



Season 5 Episode 1

LOYALTY with Mark Gardiner

Guests include Emily Baker, Yang Zhang, Saba Qadir, Vee Insixiengmay, Izabela Bomfim, Marissa Moran, and Karla Karl

DESCRIPTION

Episode 2 of Season 5 argues that Trader Joe's built the most durable loyalty in American grocery retail by doing the opposite of what every retail loyalty playbook prescribes. Our thesis: they didn't design a loyalty program. They designed a place that generates belonging. And belonging is what loyalty programs are trying to buy but cannot. Our special guest, Mark Gardiner, author of *Build a Brand Like Trader Joe's*, joins us to share insights from the inside on how a brand this strong was built without advertising.

TRANSCRIPT

AI generated transcript: errors, missed attributions and omissions may occur as part of the technical processes

[Jeff Fisher]

Hi Cristene.

[Cristene Gonzalez-Wertz]

Hi Jeff.

[Jeff Fisher]

Every organization wants loyal customers. Some build rewards programs; others build actual relationships.

[Cristene Gonzalez-Wertz]

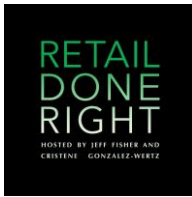
And Trader Joe's is in the latter camp for sure. They have no points, no coupons, no app, and one of the most loyal customer bases in retail.

[Jeff Fisher]

Yeah. And why is it that customers love Trader Joe's? Let us hear directly from a few of their customers, including me. When that text from Emily goes out, nobody ignores it. Emily's mom, Sandy, drives down with a big cooler. She comes back a hero. Sandy gets nothing in the form of loyalty points or upgrades to the next tier from Trader Joe's for doing this, except our gratitude and the knowledge that Randy and I are completely unreasonable about soup dumplings. Yet, here we are. This is the thing we cannot explain with a punch card. But today we're going to try. So Young, what is your biggest complaint about shopping in Lancaster?

[(Customer Clip)]

Well, there's no Trader Joe's in this area. I mean, when I lived in DC, I went there all the time because the staff were very, very friendly. Getting food from like with Asian flavor is my thing. I personally love fresh flowers and all that. And they are so affordable and they have so much to



choose from, and I can't even get started on their food. When I go down to North Carolina, it's a mile and a half from my daughter's house and I just load up and bring back every four to six weeks Trader Joe's. And I'm like, why don't they have Trader Joe's in Lancaster? We are the perfect place for it. Everything is just so good.

[Customer Clip 1]

The chocolate bars... They're great for melting, especially if you're making standard desserts for Christmas. They set very well, are very creamy, and I like dipping homemade treats into them.

[Customer Clip 2]

Whenever we go down to Philly, we'll come back with like the packs of marinated meats that we make a sheet pan meal out of, and all the fresh produce with that.

[Customer Clip 3]

My hobby is grocery shopping, so I would just walk around Trader Joe's. When I lived in Philly, I would walk the aisles of Trader Joe's and see what snack I could buy.

[Jeff Fisher]

Wow, Cristene, there is a lot of passion in that exchange. I wish I'd been in the room with you. Who talks about a grocery store that way?

[Cristene Gonzalez-Wertz]

Well, maybe our guest who wanted to understand why. So he did something most of us would never do after a successful career in advertising and retail marketing: he took a job as a Trader Joe's crew member and learned the business from the floor up. Mark Gardiner is the author of **Build a Brand Like Trader Joe's**. And today we asked: why do some organizations earn loyalty while others have to buy it?

[Cristene Gonzalez-Wertz]

Mark Gardiner, welcome to **Retail Done Right**.

[Mark Gardiner]

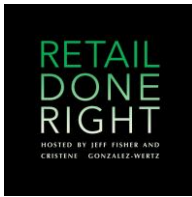
Hey, it's good to be here.

[Cristene Gonzalez-Wertz]

Mark, I know what a loyalty program costs to build and run, and I'm familiar with what the metrics look like on the back end. Trader Joe's doesn't seem to have any of that—no program, no app, no e-commerce, no delivery infrastructure, no BOPUS, no extensive customer data collection, no digital coupons. And their sales per square foot are really remarkable—reports say roughly double Whole Foods, potentially up to four times a standard grocery industry average. From a retail operations standpoint, what does that performance per square foot number tell you?

[Mark Gardiner]

Well, I think one of the key things that it tells me is, first of all, obviously whatever Trader Joe's is doing works. This much we know for sure, okay? Anyone who's ever tried to even find a parking spot at a Trader Joe's store can tell you that what they're doing works.



And I think the other thing that we can infer from this—and it's interesting, like you're very savvy about the technology and technique of contemporary retail, like those loyalty programs. I came at it from more of a pure branding perspective. My background was in the advertising world, and I thought, "Well, how do they build this incredible brand? They're so successful on the floor; how do you explain this?" They don't have a loyalty program, but what they have is actual loyalty. And I think that this is what we're going to be talking about for the rest of our chat: how did they do that? That's their secret—though as we'll get into, it was never really a secret.

[Cristene Gonzalez-Wertz]

Yeah, I have been making this argument for years in writing and on this show.

[Jeff Fisher]

Yes, she has.

[Cristene Gonzalez-Wertz]

That frequency programs and rebate programs can produce what looks like loyal behavior, but it is not the real thing. The granddaddy of loyalty, the guy who wrote **The Loyalty Effect**, Fred Reichheld, defined loyalty as the willingness to make a personal sacrifice to stay with a provider—not because of discounts, not because you've accumulated points you don't want to lose, but because you actually prefer them. When you were working on the floor at Trader Joe's...

[Mark Gardiner]

One of the things that really strikes you on the floor at Trader Joe's—and I had this experience as a customer before I ever worked at Trader Joe's, because I first was exposed to Trader Joe's when I arrived in the San Diego market in 2004—I didn't really know what Trader Joe's was. I went there every now and then; it had strengths and weaknesses as a food store, and I'm a food guy who really loves food and cooking. But what struck me about it was, "Wow, the people are so enthusiastic about this place. The customers are happy to be here, and employees actually almost seem happy to work here. The vibe is great."

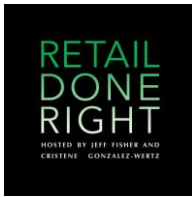
When you say, "What does that look like on the floor?", what it looks like is people want to be there. And the reason that's what it looks like is that people **do** want to be there. You create an experience that people desire. So much of shopping is a chore.

[Jeff Fisher]

Totally agree.

[Mark Gardiner]

Right. I mean, there are so many stores that when you go there, it's just, "Oh my god, what a cluttered, chaotic mess. It's huge, I don't know where I'm going to find anything, and if I try to find an employee to ask, there's no one."



[Jeff Fisher]

That's a really good point. Because at Trader Joe's, you can recognize the employees and there are plenty of them.

[Mark Gardiner]

There are loads of them. Yeah, there's twice as many, sometimes three times as many on the floor.

[Jeff Fisher]

Mark, you said people want to be here. I think that is true on two points: the employees want to be there and the customers want to be there. Those play right into the vibe that you're talking about. And the environment is a bit more friendly across the board, even from a customer-to-customer perspective.

[Mark Gardiner]

Yeah, because the customers want to be there. A lot of brands make a promise like, "If you drink this beer, you'll be a certain kind of person," or "If you drive this car, people will think you're a certain kind of person." Then there are cultural brands which work in the other direction: "What kind of person am I? Where would a person like me shop? What kind of car would a person like me drive?"

If you can become one of those brands where it's, "No, a person like me would be here," when you go to Trader Joe's, you've self-selected. You're the kind of person who would like to go to Trader Joe's, and you're inclined to think, "Well, I have something in common with this other person." Which is why when they see you buying dog food, the cashier will say, "Here, let me show you a picture of my dog."

[Cristene Gonzalez-Wertz]

I was just thinking that—that people talk to other people in the store. It's absolutely true.

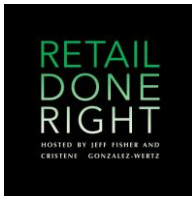
[Cristene Gonzalez-Wertz]

The research on loyalty programs has a problem that doesn't get discussed enough. The customers who join programs are often already the most loyal customers. They were going to keep coming back anyway. The program didn't create the loyalty; it just put a card in the wallet of someone who already really wanted to be there. In your view, what is Trader Joe's actually doing that generates that underlying loyalty? You mentioned curation, but even more so, you're talking about that vibe and how people want to be here. Is that the secret sauce?

[Mark Gardiner]

Essentially, yes. And how do you build this brand? You build this brand on the strength of millions and millions of face-to-face interactions every day. It is done completely on the floor. It is done face-to-face.

One of the things that Trader Joe's does that is brilliant—and one of those strokes of genius—is realizing that you have to empower the lowest-ranking, lowest-paid crew member. You need to empower those people to have these interactions, to be themselves, to be friendly, strike up



conversations, and make eye contact. You're giving the brand to that lowest-level employee and saying, "Here, care for this." Right? And that takes courage.

[Cristene Gonzalez-Wertz]

It does take courage.

[Mark Gardiner]

Right? Most of the time, most companies won't trust the lowest-level employee to make any kind of decision or to do anything to manage their time—the Chief Marketing Officer wants to maintain control of that brand. I don't even know if Trader Joe's has a Chief Marketing Officer.

[Cristene Gonzalez-Wertz]

You're really talking about respect as well.

[Mark Gardiner]

This is like the big trick: I want to make customers believe that they have a friend in this business. And the way to do that is to **actually** be their friend. This is the trick: you populate those frontline positions with people who naturally do that. And that's such a big idea. Almost every company hires for aptitude and then as an afterthought tries to train for attitude.

[Jeff Fisher]

Tell the story you told in the book—the 40 to 50 people raising their hand.

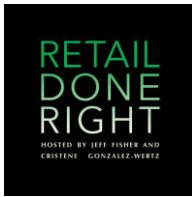
[Mark Gardiner]

Okay. So how I knew that something extraordinary was happening in Trader Joe's was because I started to work in a new store in a new market. Everyone who joined Trader Joe's with me—there were 50 new crew members, plus a handful of experienced employees brought in to train us and get the store going.

At one point, there was this classic thing where someone comes from the regional head office to give all the new employees a pep talk. We're all gathered in chairs in a semicircle, and the person from head office says, "Look, we're going to talk to you about Trader Joe's, but first we want to know something about you guys. Introduce yourself and tell us something about yourself."

I'm sitting in this group thinking, "Well, people fear public speaking more than death. I'll put my hand up right away to get this going so there isn't an awkward silence." I put my hand up, look around, and realize that out of the 50 people sitting around me, 45 people have their hand up! Everyone wanted to go first. And I looked around and realized, "Oh wow. That's it. That's what they were looking for when they hired people."

The test wasn't, "Have you ever worked in a grocery store? Do you know how to work a cash register? Do you understand the cold chain?" There was nothing in the training about that; I barely learned how to work a cash register. What they were worried about was: how are you going to interact with the customers? And of all the training we did, 75 to 80% of it was workshopping customer interactions.



[Jeff Fisher]

That's great. Not classroom, but actual workshopping.

[Cristene Gonzalez-Wertz]

To touch back for a second—Jeff and I have had this conversation a lot on this notion of what's called a lifestyle brand, that sense of "this brand feels like me." But you write about how crew members are empowered to do almost anything for a customer.

[Mark Gardiner]

That's the key. You have to empower them, and mainly you have to get people who just **are** this way. It's hard to convince somebody that you're their friend, but it's actually really easy if you **are** their friend. You don't have to convince them; you just act that way. You treat them that way.

So the way Trader Joe's achieves that is by hiring a certain kind of person who is naturally inclined to be that way, and then empowering and rewarding them for it. In a grocery store, facing aisles and stocking quickly matters, but what matters most at Trader Joe's, by far, way more than any of that stuff, is: "What is this person like with customers?"

[Cristene Gonzalez-Wertz]

What does that frontline autonomy actually cost a company, and why don't more retailers do it? Jeff, you've got a lot of sample points from your time at Sunglass Hut empowering the frontline to create that customer dialogue. And Mark, from the Trader Joe's side—why don't more retailers do it?

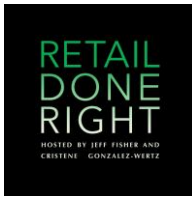
[Jeff Fisher]

There are probably two brands I've worked for that had such a distinct culture that permeated the organization, and one of them was Sunglass Hut. I remember sitting in an executive meeting, and a long-time brand representative gave an entire presentation about how smiling—the simple power of smiling—is critical. If you can't smile, you can't be here. The energy and culture permeated the field, and employees were empowered and celebrated. Eyewear is personal, and at the store level, trust and respect are essential—you don't want someone on commission just telling you frames look great when they don't. It's about customer dialogue and tailoring your organization to support the customer. Why don't retailers do it more? I don't know the answer, other than it seems so obvious so often.

[Mark Gardiner]

It is obvious, but the reason more retailers don't do it is that it involves placing trust in those frontline employees. Years ago, when McDonald's was first introducing breakfast, I went in with a friend and ordered a coffee. The cashier asked, "Do you want milk for your coffee?" My friend did not order coffee, so he was asked, "Do you want a hash brown?"

I stopped and asked the cashier, "Why didn't you ask me if I wanted a hash brown?" And the answer was, "Everybody gets one question. Since you ordered coffee, I needed to ask whether you needed milk." I had this epiphany: this was so mechanical, scripted, a simulacrum of caring. That person was not trusted or empowered. And that is exactly what Trader Joe's does **not** do. It is not fake. It is real, and that's why it's believable.



[Cristene Gonzalez-Wertz]

Trader Joe's does pay crew members above the grocery industry average. But again, why is this so hard for other retailers to copy?

[Mark Gardiner]

It's super simple, but it's also hard. It takes courage to empower employees to be that way, and it takes discipline once you've built it to maintain it. There's a difference between simple and easy. If you want to get strong, it's simple: you go to the gym and pick up barbells. But it isn't easy, because the weight gets heavy and there are days you don't want to do it. It's super simple, but people don't do it because they don't have the courage to empower those employees, and they don't have the discipline to stick with it.

[Cristene Gonzalez-Wertz]

I'm going to try and reframe that: service, and by extension retention, is embedded in the operating model and its culture as the operating system. It's not an initiative—it's baked in.

[Mark Gardiner]

Exactly. They pay employees a little bit more, and working at Trader Joe's is fast-paced and tiring. But I never entered my store at the beginning of a shift thinking, "Oh s***, I have to go to work." It was always fun, because in the hiring process and by paying a little more, they find the kind of people that make it fun to enter the room.

[Cristene Gonzalez-Wertz]

Energy begets energy.

[Mark Gardiner]

And the customers feel it.

[Jeff Fisher]

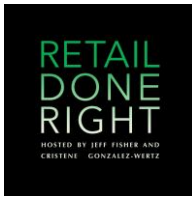
There's something really linguistically interesting about what you said. It's not "the store I worked at"—it was "my store." And that's vital.

80% of what Trader Joe's sells is private label. Most retailers felt you had to have big national brands splashed across products because nobody would trust a store brand. Trader Joe's inverted that model. How did they earn the right for customers to trust their brand so completely?

[Mark Gardiner]

By making people actually like you—which comes from actually liking them. There's a psychological halo effect: if you like someone and trust them, you're inclined to like what they offer. That gives Trader Joe's the power to carry their own brand rather than Heinz ketchup.

The flip side is that they take the pressure off you as a shopper by eliminating the "tyranny of choice." Having 50 modes on a camera sounds great in theory, but in practice, people prefer simplicity. It's tiring to make choices in a grocery store, and Trader Joe's curates for you so you don't have to.



[Cristene Gonzalez-Wertz]

They've curated for you.

[Jeff Fisher]

Assortment is part of the relationship. Speaking of modern retail metrics: AI is reshaping staffing, self-checkout is standard, and retailers optimize for speed and margin. Trader Joe's crew autonomy looks inefficient by modern retail metrics. What happens to this model under the pressure of AI? Is there any version of the Trader Joe's approach that survives the next decade of retail automation?

[Mark Gardiner]

If I had to pick a grocery chain that will survive, it would be Trader Joe's. Their customers have self-selected—they **want** to have that dialogue. If Trader Joe's introduced facial recognition and grab-and-go AI checkout, customers would say, "I don't want that; it's not fun anymore." Calling a company and talking to an automated bot named "Nancy" starts with a lie. Trader Joe's has created a machine that is a fantastic defense against the rise of AI and digital shopping.

[Cristene Gonzalez-Wertz]

We really appreciate you sharing your experience with us. What do you buy every time you go?

[Mark Gardiner]

Triple ginger snaps, Belgian endive, fresh figs, chocolate, yogurt, and cut cheeses!

[Jeff Fisher]

Mark, really appreciate it. Thank you so much for joining the conversation.

[Mark Gardiner]

Cheers! It's my pleasure.

[Jeff Fisher]

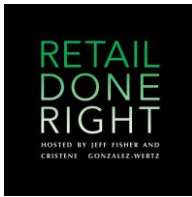
Cristene, I came into this conversation wanting to hold the metrics line—\$2,000 a square foot turnover, one-tenth the industry turnover rate, over \$20 billion in revenue, never a losing year. Those numbers don't happen without repeat, loyal customers. The secret sauce is the crew member who opens a package so you can taste it before you buy it. That's not inefficiency; that is the model: trust, empowerment, respect, and courage. And Trader Joe's is proving it can happen at scale.

[Cristene Gonzalez-Wertz]

Here's what I keep coming back to: loyalty programs spend billions of dollars industrywide to maintain behavior retailers already have. Trader Joe's looked at that equation and said, "What if we just skip the card and earn the relationship?" The metrics lens and the relationship lens point to the same answer: you don't get the numbers without earning the feeling first. Proof is in how customers talk when no retailer is in the room.

[Jeff Fisher]

Great organizations create customer experiences by earning trust in the details—one person, one interaction, one open package at a time. This is **Retail Done Right**. Subscribe on Apple Podcasts, Spotify, or your favorite platform, and visit retaildoneright.net.



[Cristene Gonzalez-Wertz]

Connect with Jeff and me on LinkedIn and follow Retail Done Right on Instagram. Warm thanks to our editor Michael Cooke and composer Jade Siriswad. Jeff, let's go shopping!

[Jeff Fisher]

I'm there!

RESEARCH & REFERENCE

- **Mark Gardiner, *Build a Brand Like Trader Joe's***
amazon.com/Build-Brand-Like-Trader-Joes/dp/0979167337
- **Lancaster wants a Trader Joe's, the local reporting.** LancasterOnline's Watchdog column, quoting Amy Keeney of Lititz, who runs the Bring Trader Joe's to Lancaster, Pennsylvania Facebook group with 4,900 followers, and who says she's personally filled out at least 1,000 store request forms
- lancasteronline.com/business/local_business/new-year-brings-renewed-hope-for-trader-joes-in-lancaster-county-lancaster-watchdog/article_f926e318-ab48-11ee-8cd0-87a379cf9038.html
- **The Unscripted column driving for it.** More than 130 commenters on Lancaster's Reddit forum broke out in a familiar frenzy over why the county doesn't have one, and the writer drove nearly two hours round trip to Camp Hill.
lancasteronline.com/features/entertainment/trader-joe-s-fans-in-lancaster-travel-far-for-their-groceries-is-it-worth-it/article_01e79a3d-d9ba-444e-88da-15e8551ff097.html
[lancasteronline](https://lancasteronline.com)
- **The petition.** Created May 8, 2023 on Change.org
change.org/p/bring-trader-joes-to-lancaster-pa
- **Inside Trader Joe's,** their own podcast
podcasts.apple.com/us/podcast/inside-trader-joes/id1375630453
- **The union story.** Hadley, Massachusetts became the first store to unionize, forming Trader Joe's United, an independent union unaffiliated with any national. Minneapolis, Louisville and Oakland followed. Grocery Dive has the follow-up: more than two years after the Hadley vote, no contract.
grocerydive.com/news/trader-joes-hadley-massachusetts-union-grocery-retail/730674/Wikipedia
- **The Aldi Nord ownership.** The brothers split the business in the early 1960s over whether to stock cigarettes, divided Germany between them, and Aldi Nord bought Trader Joe's from Joe Coulombe in 1979.
en.wikipedia.org/wiki/Aldi
- **Leenheer et al., 2007,** the loyalty program paper. The effect is seven times smaller than a naive model that ignores self-selection suggests.
doi.org/10.1016/j.ijresmar.2006.10.005 . This goes with **The Loyalty Effect**, Frederick Reichheld with Thomas Teal, Harvard Business School Press, 1996, revised 2001. While his later work is around NPS, we are focused on this book and not the other pieces.



- [amazon.com/Loyalty-Effect-Hidden-Profits-Lasting/dp/0875844480](https://www.amazon.com/Loyalty-Effect-Hidden-Profits-Lasting/dp/0875844480)
 - Two notes. The Facebook group is Amy Keeney's, named in the LancasterOnline piece, so you can link her group or just cite the article. (Inca't get to it) And the union link we can keep or not, even though it complicates the story.
 - <https://www.colliers.com/en/research/nrep-usret-us-retailer-foot-traffic-june-2026>
 - [Acquired Podcast, "Trader Joe's"](#)
-

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