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\$Two-Buck Chuck & Traders Joes -- Innovative Marketing

By Frank Williams

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Innovative marketing isn't about creating ways to bring a horse to water, but finding ways to make the horse thirsty. Perhaps this was the thinking when Trader Joe's began exclusive distribution of the Charles Shaw brand of wine at an unheard of price of \$1.99.

Great marketing ideas seem obvious after they become successful. Such is the case with this niche grocery store and what Global Marketing, Inc. terms the "\$2-Buck-Chuck" marketing phenomena.

Started by Joe Coulombe Trader Joe's has evolved into its present form over a number of years. Trader Joe's actually began in 1958 as a chain of convenience stores called "Pronto Markets" in the Los Angeles area. In 1967 Joe Coulombe, wanted to expand the stores' offerings and enhance their image. He doubled the floor space and offered hard-to-find, boutique domestic and imported wines and gourmet food items at outstanding prices. He decked out the stores with cedar plank walls and nautical décor and garbed the Captain (the store manager), the First Mate (the assistant manager) and the CrewMembers in colorful Hawaiian shirts. "Trader Joe's" was born.

Today, 200 stores strong in 17 states, Trader Joe's has expanded to Arizona, Connecticut, Delaware, Illinois, Indiana, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York, Ohio, Oregon, Pennsylvania, Virginia and Washington. With annual sales of roughly \$2.2 billion, this privately held firm is considered one of America's fastest growing companies.

Dan Bane is the current Chairman and CEO of Trader Joe's. When Dan assumed this position in 2000 he was already a long-term employee of Trader Joe's. As president of Trader Joe's west he managed about 120 stores and supervised various operational, real estate and marketing elements for the business.

When Dan became CEO he already knew he had one pressing problem. Trader Joes had grown into a significant leader in a smaller market of niche product offerings. To take Trader Joes to the next level of growth he would have to find ways to expand his customer base.

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Expanding his served markets would not be easy. Dan needed to find a marketing strategy that allowed his firm to retain their present customer base, while addressing and capturing portions of the larger, albeit, more competitive market opportunity now served by the biggies – Ralph's, Vons, Albertsons, etc.

Dan felt confident that Trader Joes proven business model would lay the foundation of this strategy, but what would be the catalyst that drives entry into this expanded market?

Success comes in a variety of ways. Sometimes it emanates from clever, well thought–out ideas, meticulously executed in the market with just the right amount of luck. And then there is the coming together of forces, almost coincidentally, that meter out phenomenal success – such is the case when Trader Joes and Fred Franzia of Bronco Winery came together in late 2002.

It turns out that as Dan Bane was looking for a growth strategy for his Trader Joes, Fred Franzia was looking for a new customer base where he could sell a high volume of budget' wine.

So who is Fred Franzia? And what part does he play in this tale?

Fred is part owner and president of Bronco winery. Started in 1973 by brothers Fred and John Franzia and cousin Joe Franzia, Bronco has grown to be one of the highest volume wineries in California. It has a wine storage capacity of 62 million gallons and can crush up to 60,000 tons per day.

Fred's winemaking lineage is legendary. Fred's father was a wine maker and, he is the nephew of Ernest and Julio Gallo.

Right after the 2001 grape season, Fred realized that his industry was fastly moving into an over supply condition of grapes. Soon it would become less expensive to let the grapes rot on the vine then to harvest them, and Fred felt this was unacceptable. Always considered a maverick within the wine community, Fred decided to think outside the traditional winemakers' box. Fred's marketing approach is simple and straightforward. He states, "Our strategy is to fish where the fish are. I think more people want value in their wine purchase and realize it doesn't have to cost them \$10–25 dollars."

Hence his Charles Shaw brand of budget wine was born and the stage was set

Fred Franzia met with Dan Bane in early 2002 and the Charles Shaw saga began. Dan recognized that the budget wine from Fred Franzia's Bronco winery would bring customers into his store and while there, they would be introduced to his offering. He was confident in the quality and pricing of his products and felt this would prompt many to conveniently buy items they would normally purchase at their regular grocery store. This was the catalyst Dan was looking for.

The other force in this success equation is Fred and he clearly understands how to make money. Fred knew that Bronco was in a unique position to take advantage of present market conditions because his winery is one of just two California wineries with a distributor's license. The other is Kendall–Jackson. That means Bronco can dramatically cut the middleman costs. Direct delivery to retailers is not something most wineries can do. Bronco delivers a case of Charles Shaw to Trader Joes for a meager

\$19. Trader Joes decided to sell this same case for \$24 or \$1.99 a bottle.

With virtually little promotion, the Charles Shaw brand has become the most successful wine brand ever. Mostly by word-of-mouth it has gained almost mystic status.

People need logic or a believable reason when a major price shift takes place on anything they purchase. Justifying the new price and the value of the product must be rationalized.

Almost immediately, rumors began to surface about the \$1.99 bottle of Charles Shaw wine. A few well-publicized stories like the tale that this \$1.99 bottle of wine beat out a \$68 bottle of Chardonnay wine in a blind tasting, although totally unsubstantiated, has given it front-stage billing. Another common rumor for the low price suggests that Charles Shaw was a premium wine dumped by American Airlines because of a ban on corkscrews on airlines precipitated by the actions of 9/11. Other rumors included that "Two-Buck Chuck" was a financial bailout of a premium wine from United Airlines trying to avoid bankruptcy. None of these are true (some say Fred Franzia floated these rumors, but he denies it), nor is Charles Shaw a fire sale Napa wine from a nasty divorce of Charles Shaw and his wife.

Charles Shaw continues to fly off-the-shelves resulting in handsome dividends to both Bronco winery and Trader Joes. With its Charles Shaw loss-leader marketing approach, Trader Joes has driven many new customers into their stores resulting in double digit growth for the firm, with no sign of slowing. And Bronco winery, with its maverick CEO Fred Franzia, cannot keep up with the demand. Bronco has already delivered more than 60,000,000 bottles (about \$100M in Bronco annual revenue) of the now famous two-buck-chuck.

Innovative, risk-oriented, marketing always trumps linear thinking in any market. How are you infusing innovation into your marketing ideas?

Finding The Best Forex Traders

By Oliver Turner

The forex trading market has become the biggest financial market in the world today and online currency trading is now one of the fastest growing investments. There are many ways to find information on forex trading and online currency trading but finding the best forex traders can be difficult if you don't know where to look.

With the growing popularity of forex trading and the information publicly available on the internet finding the best forex traders is no longer as difficult as it may have been. The currency analytical reports are now available to the public online and you can even access live data if you know where to look. Finding the best forex traders has become even easier and more and more people are beginning to reap these profits.

What Are the Best Forex Traders

Forex traders are the currencies that are traded by investors and the best forex traders are the currencies that are making the most profit for their investors. Currencies fluctuate constantly and keeping up to date with the state of these currencies used to be extremely difficult for small time investors.

The forex traders that are most popular and the ones that should be monitored closely are the "majors". These are the EUR/USD combination, the USD/JPY, the USD/CHF, and the GBP/USD. These combinations change constantly and knowing where these forex traders stand will allow you to make the profits you choose from your forex trading.

Forex trading guides and forex training education programs are available for anyone looking to earn money from this extremely lucrative system and most of these programs are designed with beginners in mind explaining all the technical language in simple easy to follow terms.

Forex trading could help you change your future; why not invest in it now?

We offer the best online Forex trading source. Check us out on

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