

## **MGT 3375.003 Final Project**

### **International Expansion Business Proposal:**

#### **Trader Joe's in Canada**

##### **Team 5**

**Marlee Yerkes** - Overview, Entry Mode, Conclusion, and Appendices.

**Sophie Temple** - Target Country & Selection, and Marketing Strategies.

**Amber Howell** - Company Analysis, and International Staffing.



(World Atlas, 2021)

The image shows the Trader Joe's logo, which features the words "TRADER JOE'S" in a bold, red, serif font, followed by a registered trademark symbol (®).

(Shelby Report, 2020)

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## **Overview**

Trader Joe's is a privately owned company consisting of a nationwide chain of neighborhood grocery stores that are centered upon value (Trader Joe's, 2021). Trader Joe's main motto is "Best quality products at everyday prices" (Trader Joe's, 2021). Trader Joe's has over 530 locations nationwide, but still has not entered the international/global arena (PRIVCO Database, 2021). Trader Joe's has a great opportunity with market penetration, development, and diversification in Canada due to its similar environment to the United States, and excellent business environment (Coface, 2021). This text will provide a brief summary of Trader Joe's and Canada, supply a Company Analysis of Trader Joe's, explain the Target Market Analysis and Selection of Trader Joe's in Canada as well as considering Mexico, discuss Entry Modes for Trader Joe's in Canada, provide Marketing Strategies for Trader Joe's in Canada, explain International Staffing for Trader Joe's in Canada, and supply a conclusion with numerous appendices of statistics to support the claims made.

### **Brief Summary of Trader Joe's**

Trader Joe's was founded by Joe Coulombe who's first location, which opened in 1967 in Pasadena, California, is still open today (Trader Joe's, 2021). Coulombe developed the idea of Trader Joe's while on vacation in the Caribbean, which would be modeled after a famous Beverly Hills tiki themed restaurant, Trader Vic's (Wikipedia, 2021). Trader Vic's was extremely pricey. Coulombe would differentiate himself from Trader Vic's by changing his business model to maximize value for customers, using the motto "Best quality products at everyday prices" (Trader Joe's, 2021). Coulombe would adopt an array of innovative practices that would differentiate Trader Joe's from others. These practices included: theming stores based on location

and target market, adapting products for each location, localizing these products to the target market, requiring no supplier fees for placing an item on the shelf, buying direct from suppliers, rigorous tasting panel processes, store buyers traveling the world for the best products to meet the target market needs for a specific store location, no sales/coupons or loyalty programs, customer's ability to "vote" with their money for what they want to see on the shelf, hard bargaining power with suppliers, informative signage, abundance of value at reasonable prices, and warm sense of community (Trader Joe's, 2021). These innovative practices would propel Trader Joe's forward and establish a sense of uniqueness that other competitors could not mimic.

### **Brief Summary of Canada**

Canada is known for being the most similar to the United States compared to other countries, and it possesses an excellent business environment. It is also known for its immediate proximity to the large U.S market, abundant and diversified energy/mineral resources, and strong well-capitalised and well-supervised banking sector (Coface, 2021). Canada has a population of 37.5 million, and a GDP per capita \$46,272 USDA (Coface, 2021). Canada also has extremely exquisite Country Risk Assessment Scores (A2) and Business Climate Scores (A1) (Coface, 2021). Ease of doing business in Canada is known to be a very smooth process. It's Doing Business Rank is 23 and It's Doing Business Score is 79.6 (Word Bank, 2021). Canada's rankings for starting a business, dealing with construction permits, getting electricity, registering property, getting credit cards, protecting minority investors, paying taxes, trading across borders, and enforcing contracts are all fairly good and above average (Word Bank, 2021). All of these statistics would imply that establishing a store in Canada would be significantly easier compared to other countries, thus Canada would be a great opportunity for Trader Joe's to expand globally.

## **Main Focus**

The abundance of Trader Joe's innovative practices and Canada's extremely exquisite rankings and scores, raises the question if Trader Joe's should expand to Canada. There is obvious room for growth and opportunity. This paper will further examine global expansion for Trader Joe's into Canada. It will highlight the pros and cons and end with the analysis of the overall recommendation followed by numerous appendices of statistics to support the claims made. The following text will focus on the Company Analysis of Trader Joe's, the Target Market Analysis and Selection of Trader Joe's in Canada as well as considering Mexico, the Entry Modes for Trader Joe's in Canada, the Marketing Strategies for Trader Joe's in Canada, and the International Staffing for Trader Joe's in Canada.

### **Company Analysis**

Trader Joe's is a unique grocery store that first "opened in 1967" (Ciment, 2019) in "Pasadena, California after Joe Coulombe" (Wikipedia, 2021), and "as of 2021 Trader Joe's has over 530 stores nationwide" (PRIVCO Database, 2021). Not only was this grocery chain started in California, but California also "has the largest number of stores with 183 open in the state" (Wikipedia, 2021). This grocery store chain "is well known for low prices on unique food items" (Taylor, 2020). At Trader Joe's, the customer is offered a unique shopping experience. Most grocery stores do not have a theme to them. However, Trader Joe's has a tiki-nautical theme to their store. Trader Joe's tends to alter their theme to the location that they are targeting. For example, a surf theme for a store that is located near the beach. Joe Coulombe is to be thanked for bringing this theme to life. It was Coulombe who "developed the idea of the Trader Joe's South Seas motif while on vacation in the Caribbean" (Wikipedia, 2021). The theme is one of the

major contributions to the customer's unique shopping experience. While customers are shopping in this nautical themed store, they also get to experience uniqueness when it comes to foods and prices. In fact, "8 out of 10 items at Trader Joe's are store brands" (Taylor, 2020). Having most of the products available in store brands enables Trader Joe's to offer cheaper prices for most of their products compared to the prices that other grocery stores have to offer. Trader Joe's mission is to maximize value by selling unique food items to their customers for the best price that they can offer. However, that is not all that makes the store unique. Joe Coulombe has adopted many practices that make Trader Joe's stand out from any normal grocery store. For instance, each store's theme is dependent on the store's location and target market, the products are adapted to each location, the products are localized to the target market, there are no supplier fees for placing items on the shelves, products are bought from direct suppliers, there is a rigorous tasting panel process, buyers travel the world to find the best products for the target market, there are no sales/coupons or loyalty programs, customers are able to "vote" for what they want in the store based off of their purchases, hard bargaining power with suppliers, informative signage, an abundance of value at reasonable prices, and a warm sense of community (Trader Joe's, 2021). All of these practices play a significant role in maximizing value for customers, which creates a unique experience at any Trader Joe's location, and thus, a significant competitive advantage.

## **Competitors**

Trader Joe's is located solely in the United States at the moment, and does have its fair share of competitors here in its own country. It is without a doubt that expanding into another country will bring more competitors onto Trader Joe's plate. If Trader Joe's expands into Canada, one main competitor they would encounter is "Loblaw Companies Limited, Sobeys Inc., and

Metro Inc. Independent” (Blazquez, 2021). Loblaw Companies Limited has a mission to “make good food affordable, and health, beauty and wellness accessible” (Loblaw). At Sobeys Inc., their mission is to be “a family nurturing families” (Sobeys). This company has a passion for ensuring that they provide for and take care of not only their employees, but Canadian citizens as well. At Metro Inc. Independent, their mission is to “nourish the health and well-being of our communities” (Metro). Another main competitor would be the popular grocery chain known as Wholefoods, which has locations in the Vancouver, Victoria, Toronto or Ottawa areas (Wholefoods, 2021). The mission statement for Wholefoods, although not Canadian based, is quite similar, but a bit more complex. The mission that Wholefoods has is “Our purpose is to nourish people and the planet. We’re a purpose-driven company that aims to set the standard of excellence for food retailers. Quality is a state of mind at Whole Foods Market.” (Wholefood, 2021). With the mission that Wholefoods has, they may be considered the biggest competitor for Trader Joe’s. However, like the other competitors, their brand does not offer the experience or products that a customer will receive when they shop at Trader Joe’s. All of these competitors, including Trader Joe’s, are very focused on the well-being of their customers, and the quality of their products so that they can provide their customers with the best possible price.

### **Strengths, Weaknesses, and Threats**

The strength that Trader Joe’s has over these Canadian grocery chains, is that it offers a unique experience. Unlike the Canadian stores, Trader Joe’s offers up a unique experience with the theme of their store. Not only is the walk through the store unique, but Trader Joe’s offers unique food options with unique packaging that Canadian customers do not get to see at their current grocery stores. Canadian grocery stores offer the basic things that everyone expects to see at a grocery store. Trader Joe’s will give Canadians the opportunity to try new foods and food



combinations that they may have never even thought of before. Uniqueness is not Trader Joe's only strength. This grocery store is known to be a huge success. To name a few accomplishments, "in 2014, *Consumer Reports* again ranked Trader Joe's a top scoring supermarket chain", but that is not all (Wikipedia, 2021). Two years later, in the year "2016, *Fortune* magazine estimated the sales to be \$1,750 in merchandise per square foot"(Wikipedia, 2021). A weakness that Trader Joe's has is that since most Canadians have not had the chance to undertake the shopping experience they offer, the company will not know whether or not it is something customers choose to like and accept until they get feedback from the Canadian customers themselves. This leads to a threat that Trader Joe's will face, which is that the Canadians have their popular grocery stores that they are comfortable shopping at. They may not be willing to switch things up, or try something new. If that is the case, then Trader Joe's will fail at becoming a success in the Canadian market. To avoid failure, Trader Joe's would need to emphasise their unique business practices to further establish their competitive advantage in Canada.

## **Opportunity**

Given the fact that Trader Joe's has a very positive ambience and a "warm sense of community" (Trader Joe's, 2021), Canadians may be drawn into the grocery store. Trader Joe's aims to have friendly and helpful staff, aims to make things more exciting by having a theme to their store, and aims to offer unique products to their customers. The environment that Trader Joe's provides for its customers opens up a variety of business opportunities in Canada. In addition, it is also a fact that Trader Joe's already plays a significant role in differentiating its products from others and to the needs of target markets. This will give Trader Joe's a significant competitive advantage when expanding into Canada. Trader Joe's has its "buyers travel the

world in search for exceptional products that will fit the target market needs for a specific store location” (Trader Joe’s, 2021). Once the products are carefully selected, they are put through a rigorous tasting panel process to ensure every aspect of quality is investigated in context of the price they offer (Trader Joe’s, 2021). Once the products pass the tasting panel, they are put on the stores’ shelves to see if they are valued by the customers. At Trader Joe’s, “if an item doesn’t pull its weight in our stores, it goes away” (Trader Joe’s, 2021). By using this process, Trader Joe’s is “making room for another innovative product” (Trader Joe’s, 2021). This company has the power to enter the market and change the way Canadians grocery shop for the better. Trader Joe’s provides customers with a unique shopping experience that differs from any other store Canadian’s have known. It’s innovative business practices will set itself apart from other competitors in Canada, which in turn would create a competitive advantage. This competitive advantage would propel success in appealing to Canadian consumers. With this conclusion, Trader Joe’s has an opportunity for great success in Canada; especially since, after all, “the first store in Pasadena is still in operation” (Wikipedia, 2021) until this day.

### **Target Country Analysis and Selection**

As Trader Joe’s expands into new global markets the two candidate countries considered in this text are Mexico and Canada. It is important to carefully analyze each potential market. Identifying the pros and cons to gain an understanding of which country would be the best fit for Trader Joe’s. Before looking deeper into the specifics of each market, the reason Canada and Mexico are the selected candidate countries is due to their proximity to the United States. Proximity is the main factor considered when determining which country is suitable for Trader Joe’s expansion. The following text will explore more factors considered for both Mexico and Canada.

## Considering Mexico

When analyzing the market in Mexico, a main factor considered is their lower labor costs. When compared to the United States, the labor costs are much less in Mexico. There are many perks to entering Mexico's market as it is a new emerging market. This means by entering now, Trader Joe's would get an early advantage, giving government support, limited competition, and greater goods/services. In addition to the benefits listed, there is also the potential for increased capital which can be a strategy for increased income and growth for Trader Joe's.

When assessing the pros and cons of expanding into Mexico, tools such as the CAGE framework can be used to identify what to expect. The leading cultural differences to consider are language barriers, social norms, weak infrastructure, and corrupt governments. The work days are longer in Mexico, and there is not as much professionalism when it comes to work communication. In addition time is not as definite as it is in the United States (Interexchange, 2018). Mexico being close in proximity to the United States is another factor to take into consideration. Since Mexico is close to the home country of Trader Joe's, transporting will be made much easier. Also there are no drastic time differences that could harm business communication back and forth with the United States (NAPS, 2019).

Mexico does have its drawbacks. It is important to consider the high crime that could seriously impact the company as well as being careful about partners chosen to do business with. There would be significant safety measures needed to protect the company and the company's reputation. It is vital to maintain good relations with the government and be wise when choosing who to work with. In addition to the high crime rate, obtaining permits can be difficult. There are often delays when doing business in Mexico (Ivannovation, 2020). The demand for new chain food retailers in Mexico is weak. Most people in Mexico purchase their groceries from the local

markets which creates significant competition for Trader Joe's. There are chain grocery stores that do have limited competition such as Walmart. However, it is a very different environment than Trader Joe's would be used to. Some of these larger retailers dominate the market leaving little room for smaller grocery chains (Mexicanist, 2021).

### **Considering Canada**

When analyzing Canada, a main factor considered was its shifting trends in demand. The consumer demand in Canada is shifting towards more sustainable, organic, and healthier preferences. Consumers in Canada are more willing to pay greater prices for greater quality. "The trend for locally produced products is particularly high among 18–24-year-olds, with 74% citing this as important, followed by 70% for organic and 49% for sustainable packaging (PWC, 2018)." When analyzing the business environment in Canada, there are many similarities which play a significant role in businesses expanding into Canada. Canada has a reputable business environment that creates stability for new and expanding companies. In addition to their excellence when it comes to business, there is no language barriers and the U.S. shares similar customs when it comes to work culture and societal norms. In Canada, there is a low corporate tax rate which is enticing for global business. The tax rate decreased from 18% to 15% making it one of the most competitive corporate tax rates globally. Canada has broad trading pacts which is helpful to expand business networks. These pacts include the North American Free Trade Agreement (NAFTA), European Union's Comprehensive Economic and Trade Agreement (CETA), and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). There are some risks to consider with expansion into Canada. One being, the different business and licensing requirements. For example, there is extended training and exams mandatory to obtain business licenses. In Canada this process can be tedious in comparison to the United

States. However, Canada is considered a good place to expand your business and the risks are relatively low (Wolters, 2018).

### **The Best Option - Canada**

Analysis of both countries has concluded that Canada is the best option for Trader Joe's to expand globally. The pros outweigh the cons tremendously when considering entering into the Canadian market. In Canada, there are similar social and work cultures compared to the United States. Canada is a safe country with exquisite business, corruption, and government ratings. There is also an increasing demand for organic grocery retailers, and thus room for Trader Joe's target market. Canadian consumers are willing to pay a greater price for higher quality and fits the ideal target consumer type. With low corporate taxes, an abundance of target consumers, low risks, an overall excellent business environment and closeness to the United States, Canada is a wise choice for the first international Trader Joe's. Analysis has shown that there is a great opportunity for success with Trader Joe's in Canada.

### **Entry Mode**

Canada is the world's second-largest country by land area and has the 10th-largest economy (The Heritage Foundation, 2021). Canada's market-oriented economic system closely resembles that of the U.S. Leading sectors, which makes it easier to work with than other countries (United States Trade Representative, 2021). Canada was the United States' largest goods export market in 2019 and Canada was the United States' 3rd largest supplier of goods imports in 2019 (United States Trade Representative, 2021). The business freedom in Canada has remained consistently at a high level without change. However, the recovery rate related to insolvency procedures has declined and is considered low (The Heritage Foundation, 2021). This

could imply that conflicts regarding the payment of debts in businesses in Canada are not easily resolved, which could point to a resistance in partnerships and/or lending. Although there are drawbacks in the insolvency sector, overall business operations are considered beyond excellent in Canada. When analyzing these aspects, the three most popular entry modes into Canada include mergers and acquisitions, joint ventures, and wholly owned subsidiaries (Bruning., et al, 1997). Each process of entry possesses its own set of opportunities and weaknesses which will be discussed in the following section.

### **Overview of Entry Mode Options In Canada**

Mergers and Acquisitions are transactions in which the ownership of companies or their operating units are transferred or consolidated with other entities (Wikipedia, 2021). If a firm wishes to deepen its expertise in a specialty and to do so quickly, then merging or acquiring a firm that possesses such expertise is a viable step (Bartleby, 2021). A merger or acquisition might also be appropriate if a firm wishes to expand its practice area capabilities or to expand its geographical presence or achieve economies of scale (Bartleby, 2021). Other reasons for mergers and acquisitions include revenue synergy, acquisition of market power, diversification and a bargain presenting itself (Bartleby, 2021). Disadvantages of mergers and acquisitions include conflicting culture between the two firms, diseconomies of scale, employee distress, financial burden, higher prices, lost jobs, and sunk costs (Boyce, 2021).

Forming a joint venture is also a viable foreign market entry strategy. Options include buying into a company or creating a new, shared company in a joint partnership with a person in the international community of your choice (Hermes, 2021). In a joint venture, both parties share legal ownership and contribute resources. Because you can sell your interest back to your partner, a joint venture offers the flexibility to manage risks like changes in the local market or in

the relationship between partners (Hermes, 2021). The disadvantages of the joint venture model are that they can be difficult to oversee, and because both partners have an ownership stake, disagreements can happen at any time (Hermes, 2021).

A Wholly Owned Subsidiary refers to a subsidiary whose stock is owned entirely by one stockholder. There are many reasons for a parent company to form a subsidiary that it will wholly own, including to hold specific assets or liabilities (Reuters, 2021). A subsidiary conducts business just as your main domestic company does, and is responsible to your domestic company. It operates as a separate entity from the domestic company (Hermes, 2021). Disadvantages of a wholly owned subsidiary include the high risk and expenses (Grimsley, 2016).

Once a company has decided on an entry mode, they are instructed to contact U.S. Commercial Service offices in Canada and the U.S Department of Commerce export assistance Center nearest to you, more than 100 offices nationwide (International Trade Administration, 2021). Here they will be provided with effective steps to explore the market. In the end, there is a variety of options to choose when considering an entry mode in Canada. Finding and learning about local trends will help better set a company for success regarding their entry mode strategies, so companies can choose the best entry mode option for their specific set of circumstances and reach their fullest potential.

### **The Best Option - Wholly Owned Subsidiary**

Because of Canada's low solvency rates and franchising being out of the picture due to Trader Joe's privately owned status, a wholly owned subsidiary would be the best option for Trader Joe's to pursue in Canada (Chang, 2021). Some of the main reasons behind this are the benefits of vertical integration of supply chains, diversification, risk management, and favorable

tax treatment abroad (Grimsley, 2016). Also, Trader Joe's would be able to maintain 100% ownership which means 100% of control in the company. Although the disadvantages include higher risks, higher expenses, the benefits outweigh the drawbacks with Canada's excellent business environment and Trader Joe's innovative business practices (Grimsley, 2016). In addition, Canada's similar economy to the U.S. would mean Trader Joe's would be able to merge and collaborate in/with Canada smoothly (Coface, 2021). A wholly owned subsidiary would also eliminate the issue of a partner not paying their debts. Trader Joe's would be solely responsible and would not have to rely on or be held back by a partner. Although this includes more risks, it also includes more rewards. In the end, a wholly owned subsidiary in Canada would be the best option for Trader Joe's to pursue when considering their specific circumstances.

### **Amazon Canada**

Amazon is currently the #1 Canada Ecommerce sites with about 160.45 million monthly visitors (Ecommerce Guide, 2021). Partnering with Amazon to sell Trader Joe's products online in Canada might be beneficial to Trader Joe's when first spreading word-of-mouth. Trader Joe's will need to stand out from competing grocery chains and maintain a competitive advantage. One possible way to accomplish this is by using the most popular ecommerce site in Canada, Amazon, to help promote Trader Joe's and their products. Trader Joe's could gain a significant competitive advantage by partnering with Amazon in Canada. Although, this may be difficult considering that Amazon is already "partnered" and owned by Wholefoods, and sells Wholefoods products on Amazon. Whole Foods is located in Vancouver, Victoria, Toronto or Ottawa areas (Cheng, 2011). This could create a barrier that Trader Joe's can not overcome, but it is definitely worth trying to negotiate. Proper negotiation could result in a successful competitive advantage for both Trader Joe's and Amazon Canada.



## **Marketing Strategies**

Analysis of the marketing strategies have found that, unlike many other companies, Trader Joe's utilizes its low-key marketing strategies to reach its target audience. Trader Joe's is known for their quaint and local grocery store feel. They rely mostly on word-of-mouth marketing which will have the same effect on the Canadian markets as it did in the United States (UKEssays, 2018). Trader Joe's is committed to providing high quality and superior value products at reasonable prices in addition to excellent customer service. In the United States, the target consumer wants eco-friendly, organic, and trustworthy products. The Canadian target market is similar to that in America, making them the ideal new consumers. Since Trader Joe's wants to give off the feel of a local neighborhood grocery store, they target high density locations. The typical shopper is between the ages of 25 and 44 with a college education and annual income greater than \$80,000 (Reuter, 2021). In Canada, Whole Foods is one of the organic markets people are drawn to. Whole foods and Trader Joes are within a similar segment, both offer high quality and eco-friendly products. However, Trader Joes provides the low prices that Whole Foods does not.

## **Social Media**

Although Trader Joe's relies a lot on word-of-mouth marketing, social media is also a tool they use to create awareness and is useful for reaching their target country. Trader Joe's is very active on Instagram as well as Youtube. They utilize social media as a tool to reach their target market which will be helpful when expanding into Canada. On Instagram they typically post delicious foods with recipes using Trader Joe's ingredients or clips from their Youtube and

podcast (Armel,2019). Using social media to reach your target audience is relatively simple and allows your marketing message to get to your consumers effectively.

### **Other Factors Involved**

In regard to pricing in Canada, Canadians are relatively price conscious; however, they are typically willing to pay more for greater quality. Fortunately, Trader Joe's provides high value products at fair prices. Something to keep in mind when entering into the Canadian market is that it is a fairly small market in comparison to the United States. Retailers in Canada pay 10% to 50% more than retailers in the United States for the same products (Macdonald, 2018). However, when it comes to regulatory restrictions and trade tariffs this will not drastically affect the final price of Trader Joe's moving into Canada. "Canada maintains a liberal trade regime. There are no foreign exchange restrictions, and import licenses are only required for a limited number of goods. Imports are generally subject to import duties (HKTDC, 2020)."

Canada is an excellent market to enter without having to break the bank. In Canada, there is room for penetrating Trader Joe's ideal consumer market. In addition, Trader Joe's will not have to significantly change their marketing strategies due to the similarities in both Canada and U.S. markets. By utilizing similar market strategies, such as social media and word-of-mouth, Trader Joe's will experience similar success in Canada as it did in the United States.

### **International Staffing**

Trader Joe's possesses the value that it does partially because of the amazing staff that they have throughout each one of their stores. Staffing will play a significant role in the success of Trader Joe's at its new location in Canada. In order to properly staff the new Trader Joe's location in Canada, it would be best to implement both ethnocentric staffing and polycentric

staffing. Ethnocentric staffing is “hiring people from the parent country to fill positions all over the world” (Workable, 2020). This type of staffing would be best, but not the only option, for higher level positions such as management positions. Although it is beneficial to have an experienced Trader Joe’s employee working in the manager positions, it is also important that Canadians have the chance to step into management positions as well. Having guidance from the parent country is helpful in leading the new Trader Joe’s in the right directions since they know how things work within the store. However, including people from the host country in management would also be optimal since they are more familiar with the way things work within the country. This goes hand and hand with polycentric staffing, which is “hiring locals to fill the positions in a host country” (Workable, 2020). Having a strong amount of guidance from management employees that are from the parent country allows for more room for host country employees to fill lower level positions such as sale associates, cashiers, customer service representatives, stockers, etc.

## **Recruitment Methods**

When it comes to hiring employees, it is important for there to be people available for hire in the host country. As of recently, statistics show that the “unemployed population shrank by 56,000 (-4.0% to 1,365,600)” (Trading Economics, 2021). This entails that there are a significant number of people available to join the Trader Joe’s staff. In this situation, since a crucial portion of the staff will be from the host country, the best recruitment would be “local job boards and locally-based recruiters in the host country” (Workable, 2020). Using job boards especially would be cost efficient for the company since it requires the least amount of work. Another highly effective and cost efficient recruiting method is by referrals. By taking referrals from other employees, the search becomes minimal as well as the money required to find that

individual. Plus, when hiring a referral, it is likely that they will feel more comfortable joining the team, therefore creating a tighter knit bond between team members.

## **Training**

Once a team of employees is put together, it is crucial that they get the training that they need so that the store can run smoothly and successfully. To begin with, Trader Joe's "looks for "outwardly nice" individuals to begin with, so they aren't training employees how to provide good service from scratch" (Rindskopf, 2020). Aside from providing good service, each employee has a role to play at their designated Trader Joe's. Learning how to carry their roles out properly comes with proper training. At Trader Joe's employees get "at least a day's worth of training from introductory videos and one-on-one sessions with managers" (Rindskopf, 2020). Given the fact that this new Trader Joe's location will be in a new country, it is likely that the employees may need a day or two of extra training in order to learn how to carry out their tasks in "the Trader Joe's way", since there will be a limited amount of staff that have already had experience at other Trader Joe's locations. The best way to train would be for parent country employees to get with the managers to show them all of the ins and outs. In fact, Trader Joe's expects their managers to "attend TJ University, which runs two-day classes focused on leadership and team building skills that can apply in running the store and beyond" (Rindskopf, 2021). This session for the managers enables them to become a good foundation for the Trader Joe's store. Once the managers are ready, they will be assigned their own group of employees to train. Throughout the process, employees from the host country will be available for questions and general help.

## **Readiness and Compensation**

As soon as the new Trader Joe's employees are trained, they will be ready to operate the new Trader Joe's store. The tasks that the employees will be carrying out may be slightly modified to fit the host country's culture, if not the same as they are carried out in the parent country. Since the employees will be doing close to the exact same work at the host location as the employees are doing in the parent locations, it is only fair to keep the compensation the same for all of them. Compensation structure will be modeled the same as in the U.S.. Every position at the new Trader Joe's location will get paid the Canadian equivalent to what is paid to that position in the United States. There is no reason as to why an employee in one country that is doing the exact same job as an employee in another country, should get paid any more or any less than the other. These international staffing techniques will help to ensure success with Trader Joe's expansion into Canada.

## **Conclusion**

This text outlined a brief summary of Trader Joe's and Canada, supplied a Company Analysis of Trader Joe's, explained the Target Market Analysis and Selection of Trader Joe's in Canada as well as considering Mexico, discussed Entry Modes for Trader Joe's in Canada, provided Marketing Strategies for Trader Joe's in Canada, explained International Staffing for Trader Joe's in Canada, and supplied numerous appendices of statistics to support the claims made. Trader Joe's unique business practices give it a competitive advantage in the U.S., but can that same competitive advantage be integrated into the market of Canada as well? In analyzing Canada's multiple factors including the excellent business environment rates and similar economic system, the answer to this question is yes. Trader Joe's has great opportunities to

pursue in Canada. Although this will come with some struggles, and these opportunities include high expenses and higher risks, the benefits outweigh the drawbacks as more reward is being granted for the increased amount of risk being taken. In the end, Trader Joe's will experience success in Canada if they are able to differentiate themselves from other competitors in Canada, listen to the needs of the target market, properly enter into the market of Canada through a wholly owned subsidiary, integrate host country and local staffing, and adjust their marketing strategies to meet the trends of the target marketing.

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## Appendix A: Financials of Trader Joe's

### Valuation Details

YEAR	2020	2019	2018	2017
VALUATION	\$4.85 BN	\$4.75 BN	\$3.85 BN	\$5.20 BN

### Income Statement

YEAR	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
SYSTEMWIDE SALES	--	--	\$14.12 BN	\$13.57 BN	--	--	--	--	--	--	--	--	--	--	--
REVENUES	\$14.10 BN	\$15.27 BN	\$12.48 BN	\$16 BN	\$13.30 BN	\$13 BN	\$13 BN	\$11.30 BN	\$10.50 BN	\$8.50 BN	\$7.79 BN	\$7.30 BN	\$7.15 BN	\$6.50 BN	\$6.16 BN
EBITDA	\$690 MM	\$740 MM	\$570 MM	\$775 MM	--	--	--	--	--	--	--	--	--	--	--

### Employee Figures

YEAR	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EMPLOYEES	33,000	31,500	35,500	35,000	33,000	31,500	30,984	28,682	23,834	20,701	19,061	16,461	14,295	13,200	12,600

### Location Statistics

YEAR	2020	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
TOTAL LOCATIONS	530	474	461	450	415	410	375	371	359	340	315	310	279	250	233	210

(PRIVCO Database, 2021)

## Appendix B: Economic Factors in Canada



### MAJOR MACRO ECONOMIC INDICATORS

	2018	2019	2020 (e)	2021 (f)
GDP growth (%)	2.4	1.9	-5.7	3.7
Inflation (yearly average, %)	2.3	1.9	0.7	1.6
Budget balance (% GDP)*	-0.6	-1.8	-17.7	-6.0
Current account balance (% GDP)	-2.3	-2.1	-1.9	-2.2
Public debt (% GDP)	89.5	88.4	110.7	115.0

(e): Estimate (f): Forecast \*Fiscal year from April 1 to March 30 - 2021 Data: FY 2021/22

#### STRENGTHS

- Abundant and diversified energy and mineral resources
- Fifth-largest oil and gas producer in the world
- Strong, well-capitalised and well-supervised banking sector
- Fiscal rigour
- Immediate proximity to the large U.S. market
- Development of trade relations (CETA with the EU)
- Excellent business environment

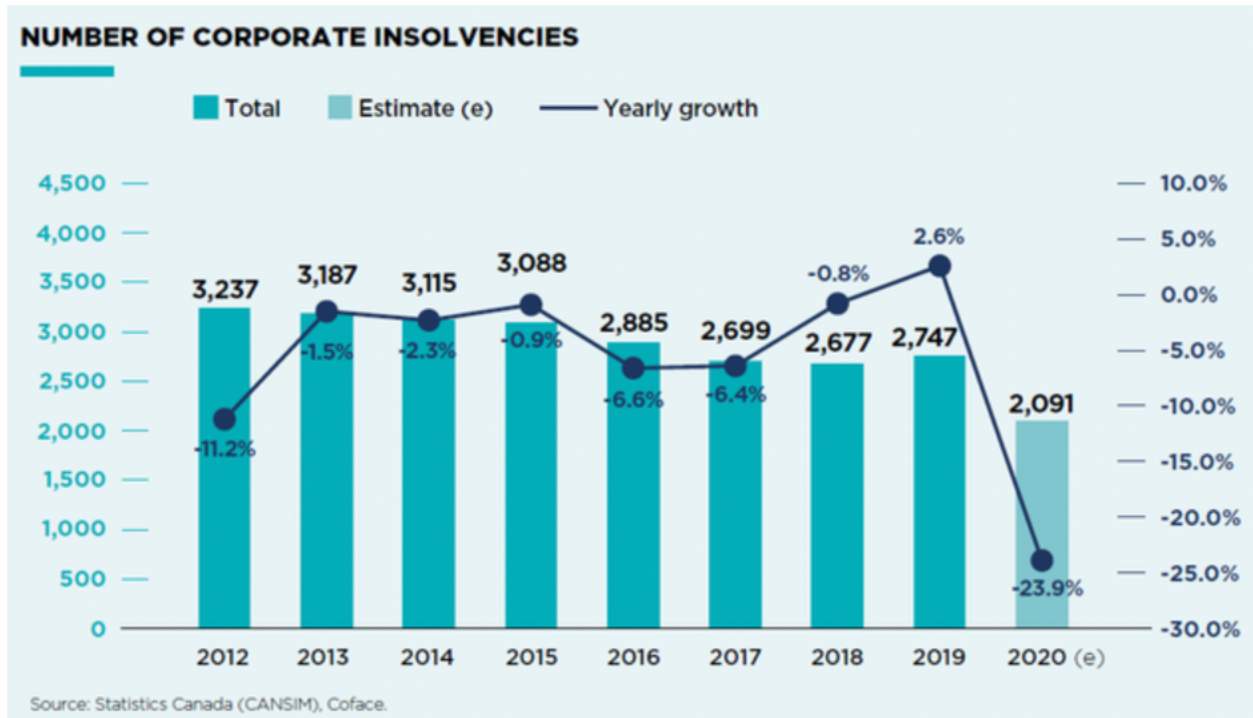
#### WEAKNESSES

- Dependent on the U.S. economy (1/2 of FDI stock, integration of the two countries' automotive industries) and energy prices
- Loss of competitiveness in manufacturing companies due to low labour productivity
- Insufficient R&D expenditure
- Decrease in the share of the working population, only just slowed down by high selective immigration
- High household debt (158% of disposable income in mid-2020)
- Rapid growth in property prices
- Energy exports weakened by inadequate supply pipelines to the coasts and the United States, and by the U.S.'s own resources

(Coface, 2021)



## Appendix C: Number of Corporate Insolvencies in Canada



(Coface, 2021)

Appendix D: Rankings on Doing Business Topic In Canada

Rankings on Doing Business topics (1-190) - Canada

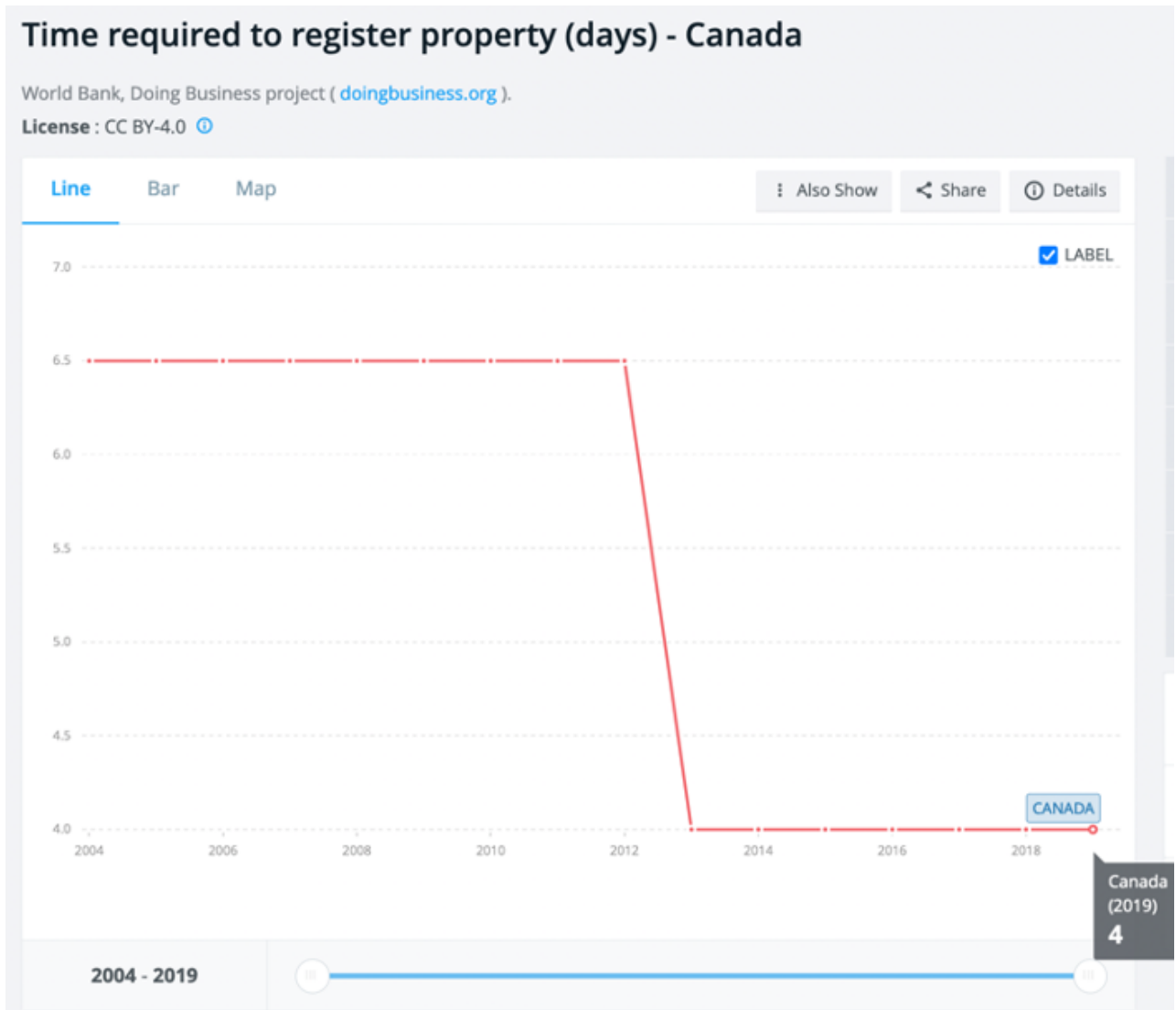


Topic Scores (0-100) - Canada



(Word Bank, 2021)

## Appendix E: Time Required to Register Property in Canada



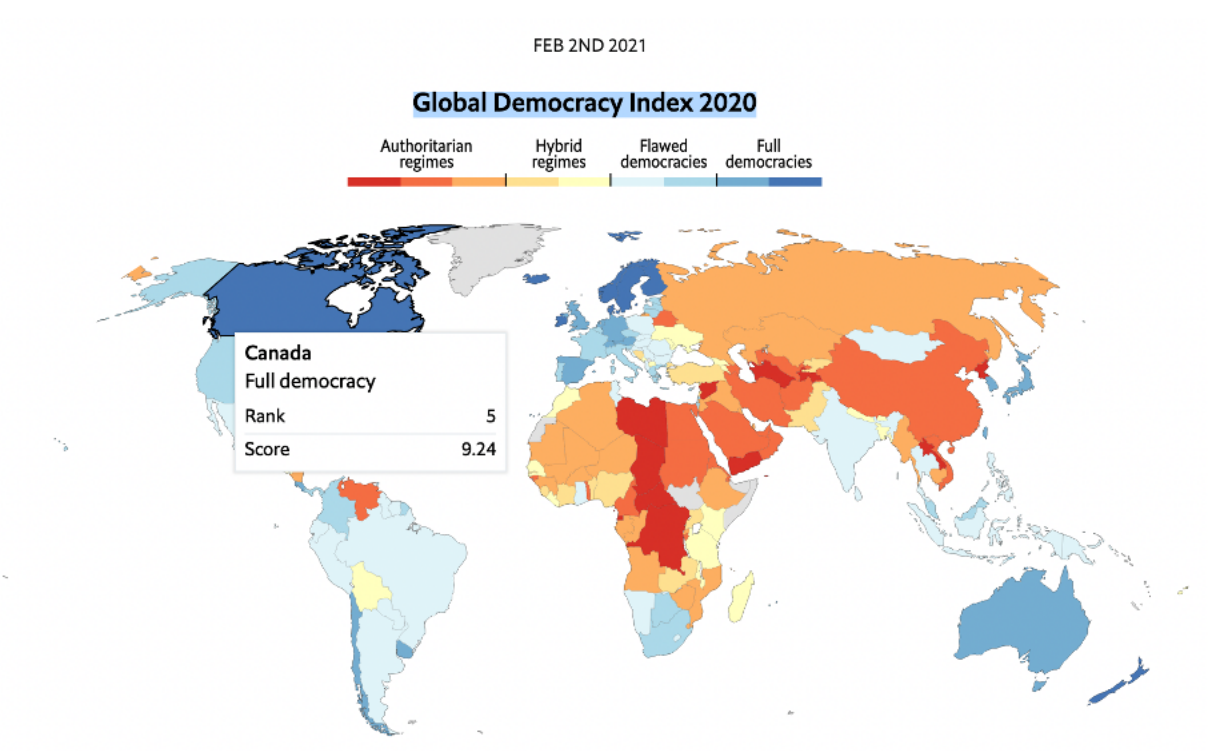
(The World Bank, 2021)

## Appendix F: Comparing Cultures in Canada and the U.S.



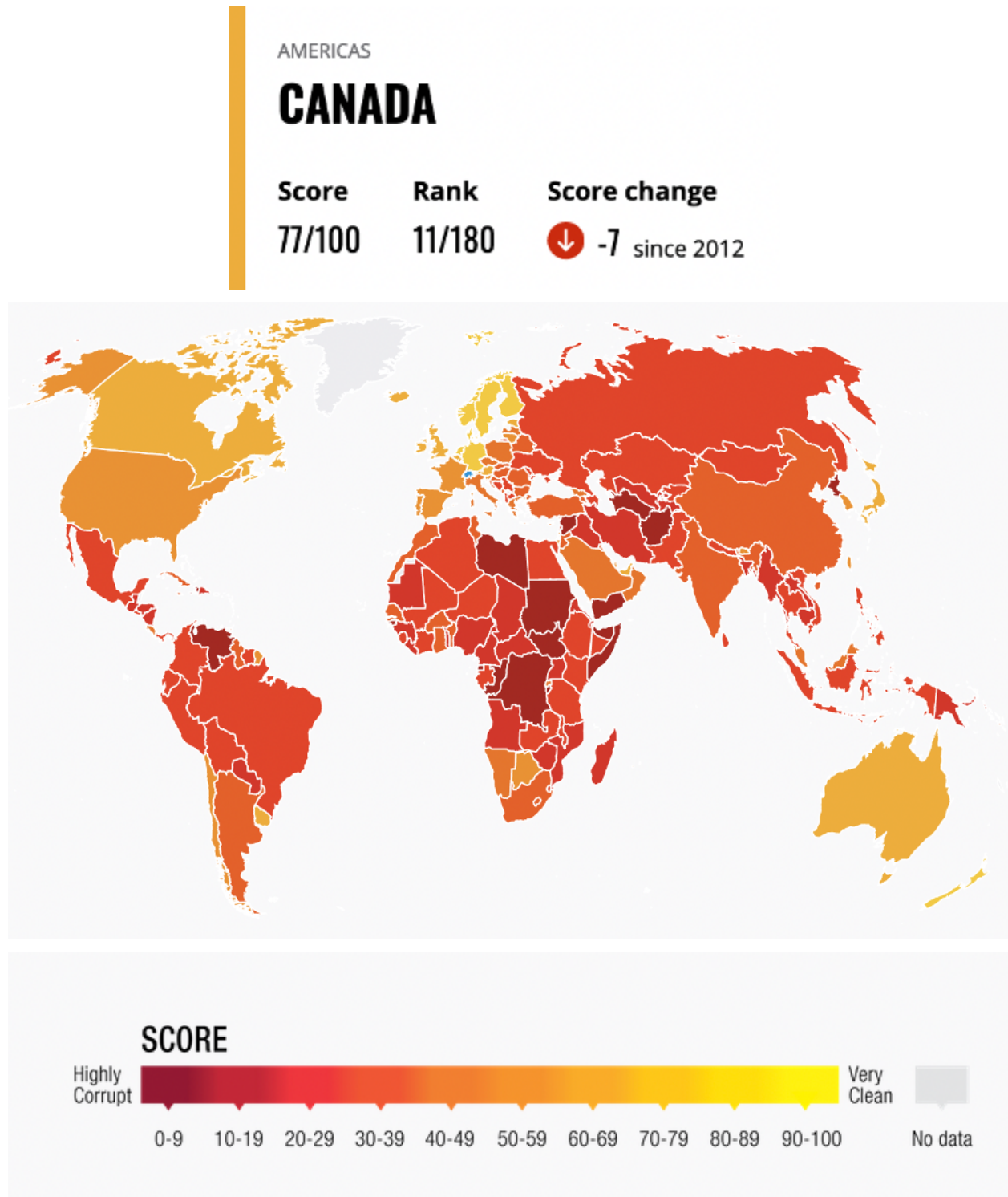
(Hofstede Insights, 2021)

Appendix G: Global Democracy Index 2020 - Canada



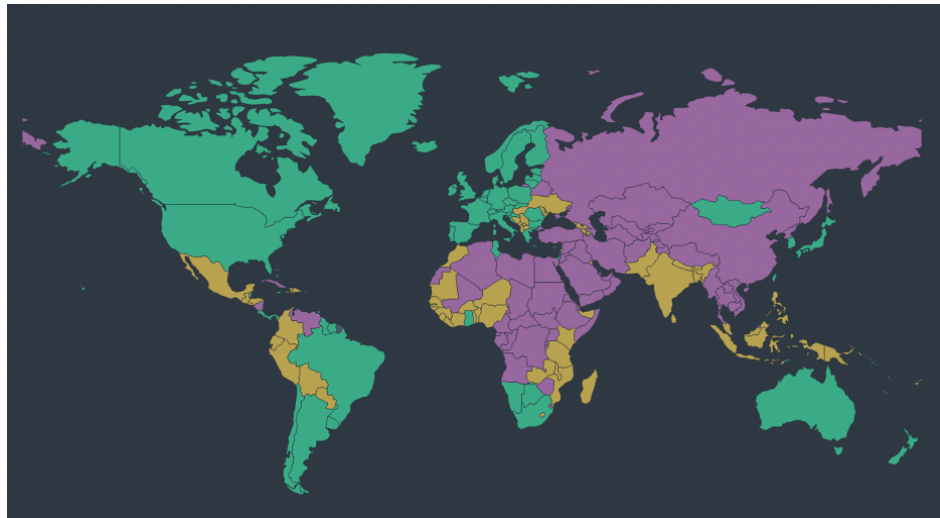
(The Economist, 2021)

## Appendix H: Corruption Perceptions Index - Canada



(Transparency International, 2021)

## Appendix I: Global Freedom Status & Change in Freedom Scores



### Global Freedom Status

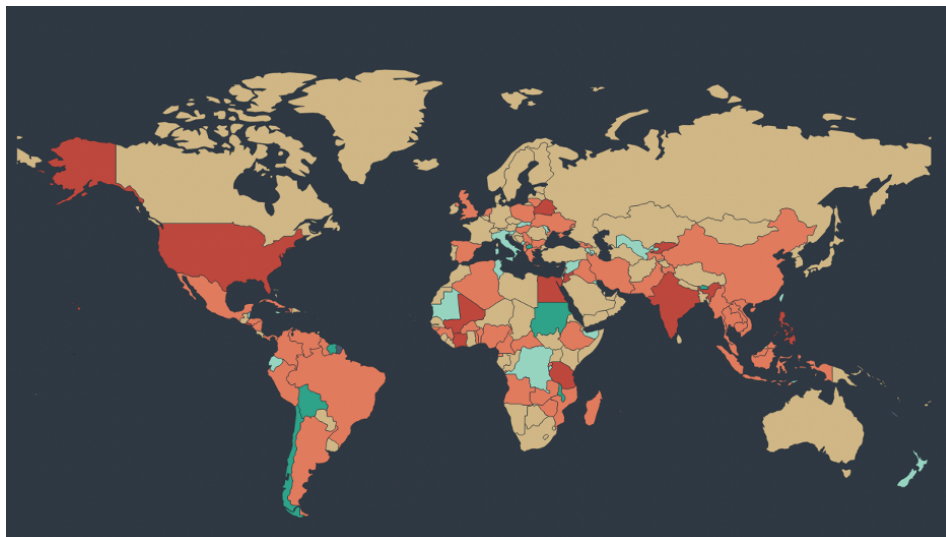
×

2020 was the 15th consecutive year of decline in global freedom.

NOT FREE

PARTLY FREE

FREE



### Change in Freedom Score

×

From 2019 to 2020

LESS FREE



3+



1-2



0



1-2

MORE FREE

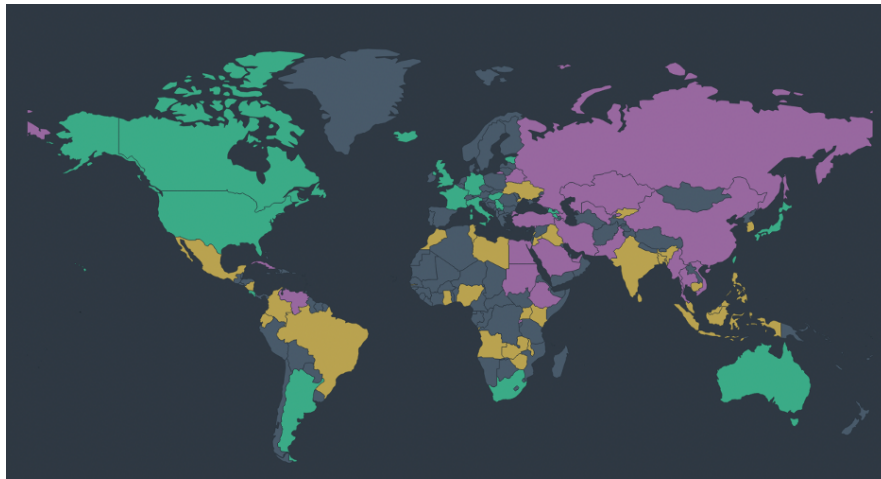


3+

(Freedom House, 2021)



## Appendix J: Internet Freedom Status & Change in Internet Freedom Scores



### Internet Freedom Status

In 2021, 30 of 70 countries assessed experienced a deterioration in internet freedom.

NOT FREE

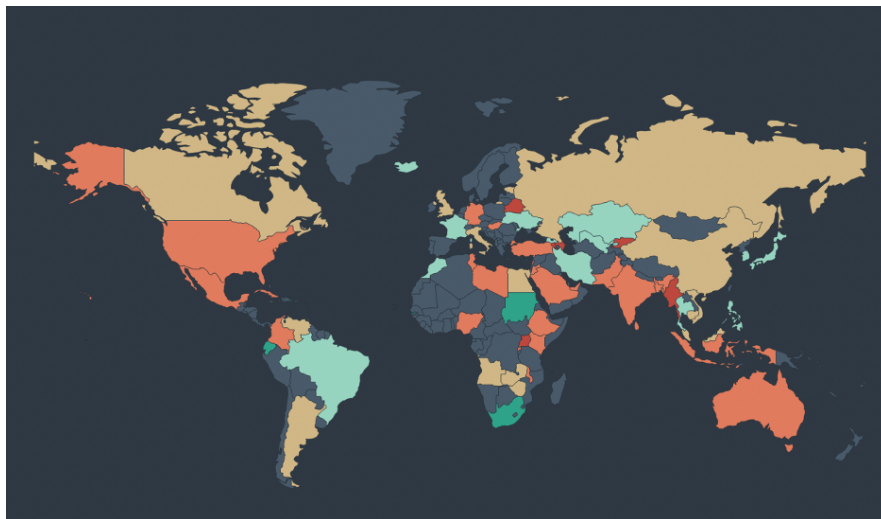
Score: 0-39

PARTLY FREE

Score: 40-69

FREE

Score: 70-100



### Change in Internet Freedom Score

From 2020 to 2021

LESS FREE



3+



1-2



0



1-2



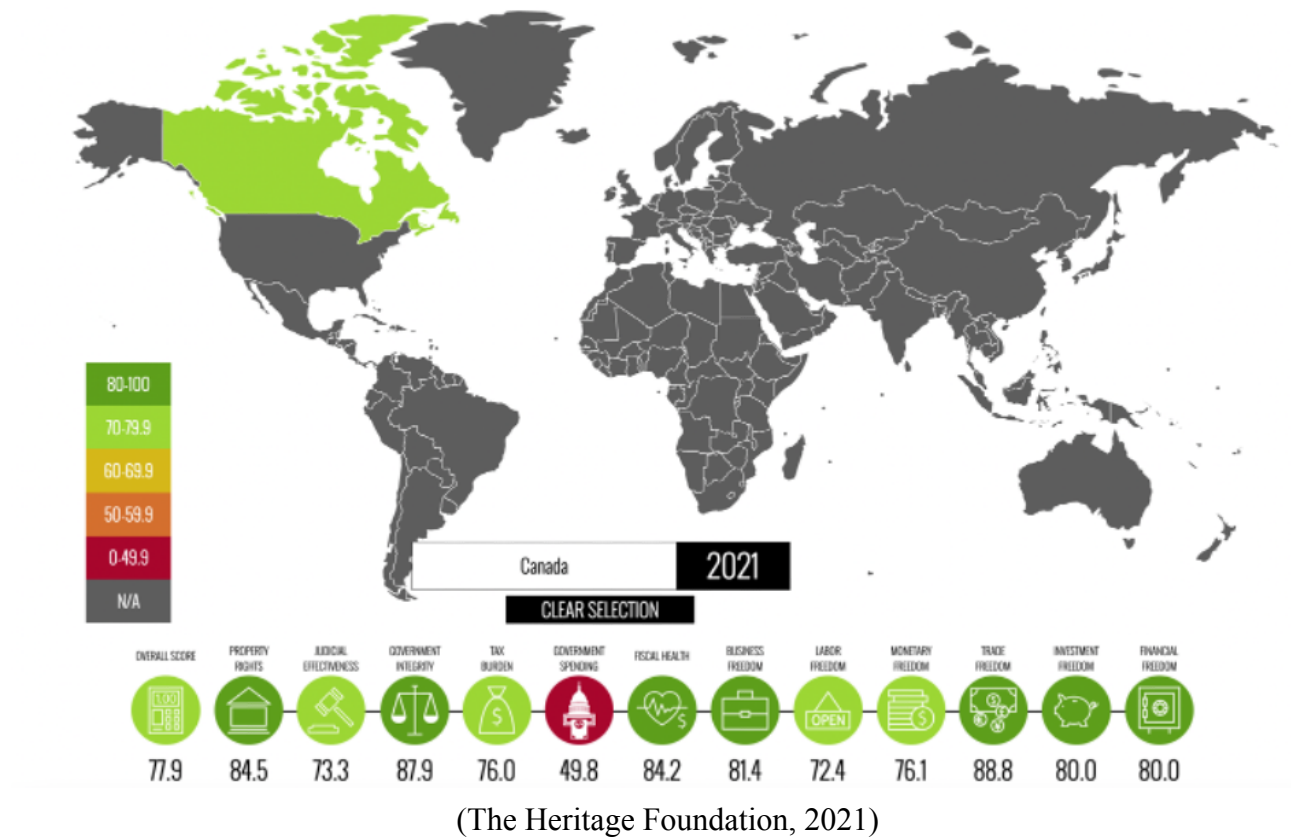
3+

MORE FREE

(Freedom House, 2021)



## Appendix K: Economic Freedom Index - Canada



## Appendix L:Economic Freedom Ranking-Regional Ranking-Quick Facts - Canada

# Canada

◀ Previous: #8 Estonia

Next: #10 Denmark ▶

OVERALL SCORE **77.9**

WORLD RANK **9**

### RULE OF LAW

Property Rights	84.5 ▼
Judicial Effectiveness	73.3 ▲
Government Integrity	87.9 ▼

### GOVERNMENT SIZE

Tax Burden	76.0 ▼
Government Spending	49.8 ▼
Fiscal Health	84.2 ▲

### REGULATORY EFFICIENCY

Business Freedom	81.4 ▼
Labor Freedom	72.4 ▲
Monetary Freedom	76.1 ▲

### OPEN MARKETS

Trade Freedom	88.8 ▲
Investment Freedom	80.0 —
Financial Freedom	80.0 —

## QUICK FACTS

### Population:

- 37.6 million

### GDP (PPP):

- \$1.9 trillion
- 1.6% growth
- 1.7% 5-year compound annual growth
- \$51,342 per capita

### Unemployment:

- 5.6%

### Inflation (CPI):

- 1.9%

### FDI Inflow:

- \$50.3 billion

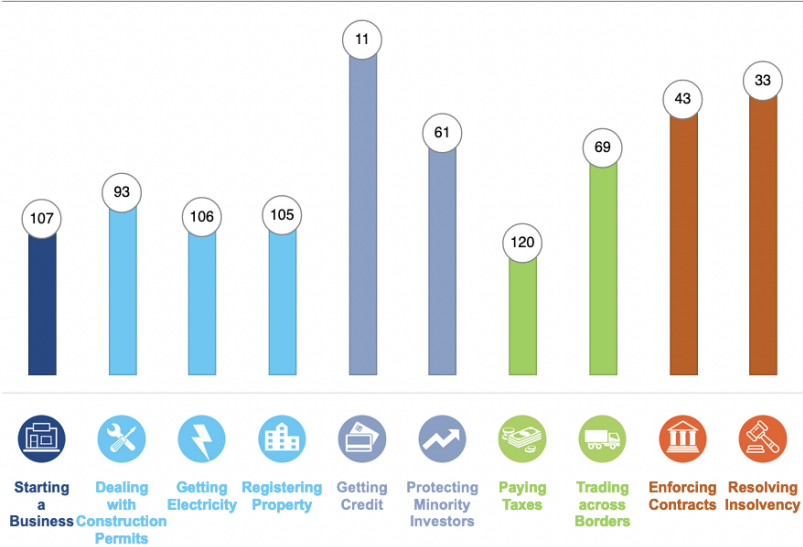
## Regional Ranking

RANK	COUNTRY	OVERALL	CHANGE
1	Canada	77.9	-0.3 ▼
2	Chile	75.2	-1.6 ▼
3	United States	74.8	-1.8 ▼

(The Heritage Foundation, 2021)

Appendix M: Rankings on Doing Business Topic In Mexico

Rankings on Doing Business topics (1-190) - Mexico

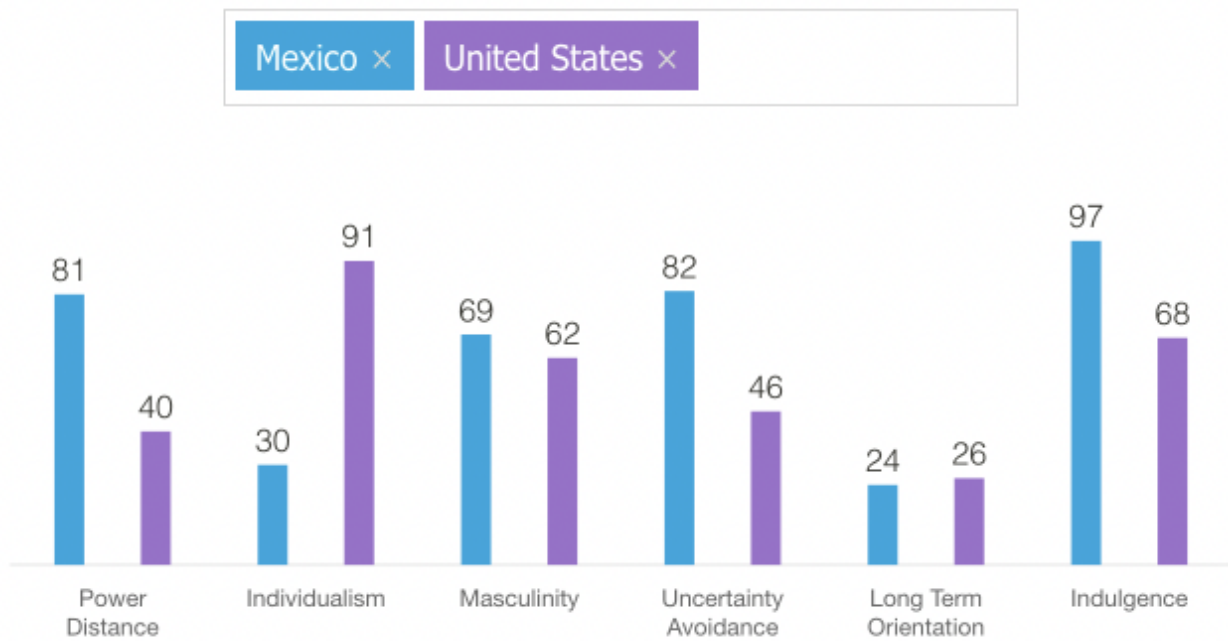
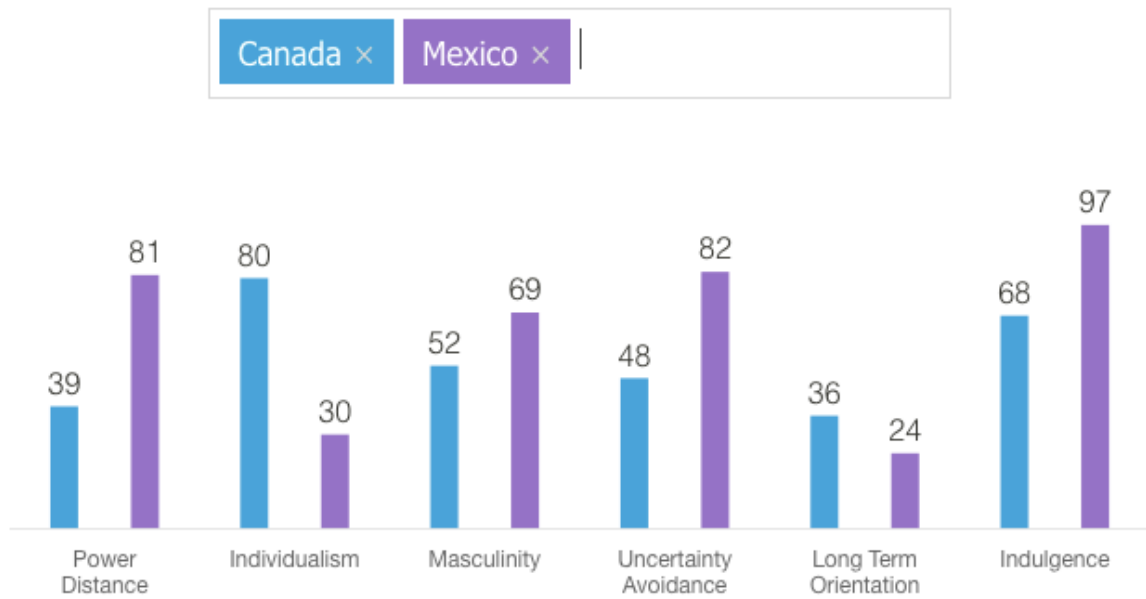


Topic Scores (0-100) - Mexico



(Word Bank, 2021)

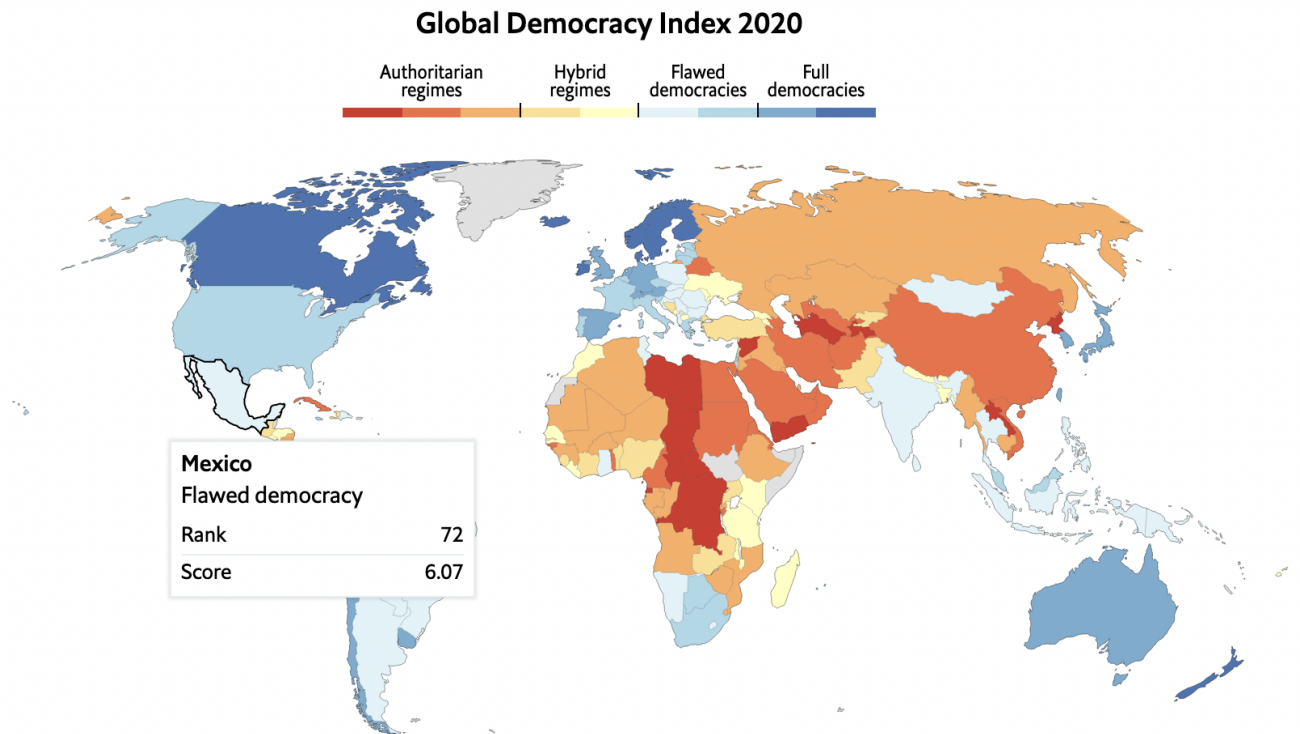
## Appendix N: Comparing Cultures in Canada, The U.S., and Mexico



(Hofstede Insights, 2021)

## Appendix O: Global Democracy Index 2020 - Mexico

FEB 2ND 2021



(The Economist, 2021)

## Appendix P: Corruption Perceptions Index - Mexico

AMERICAS

# MEXICO

**Score**

**31/100**

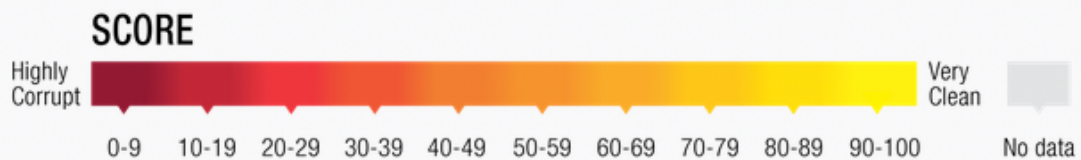
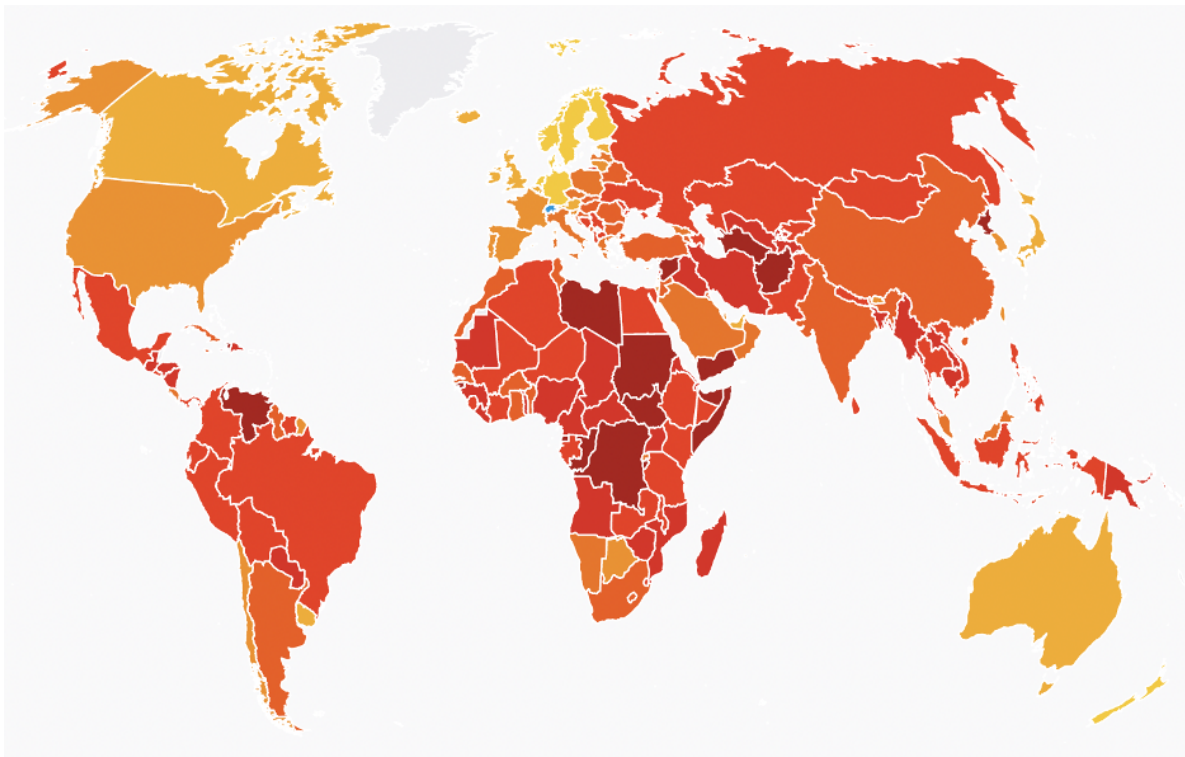
**Rank**

**124/180**

**Score change**



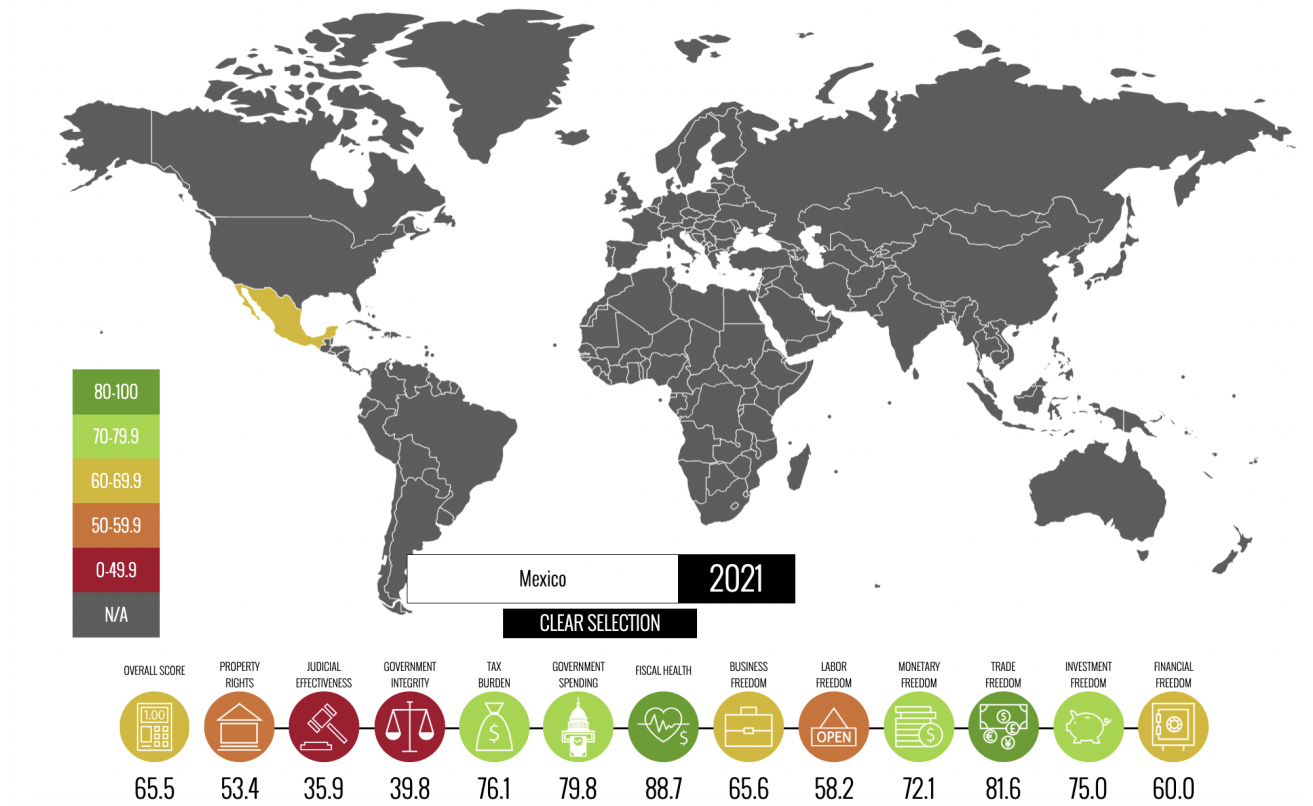
**-3** since 2012



(Transparency International, 2021)

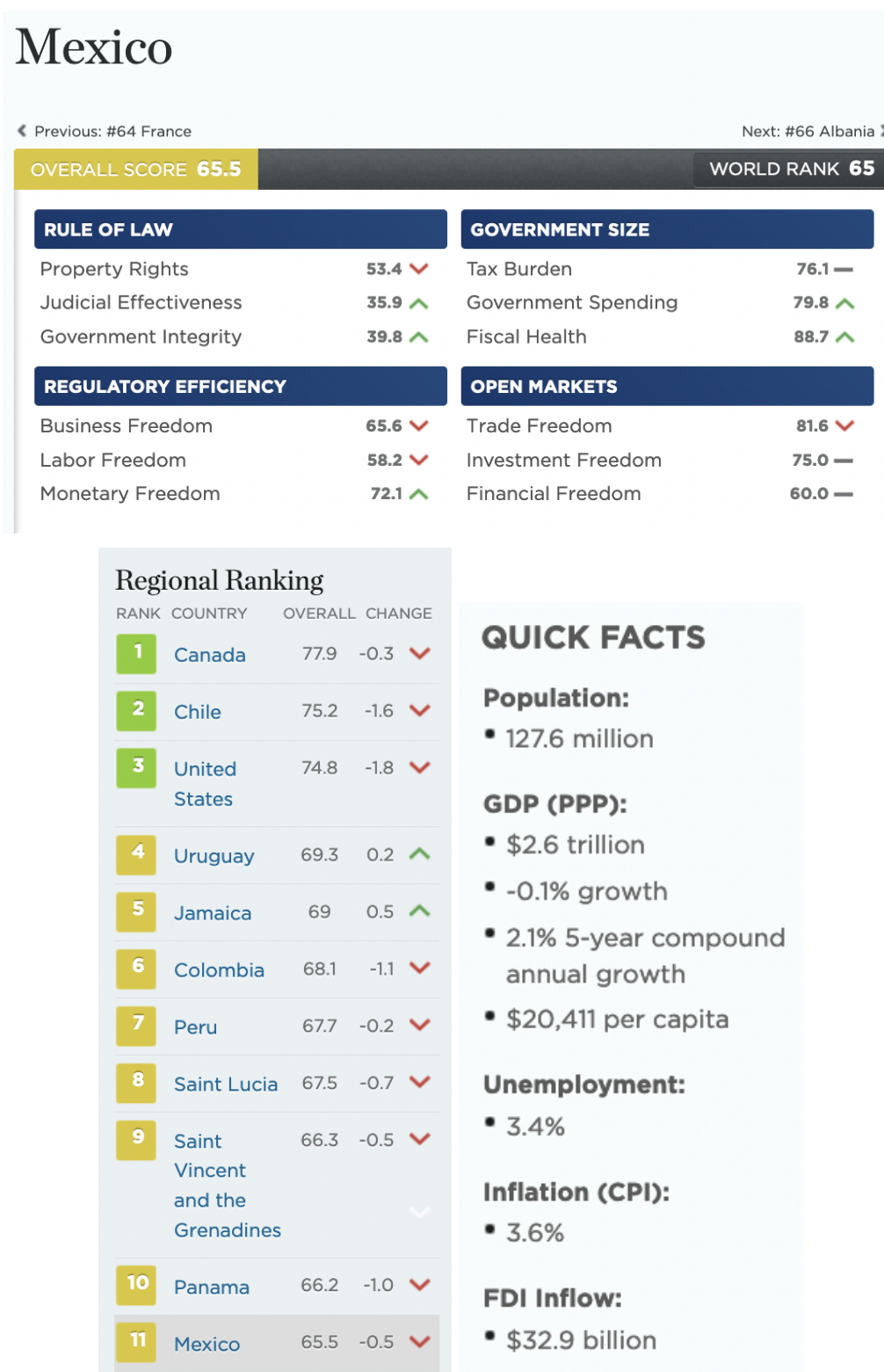


## Appendix Q: Economic Freedom Index - Mexico



(The Heritage Foundation, 2021)

## Appendix R: Economic Freedom Ranking-Regional Ranking-Quick Facts -Mexico



(The Heritage Foundation, 2021)



## Appendix S: Economic Factors in Mexico



### MAJOR MACRO ECONOMIC INDICATORS

	2018	2019	2020 (e)	2021 (f)
GDP growth (%)	2.2	-0.2	-8.3	5.3
Inflation (yearly average, %)	4.9	3.6	3.4	5.3
Budget balance (% GDP)	-2.1	-1.6	-2.9	-2.8
Current account balance (% GDP)	-2.1	-0.3	2.4	0.5
Public debt (% GDP)	53.6	53.3	60.6	60.5

(e): Estimate (f): Forecast

#### STRENGTHS

- Geographic proximity to the U.S. economy
- Membership of USMCA and many other agreements
- Substantial industrial base
- Free-floating exchange rate
- Adequate foreign exchange reserves
- Large population and relatively low labour cost

#### WEAKNESSES

- High dependence on the U.S. economy
- High income disparities and rising criminality
- High corruption level
- Weaknesses in transport, health and education
- Narrow tax base, with tax revenues representing 21% of GDP
- Oil sector and PEMEX undermined by years of underinvestment
- High informality in job market

(Coface, 2021)