Clair. *Pittsburg Tribune Review*

Li, S. (2011, Oct. 27). Can Trader Joe's Stay "Homey" as It Grows? Grocer Tries to Retain Neighborly Vibe as It Opens Larger Stores. *Los Angeles Times*, p B1

Llopis, G. (2011, September). Why Trader Joe's Stands Out From All the Rest in the Grocery Business. Forbes.com. Retrieved November 11, 2011, from <http://www.forbes.com/sites/glennllopis/2011/09/05/why-trader-joes-stands-out-from-all-the-rest-in-the-grocery-business/>

MapQuest, Inc. (2011, December). Online Interactive Map Search. Retrieved November 29, 2011, from <http://www.mapquest.com/>

Maras, E. (2005, May). Retail Food Manufacturers Partner with Vendors on Branded Food Machines. *Automatic Merchandiser*. Retrieved November 10, 2011, from <http://www.vendingmarketwatch.com/article/10273901/retail-food-manufacturers-partner-with-vendors-on-branded-foodmachines>

Maras, E. (2011, June/July). 2011 State of Vending Industry Report. *Automatic Merchandiser*. Retrieved October 1, 2011, from <http://www.vendingmarketwatch.com>





## Works Cited

- Maras, E. (2011, September). A New Professionalism Defines OCS. *Automatic Merchandiser*. Retrieved from <http://www.vendingmarketwatch.com>
- McTigue Pierce, L. (2010, November). The Future of Global Organic Food: Private Label? *Packaging Digest*. Retrieved November 10, 2011, from [http://www.packagingdigest.com/article/511459-The\\_future\\_of\\_global\\_organic\\_food\\_Private\\_label\\_.php](http://www.packagingdigest.com/article/511459-The_future_of_global_organic_food_Private_label_.php)
- Mintel Group Ltd. (2011, October). *Natural and Organic Food and Beverage: The Market – US*
- Mintel Group Ltd. (2011, September). *Specialty Foods – the NASFT State of the Industry Report: The Market – US*
- Mintel Group Ltd. (2011, July). *Food and Drink Vending Trends – US*
- Misonzhnik, E. (2011, November). Retail Real Estate Pros Laud Trader Joe's Upsized Aspirations
- Mont, J. (2011, November). Behold, the Vending Machine of the Future. *TheStreet.com*. Retrieved November 10, 2011, from <http://www.thestreet.com/story/11310521/1/behold-the-vending-machines-of-the-future.html>
- Mt. San Jacinto College. (2011, December). Temecula Education Complex - TEC. Retrieved November 29, 2011, from <http://www.msjc.edu/TemeculaEducationComplex/Pages/default.aspx>
- Nationwide Candy. (2011, December). Healthy Alternatives. Retrieved November 29, 2011, from <http://www.nationwidecandy.com/view-all-healthy-options-herefx1-1.htm>
- The Nielsen Co. (2011). Nielsen Pop-Facts Demographics. Retrieved December 1, 2011, from <http://www.claritas.com/SRDS>
- The Nielsen Company (2010). Demographics Concentration Report: 2010 Est. Pop. Age 25 by Educational Attainment: Master's Degree. [Map]. Retrieved November 15, 2011, from the Claritas database





## Works Cited



The Nielsen Co. (2010). Demographics Concentration Report: 2010 Est. Pop. Age 25 by Educational Attainment: Bachelor's Degree. [Map]. Retrieved November 15, 2011, from the Claritas database

Organic Vending. (2011). Our Products. Retrieved November 10, 2011, from <http://www.organicvending.net/>

Patrice Scott, A. (2010, July 25). How Trader Joe's Uses Social Media By Doing Nothing. SOS EMarketing. Retrieved October 1, 2011, from <http://www.sosemarketing.com/2010/07/25/how-trader-joe%E2%80%99s-uses-social-media-by-doing-nothing/>

PepsiCo. (2010). *Annual Report*

PRIZM, Experian Marketing Solutions, The Nielsen Co. (2010). Lifestyle Analysis Reports: Market Potential: Sports & Leisure: Exercise, 5+ Times/wk. [Map]. Retrieved November 15, 2011, from the Claritas database

PRIZM, The Nielsen Co. (2010). Target Concentration Report: PRIZM Lifestage Groups; Y2 Young Achievers. [Map]. Retrieved November 15, 2011, from the Claritas database

PRIZM, Experian Marketing Solutions, The Nielsen Co. (2010). Food & Beverages: Usually Only Snack on Healthy Foods. [Map]. Retrieved November 15, 2011, from the Claritas database

Research and Markets. (2011, September). Opportunities for Healthy Food and Drink Brands in the US Vending Channel as Healthy Vending Takes Off. Retrieved November 1, 2011, from <http://www.businesswire.com/news/home/20110907006017/en/Research-Markets-Opportunities-Healthy-Food-Drink-Brands>

The Research Triangle Park. (2011, December). RTP Companies. Retrieved November 29, 2011, from <http://www.rtp.org/about-rtp/rtp-companies>

Safeway, Inc. (2011). Investor Relations: Safeway at a Glance. Retrieved November 11, 2011, from <http://www.safeway.com/ShopStores/Investors.page#iframe>





## Works Cited



Soda Express (2011., December). Wholesale Price Page. Retrieved November 29, 2011, from <http://ordersoda.com/wholesale.html>

Sodexo USA. (2011). Vending. Retrieved November 11, 2011, from <http://www.sodexousa.com/usen/environments/universities/food/vending/vending.asp>

Town of Chapel Hill. (2011, December). About Chapel Hill. Retrieved November 29, 2011, from <http://www.ci.chapel-hill.nc.us/index.aspx?page=2>

Trader Joe's. (2011). Company web site. Retrieved October 15, 2011, from <http://www.traderjoes.com>

Triangle Healthy Vending, LLC. (2011). Healthy Vending Machines. Retrieved November 19, 2011, from <http://www.trianglehealthyvending.com/>

U Select It Corporation. (2011). Machines. Retrieved November 19, 2011, from [http://www.uselectit.com/Vending\\_Machines/Food/Alpine\\_VT5000/](http://www.uselectit.com/Vending_Machines/Food/Alpine_VT5000/)

U.S. Census Bureau. (2011, October). State and County QuickFacts. Retrieved November 29, 2011, from <http://quickfacts.census.gov/qfd/index.html>

University of North Carolina. (2011, December). About UNC. Retrieved from <http://www.unc.edu/about/index.htm>

University of Richmond. (2011, November). Fast Facts. Retrieved November 29, 2011, from <http://www.richmond.edu/facts/index.html>

Vend Natural. (2011). Retrieved November 11, 2011, from <http://www.vendnatural.com/>

Vending Channel Changes with the Times. (2011, January). *Beverage Industry*. Retrieved October 15, 2011, from <http://www.bevindustry.com/articles/83235-vending-channel-changes-with-the-times>





## Works Cited



Vending Gets Healthy(er). (2011, April). FoodManagement.com. Penton Media, Inc. Retrieved October 10, 2011, from <http://food-management.com/convenience-retailing/vending-gets-healthy-0711/>

Vital Workforce Statistics (2010). Department of Professional Employees, AFL-CIO. Retrieved November 10, 2011, from <http://dpeaflcio.org/wp-content/uploads/2010/08/Vital-Workforce-Statistics-2010-revision-21.pdf>

Weintraub, A. (2011, April). \$1 Plus Profit Per Vend? It's a Reality! *Automatic Merchandiser*. Retrieved November 10, 2011, from <http://www.vendingmarketwatch.com/article/10251582/1-plus-profit-per-vend-its-a-reality>

Weintraub, A. (2010, April). Pricing, Machine Collections and Profitability. *Automatic Merchandiser*. Retrieved November 10, 2011, from <http://www.vendingmarketwatch.com/article/10256607/pricing-machine-collections-and-profitability>

What You Need to Know about the h.u.m.a.n. (Helping Unite Man and Nutrition) Healthy Vending Machine Opportunity. (2011, August). Franchisechatter.com. Retrieved November 10, 2011, from <http://www.franchisechatter.com/2011/08/18/what-you-need-to-know-about-the-h-u-m-a-n-helping-unite-man-and-nutrition-healthy-vending-business-opportunity/>

Where in the Dickens Can You Find a Trader Joe's. Retrieved November 9, 2011, from <http://www.traderjoes.com/stores/index.asp>

Whole Foods Market IP, LP. (2011). Company. Retrieved November 11, 2011, from <http://www.wholefoodsmarket.com/>

Whole Foods. (2010). *Annual Report*

Whole Foods. (2010, Sep. 26). Form 10-K Retrieved November 15, 2011, from [http://www.wholefoodsmarket.com/company/pdfs/2010\\_10k.pdf](http://www.wholefoodsmarket.com/company/pdfs/2010_10k.pdf)







## Works Cited



The Wittern Group. (2011). Circle of Services: Vending Equipment. Retrieved November 19, 2011, from <http://www.wittern.com>

Wright, J. (2011, May). New Vending Machines Offer Fresh, Healthy Snacks. *Tulsa World*. Retrieved October 10, 2011, from [http://www.tulsaworld.com/scene/article.aspx?subjectid=425&articleid=20110501\\_4\\_D3\\_CUTLIN145018&archive=yes](http://www.tulsaworld.com/scene/article.aspx?subjectid=425&articleid=20110501_4_D3_CUTLIN145018&archive=yes)

YoNaturals Vending. (2011). Retrieved November 19, 2011, from <http://www.yonaturals.com/products/>

Zwiebach, E. (2011, Sept. 19). Analysts Discuss Consolidation, Whole Foods. *Supermarket News*, No. 38, p. 42-59





## Photo Credits



Spurlock, Morgan (Photographer). Super Size Me. Retrieved December 5, 2011, from [http://www.google.com/imgres?q=super+size+me&um=1&hl=en&sa=X&rls=com.microsoft:en-us&biw=1280&bih=838&tbs=isz:l&tbnid=rohWg\\_KckCCbtM:&imgrefurl=http://www.toutlecine.com/images/film/0003/00034716-super-size-me.html&docid=FIJ9OOhn8Z9zkM&imgurl=http://image.toutlecine.com/photos/s/u/p/super-size-me-2004-01-g.jpg&w=1200&h=777&ei=e9TbTujWBKff0QHqsdDwDQ&zoom=1&iact=hc&vpx=648&vpy=504&dur=501&hovh=181&hovw=279&tx=129&ty=104&sig=114554475725049172961&page=1&tbnh=127&tbnw=169&start=0&ndsp=28&ved=1t:429,r:18,s:0](http://www.google.com/imgres?q=super+size+me&um=1&hl=en&sa=X&rls=com.microsoft:en-us&biw=1280&bih=838&tbs=isz:l&tbnid=rohWg_KckCCbtM:&imgrefurl=http://www.toutlecine.com/images/film/0003/00034716-super-size-me.html&docid=FIJ9OOhn8Z9zkM&imgurl=http://image.toutlecine.com/photos/s/u/p/super-size-me-2004-01-g.jpg&w=1200&h=777&ei=e9TbTujWBKff0QHqsdDwDQ&zoom=1&iact=hc&vpx=648&vpy=504&dur=501&hovh=181&hovw=279&tx=129&ty=104&sig=114554475725049172961&page=1&tbnh=127&tbnw=169&start=0&ndsp=28&ved=1t:429,r:18,s:0)

[Untitled photograph of Aramark distribution truck]. Retrieved December 5, 2011, from <http://greenbigtruck.com/2011/01/aramark-uniform-services-gets-hybrid-trucks/>

[Untitled photograph of college campus]. Retrieved December 5, 2011, from <http://jonekh.wordpress.com/2011/03/page/2/>

[Untitled photograph of Evergreen distribution truck]. Retrieved December 5, 2011, from <http://www.videx.com/CyberLock/Applications/Vending.html>

[Untitled photograph of Kettle organic potato chips]. Retrieved December 5, 2011, from <http://faithfulprovisions.com/2010/09/28/printable-organic-and-natural-coupons-kettle-chips/>

[Untitled photograph of New Year's celebration]. Retrieved December 5, 2011, from <http://sylvscothran-awesomecontests.buzznet.com/user/photos/celebrity-new-years-resolution-contest/?id=63952341>

[Untitled photograph of office setting]. Retrieved December 5, 2011, from <http://hoklife.com/2009/02/05/hong-kong-office-achieves-leed-gold/>

[Untitled photograph of Trader Joe's Gluten-Free Vegetable Panang Curry). Retrieved December 5, 2011 from <http://creativecookinggf.wordpress.com/2010/04/19/trader-joes-vegetable-panang-curry-gluten-free/>





## Photo Credits



[Untitled photograph of Trader Ming's Pad Thai). Retrieved December 5, 2011, from <http://www.google.com/imgres?q=trader+mings&um=1&hl=en&rls=com.microsoft:en-us&biw=1280&bih=838&tbn=isch&tbnid=a1AHmDXf9aWtsM:&imgrefurl=http://cookingquest.wordpress.com/2008/07/14/tacos/&docid=NMyoe2ReHKjIQM&imgurl=http://cookingquest.files.wordpress.com/2008/07/pad1a.jpg&w=1050&h=796&ei=eNjbTvGQA6XW0QH72oSODg&zoom=1&iact=hc&vpx=550&vpy=189&dur=674&hovh=195&hovw=258&tx=142&ty=132&sig=114554475725049172961&page=1&tbnh=135&tbnw=174&start=0&ndsp=28&ved=1t:429,r:3,s:0>

[Untitled photograph of Trader Joe's sign]. Retrieved December 5, 2011, from [http://www.google.com/imgres?q=trader+Joes+locations&um=1&hl=en&sa=N&rls=com.microsoft:en-us&biw=1280&bih=838&tbn=isch&tbnid=AGVK4e2nm5I9sM:&imgrefurl=http://cflcfood.blogspot.com/2010\\_12\\_01\\_archive.html&docid=QDADkuzX9uVYkM&imgurl=http://3.bp.blogspot.com/\\_U16BYFnqpeM/TPvcOG4tnRI/AAAAAAAAACpU/zPCtLfmUIeU/s1600/trader%25252Bjoes.jpg&w=610&h=426&ei=OtnbTrC8MKj40gHUsHGdQ&zoom=1&iact=rc&dur=297&sig=114554475725049172961&page=4&tbnh=126&tbnw=181&start=65&ndsp=21&ved=1t:429,r:2,s:65&tx=79&ty=82](http://www.google.com/imgres?q=trader+Joes+locations&um=1&hl=en&sa=N&rls=com.microsoft:en-us&biw=1280&bih=838&tbn=isch&tbnid=AGVK4e2nm5I9sM:&imgrefurl=http://cflcfood.blogspot.com/2010_12_01_archive.html&docid=QDADkuzX9uVYkM&imgurl=http://3.bp.blogspot.com/_U16BYFnqpeM/TPvcOG4tnRI/AAAAAAAAACpU/zPCtLfmUIeU/s1600/trader%25252Bjoes.jpg&w=610&h=426&ei=OtnbTrC8MKj40gHUsHGdQ&zoom=1&iact=rc&dur=297&sig=114554475725049172961&page=4&tbnh=126&tbnw=181&start=65&ndsp=21&ved=1t:429,r:2,s:65&tx=79&ty=82)

[United photograph of Trader Joe's uncrystallized candied ginger]. Retrieved December 5, 2011, from <http://sunnyinla.com/Food/Trader-Joe-s-Products/uncrystallized-candied-ginger.html>

Wellman, Paul (Photographer). Trader Joe's Employees. Retrieved December 5, 2011, from <http://www.independent.com/news/2007/oct/18/butchers-bakers/>

Whole Foods' flagship store and global support offices in Austin, Texas. Retrieved December 5, 2011, from <http://www.wholefoodsmarket.com/company/>

