

2023/2024 Charter Subscription

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WCF visits Clubs in Florida, Massachusetts and New Hampshire

WCF visits warehouse clubs around the world to report on information that provides subscribers with a unique insight into their buying and operating strategies. These visits enable us to keep readers informed about current merchandising techniques, product changes and packaging of the warehouse club level. Our observations also provide manufacturers with ideas and strategies they can use to improve their business with the warehouse clubs regionally, nationally and internationally.

In August and September 2023, WCF visited B'n, Costco and Sam's Club locations in Florida, Massachusetts and New Hampshire. These clubs included B'n in Orlando, Florida (opened 2012) and Chatham, Massachusetts (opened 2023), Costco in Orlando, Florida (opened 2016) and Nashua, New Hampshire (opened 1982) and Sam's Club in O'Leary, Florida (opened 1986) and Hudson, New Hampshire (opened 1993). The following are observations from these locations.

Del. Costco stocked general staple del items that included a package of three 15.25-ounce tomato and goat cheese pizzas with a corn meal crust from Unilever for \$16.99 (see picture on the right), a package of three 2-ounce packages of gluten free, Caribbean style cheese breads from On the Border for \$17.99, a package of 12 boxes of 27-ounce Signature brand, unsweetened, cream cheese frosting for \$20.49, a package of 100-ounce containers of frozen vegetables with carrots, spinach, onions, tomatoes, peppers, peas and beans from Chef Mark for \$19.79, a package of 16 15-ounce bags of whole, unrefined, olive oil from Signature private label for \$7.99, a package of four 15-ounce chicken and veggie pack cheese tortillas from Newland Foods for \$11.99, a package of two 16-ounce containers of Italian giant cheese and cornmeal pasta from Scavolini for \$10.99 and a 20-ounce package of Member's Mark private label hand-cut smoked and marinated pork loin ends with barbecue sauce for \$13.99.

Sam's Club stocked a package of four Italian small pizzas (16 grams of protein in each) with salami, sliced mushrooms and peppers from Fresh Republic for \$12.99 and a 20-ounce package of Member's Mark private label hand-cut smoked and marinated pork loin ends with barbecue sauce for \$13.99.

Snacks. Costco stocked a wide variety of unique snack and cookie products. These items included a box of organic 1-ounce dark chocolate dipped nut bars from Bobo's for \$11.99 (see picture on the left), a box of twelve 1.75-ounce organic gingersnaps called from Cake Slices for \$11.99, an 18-ounce box of dark chocolate with nut clusters on top and natural cream filling in the middle from Bobo's for \$9.79, a box of twelve 1.75-ounce organic nut butter bars with eight grams of chocolate spread, fudge and peanut butter from On the Border for \$11.99, a box of twelve 1.75-ounce organic nut butter bars with eight grams of chocolate spread, fudge and peanut butter from On the Border for \$11.99, a box of twelve 1.75-ounce organic nut butter bars with eight grams of chocolate spread, fudge and peanut butter from On the Border for \$11.99, a box of twelve 1.75-ounce organic nut butter bars with eight grams of chocolate spread, fudge and peanut butter from On the Border for \$11.99, a box of twelve 1.75-ounce organic nut butter bars with eight grams of chocolate spread, fudge and peanut butter from On the Border for \$11.99.

Other snack and cookie products at Costco included a 12.75-ounce Japanese bean cake roll (see three each of kaniwa, yuzu, mango, mandarin and peach) from Makuru for \$11.99, a case of forty 1-ounce bags of chocolate chip brownie brittle from On the Border for \$12.99, a box of twelve 1.75-ounce organic nut butter bars with eight grams of chocolate spread, fudge and peanut butter from On the Border for \$11.99, a box of twelve 1.75-ounce organic nut butter bars with eight grams of chocolate spread, fudge and peanut butter from On the Border for \$11.99, a box of twelve 1.75-ounce organic nut butter bars with eight grams of chocolate spread, fudge and peanut butter from On the Border for \$11.99, a box of twelve 1.75-ounce organic nut butter bars with eight grams of chocolate spread, fudge and peanut butter from On the Border for \$11.99.

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2023 Warehouse Club Industry Guide

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- Sam's Q3 Results—11.

Cooler and Freezer Analysis – 2021

One of the best ways to understand club buying and merchandising strategies is to analyze the departments and categories that are stocked at BJ's, Costco and Sam's Club. *WCF* divides the entire list of club departments and categories into four groups. Each group is analyzed approximately every 12 months. Those groups include: general merchandise "a" (automotive, home goods, majors and sundries), general merchandise "b" (softlines, health and beauty aids, sporting goods and office), dry grocery and candy and perishables (cooler, freezer, deli and fresh foods).

This article analyzes the cooler and freezer departments at each club (see picture on the right from Sam's Club of a package of twelve 2.5-ounce Fat Boy vanilla nut sundae ice cream bars for \$6.98). The article is divided into the following four sections: sales estimates, item data, cooler observations and freezer observations.



Sales Estimates

The department sales information in the chart below is calculated using a combination of objective and subjective data. The background data includes the following three items: annual worldwide company sales, department SKUs and department penetration. That background data enables *WCF* to estimate department sales for each club.

Calendar 2020 - Worldwide Sales														
Category	BJ's (219 clubs)				Costco (803 clubs)				Sam's Club (826 clubs)				Total	
	\$	%	SKU	\$/Week/Club	\$	%	SKU	\$/Week/Club	\$	%	SKU	\$/Week/Club		
Cooler	\$795	5.3%	180	\$388	\$6,755	3.9%	69	\$2,345	\$3,680	4.1%	93	\$921	\$11,230	4.1%
Freezer	\$1,057	7.1%	290	\$320	\$9,430	5.5%	98	\$2,304	\$5,282	5.9%	155	\$793	\$15,769	5.7%
Total	\$1,852	12.4%	470	\$346	\$16,185	9.4%	167	\$2,321	\$8,962	10.0%	248	\$841	\$26,999	9.8%

WCF Research

Annual Worldwide Company Sales – Costco reports monthly sales. Sam's reports United States sales quarterly and *WCF* estimates its international business. BJ's reports company wide sales on a quarterly basis.

Each club's sales figures are converted into an annual worldwide figure enabling an "apples to apples" comparison.

Department SKUs – On an annual basis in January, *WCF* reports on the current SKU counts (at the time) in every category and department at BJ's, Costco and Sam's Club. In addition, during these detailed category and department analyses, the SKUs within each category and department are counted. The category and department numbers are always compared to make sure they are "in line", otherwise, the data is reconfirmed.

Department Penetration – *WCF* has been estimating the percentage of sales (penetration) for each category and department since 1997. There are three important points to understand about these figures. First, the clubs do not publicly share detailed category and/or department penetration figures. Second, BJ's, Costco and Sam's Club report overall department penetration figures in their annual reports. *WCF* "ties" its individual category and department penetration estimates to the reported figures making sure that, generally, our estimates are based on objective data. Third, our estimates are updated based on vendor feedback and *WCF* research.

When calculating category and department sales, the penetration figure is multiplied by the company's annual worldwide merchandise sales. When calculating the category and department sales per SKU per week per club, the category/department sales are divided by its SKU count, the number of locations for a club at the end of the most recent calendar year and 52 (the numbers of weeks in a year).

Department Sales – The chart provides 2020 calendar year worldwide sales estimates (in millions) for the cooler and freezer departments. The percentage figures to the right of each department's sales total is the penetration of overall calendar year sales. The dollar figure to the right of each department's product count represents the average sales per item per week per club location.

For example, the freezer at Costco generated 2020 annual worldwide sales of \$9.43 billion which represented 5.5% of the company's worldwide sales of \$171.45 billion. There are 98 freezer SKUs at Costco. The average freezer item generated weekly sales of \$2,304 per club.

BJ's Wholesale	SKU					Organic			Doors					Average Retail					SKU									
	2000	2010	2019	2020	2021	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021	Wholesale					Retail				
Category/Department	2000	2010	2019	2020	2021	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021
Butter, Cream Products	23	22	32	32	37	3	5	4	5	5	13	14	10	\$4	\$5	\$6	\$5	\$6	12	14	13	14	12	11	8	19	18	25
Cheese, Cream, Cottage	60	53	54	51	52	n/a	n/a	1	12	10	14	14	14	\$6	\$8	\$8	\$9	\$8	35	15	17	15	15	25	38	37	36	37
Dips, Appetizer, Salad	23	2	4	5	3	n/a	n/a	n/a	4	1	1	2	1	\$5	\$6	\$8	\$8	\$6	9	n/a	n/a	n/a	n/a	14	2	4	5	3
Juice, Coffee, Tea	13	9	15	12	12	1	2	2	5	4	6	5.5	7	\$4	\$5	\$5	\$5	\$5	1	2	n/a	n/a	1	12	7	13	12	11
Bacon, Hot Dogs, Deli	16	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3	n/a	n/a	n/a	n/a	\$7	n/a	n/a	n/a	n/a	10	n/a	n/a	n/a	n/a	6	n/a	n/a	n/a	n/a
Milk, Eggs	13	23	41	35	32	12	10	12	9	13	22	21.5	23	\$4	\$4	\$5	\$5	\$5	5	8	16	10	9	8	15	25	25	23
Seafood	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Yogurt, Pudding, Fruit, Rolls	30	47	42	46	44	4	4	7	6	11	14	13	15	\$5	\$7	\$9	\$9	\$9	14	3	10	9	9	16	44	32	37	35
COOLER Total	178	156	188	181	180	20	21	26	44	44	70	70	70	\$5	\$7	\$7	\$7	\$7	86	42	58	48	46	92	114	130	133	134
Breakfast	11	11	23	20	18	n/a	n/a	n/a	4	3	11	6	11	\$6	\$8	\$10	\$10	\$10	6	6	16	12	9	5	5	7	8	9
Chicken	35	31	34	31	25	3	n/a	n/a	11	13	14	10	14.5	\$9	\$12	\$13	\$16	\$15	23	16	18	13	10	12	15	16	18	15
Entrée	34	17	50	37	22	1	n/a	n/a	10	3	13	6	9.5	\$8	\$10	\$10	\$10	\$11	4	3	5	5	7	30	14	45	32	15
Finger Foods, App, Ethnic	41	46	47	50	47	n/a	n/a	n/a	11	14	13	14	18	\$9	\$11	\$10	\$11	\$11	27	36	22	19	11	14	10	25	31	36
Fruit	5	4	17	13	12	4	6	5	2	2	5	5	5	\$5	\$9	\$10	\$11	\$13	3	4	4	2	1	2	n/a	13	11	11
Ice Cream, Novelty	44	44	54	50	40	2	n/a	n/a	13	11	12	10	15	\$8	\$9	\$10	\$10	\$10	23	11	12	11	10	21	33	42	39	30
Italian	26	31	24	20	19	n/a	n/a	n/a	7	11	8	5	8	\$8	\$10	\$12	\$12	\$13	17	16	8	7	4	9	15	16	13	15
Juice	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	\$6	n/a	n/a	n/a	n/a	3	n/a	n/a	n/a	n/a	5	n/a	n/a	n/a	n/a
Meat, Turkey	22	12	8	9	9	n/a	n/a	n/a	6	5	7	4	4	\$8	\$12	\$16	\$16	\$17	14	9	4	3	3	8	3	4	6	6
Pizza	10	10	21	20	13	3	1	1	3	4	10	6	7	\$9	\$11	\$12	\$12	\$13	5	3	2	1	2	5	7	19	19	11
Potato, Onions	8	7	7	8	7	1	n/a	1	3	2	2	2	3	\$5	\$8	\$9	\$8	\$8	7	3	4	3	4	1	4	3	5	3
Seafood	25	25	26	25	26	n/a	n/a	n/a	7	8	6	6	5.5	\$9	\$13	\$15	\$16	\$16	16	14	7	9	7	9	11	19	16	19
Shrimp	16	12	18	18	15	n/a	n/a	n/a	4	5	7	4	7.5	\$14	\$16	\$14	\$15	\$16	10	8	6	5	4	6	4	12	13	11
Vegetables, Plant Based	12	12	38	38	37	7	5	8	4	6	11	13	11	\$5	\$6	\$8	\$12	\$10	8	9	7	3	2	4	3	31	35	35
FREEZER Total	297	262	367	339	290	21	12	15	87	87	119	91	119	\$8	\$11	\$11	\$12	\$12	166	138	115	93	74	131	124	252	246	216
Total	475	418	555	520	470	41	33	41	131	131	189	161	189	\$7	\$9	\$10	\$10	\$10	252	180	173	141	120	223	238	382	379	350

The average cooler and freezer item generated higher sales per week per location than the average item at each club operator. The average cooler and freezer item at BJ's generated \$346 per week per club compared to the average item at \$204 per week per club (1.7-times greater). The average cooler and freezer item at Costco generated \$2,321 per week per club compared to the average item at \$953 per week per club (2.4-times greater). The average cooler and freezer item at Sam's generated \$841 per week per club compared to the average item at \$379 per week per club (2.2-times greater).

Item Data

The product data and pictures for this analysis were recorded in November, 2021 from BJ's, Costco (see picture on the right of ten 5.291-ounce Turkish Mediterranean flatbread margherita pizzas from La Boulangerie des Gourmets for \$10.99) and Sam's Club locations in New Hampshire, Massachusetts and Connecticut. The following background information covers four topics: national takeaway, data accuracy, category merchandising and retail pricing.



National Takeaway – WCF has visited numerous clubs national and internationally over the past 25 years. One of the lessons we learned is that while there are always differences to be found within each club operator from state to state and region to region, the merchandise assortment of most of the departments and categories in the club channel are similar nationally and internationally. Given that finding, the category and department data and analysis in this issue are sound representations of the overall club industry.

Data Accuracy – The information and data in this issue should be used as a guide to planning, understanding and evaluating your club business. While extensive efforts have been used to assure the accuracy of the data, no guarantee can be made. The data found in this article is not endorsed by BJ's, Costco or Sam's Club. WCF made every effort to ensure that all appropriate products were included. Out-of-stock merchandise would have affected the SKU data within this issue.

Category Merchandising – The category charts above for BJ's, page three for Costco and page five for Sam's Club provide merchandising information for five years (2000 and 2010 for a historical perspective, 2019, 2020 and 2021). The merchandising information included: the number of SKUs in each category, the number of organic items in each category (WCF began recording this data point in 2019), the doors per category, the average retail price in a category and the targeted member (wholesale or retail) for each item.

For each item in each category, WCF subjectively determined whether the targeted end user is a business or consumer member. In most cases, if an item could be resold or used by a business member, it was considered a wholesale item. For example, BJ's stocked a case of twelve 4-ounce individually wrapped and packaged for resale chicken sandwiches on a sesame seed bun from Steak Eze for \$11.99 (see picture on the next page). This item was counted as a wholesale item as it could be resold by a vending truck. The end user totals appear under the wholesale and retail columns within each chart for each club.

	Costco	SKU					Organic			Doors					Average Retail					SKU									
		2000	2010	2019	2020	2021	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021	Wholesale					Retail				
Category/Department		2000	2010	2019	2020	2021	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021
Butter, Cream Products		11	9	9	12	11	n/a	n/a	n/a	6	7	6	8	9	\$5	\$9	\$8	\$6	\$7	10	8	8	8	8	1	1	1	1	4
Cheese, Cream, Cottage		24	14	11	10	9	n/a	n/a	n/a	9	8	7	6	6	\$6	\$8	\$9	\$9	\$9	22	13	10	8	7	2	1	1	2	2
Dips, Appetizer, Salad		3	n/a	1	n/a	n/a	n/a	n/a	n/a	2	n/a	1	n/a	n/a	\$5	n/a	\$10	n/a	n/a	1	n/a	n/a	n/a	n/a	2	n/a	1	n/a	n/a
Juice, Coffee, Tea		8	3	10	10	13	6	4	7	6	3	10	8	9	\$6	\$10	\$12	\$10	\$11	1	2	2	2	3	7	1	8	8	10
Bacon, Hot Dogs, Deli		26	14	18	14	11	n/a	n/a	n/a	14	11	12	11	8	\$7	\$11	\$12	\$13	\$14	11	10	11	9	6	15	4	7	5	5
Milk, Eggs		8	11	12	12	13	4	3	4	9	13	11	11	11	\$4	\$6	\$6	\$7	\$7	6	7	7	6	6	2	4	5	6	7
Seafood		1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	\$7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a
Yogurt, Pudding, Fruit, Rolls		10	14	9	13	12	3	3	3	7	12	7	10	11	\$6	\$8	\$10	\$9	\$10	4	5	2	4	4	6	9	7	9	8
COOLER Total		91	65	70	71	69	13	10	14	54	54	54	54	54	\$6	\$8	\$9	\$9	\$10	55	45	40	37	34	36	20	30	34	35
Breakfast		4	4	6	5	2	n/a	1	1	4	3	6	4	3	\$6	\$10	\$11	\$11	\$12	2	3	4	3	1	2	1	2	2	1
Chicken		22	14	12	9	14	n/a	n/a	n/a	12	15	8	8	8	\$9	\$14	\$16	\$16	\$17	14	14	7	7	9	8	n/a	5	2	5
Entrée		12	5	10	8	11	n/a	n/a	n/a	7	3	6	6	9.5	\$9	\$11	\$12	\$13	\$13	1	1	2	n/a	2	11	4	8	8	9
Finger Foods, App, Ethnic		19	19	14	14	14	1	n/a	n/a	11	16	13	10	15	\$10	\$11	\$11	\$13	\$13	15	15	8	10	8	4	4	6	4	6
Fruit		2	4	7	7	5	5	7	4	2	2	4	4	4.5	\$7	\$9	\$10	\$10	\$11	2	3	1	n/a	1	n/a	1	6	7	4
Ice Cream, Novelty		15	13	9	8	11	1	n/a	1	7	6	6	5	7	\$9	\$10	\$10	\$12	\$12	14	7	5	4	3	1	6	4	4	8
Italian		16	8	3	5	3	n/a	n/a	n/a	8	6	5	5	3	\$8	\$11	\$12	\$12	\$15	12	7	n/a	n/a	n/a	4	1	3	5	3
Juice		3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	\$6	n/a	n/a	n/a	n/a	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Meat, Turkey		7	5	6	5	3	n/a	n/a	n/a	4	5	4	4	2.5	\$10	\$13	\$17	\$17	\$25	2	4	3	3	3	5	1	3	2	n/a
Pizza		7	5	6	9	7	n/a	n/a	n/a	4	3	5	10	5.5	\$8	\$12	\$12	\$14	\$12	1	3	1	n/a	n/a	6	2	5	9	7
Potato, Onions		2	1	n/a	n/a	n/a	n/a	n/a	n/a	2	1	n/a	n/a	n/a	\$5	\$6	n/a	n/a	n/a	1	1	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a
Seafood		6	14	11	10	12	n/a	n/a	n/a	4	8	9	9	7	\$9	\$16	\$20	\$19	\$23	4	8	6	6	6	2	6	5	4	6
Shrimp		8	7	9	8	8	n/a	n/a	n/a	5	5	4	5	6.5	\$12	\$16	\$16	\$18	\$17	4	6	6	6	6	4	1	3	2	2
Vegetables, Plant Based		6	6	6	10	8	4	4	4	4	3	6	6	4.5	\$4	\$6	\$10	\$10	\$11	4	3	n/a	1	1	2	3	6	9	7
FREEZER Total		129	105	99	98	98	11	12	10	76	76	76	76	76	\$9	\$12	\$13	\$14	\$15	79	75	43	40	40	50	30	56	58	58
Total		220	170	169	169	167	24	22	24	130	130	130	130	130	\$8	\$11	\$12	\$12	\$13	134	120	83	77	74	86	50	86	92	93

Retail Pricing – The retail prices listed in this article do not include coupons. When comparing club retail pricing, the only equitable method is to use a non-discounted retail price.



Cooler Observations

The eight cooler categories include: butter/cream, cheese/cream cheese/cottage cheese, dips/appetizer/salad, juice/coffee/tea, bacon/hot dogs/deli, milk/eggs, seafood and yogurt/ pudding/fruit/rolls. The following are overall comments and observations from most of the cooler categories.

Sales – BJ's 180 cooler items generated 2020 annual sales of \$795 million with each item averaging \$388 per week per club. Costco's 69 cooler items generated 2020 annual sales of \$6.76 billion with each item averaging \$2,345 per week per club and Sam's 93 refrigerated items generated 2020 annual sales of \$3.68 billion with each item averaging \$921 per week per club.

Sam's – SKUs – Sam's 2021 cooler assortment decreased 14 SKUs compared to 2020. Three categories primarily contributed to the decrease: cheese, cream cheese and cottage cheese (three fewer SKUs), juice, coffee and tea (four fewer items) and bacon, hot dogs and deli (six fewer products).

Butter, Cream Products – There were several items stocked by multiple clubs. Three items were packaged in different sizes depending on the club. BJ's and Costco stocked spreadable butter from I Can't Believe It's Not Butter. BJ's stocked a package of two 30-ounce tubs for \$6.99 or 11.7-cents per ounce and Costco stocked a package of two 45-ounce tubs for \$9.99 or 11.1-cents per ounce.

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Sam's Club	SKU					Organic			Doors					Average Retail					SKU										
	2000	2010	2019	2020	2021	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021	Wholesale					Retail					
Category/Department	2000	2010	2019	2020	2021	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021	2000	2010	2019	2020	2021	
Butter, Cream Products	11	16	13	15	14	n/a	n/a	n/a	5	5	4	6	5.5	\$5	\$8	\$8	\$5	\$6	10	14	12	10	10	1	2	1	5	4	
Cheese, Cream, Cottage	25	20	20	17	14	n/a	n/a	n/a	14	10	4	6.5	5	\$6	\$9	\$9	\$9	\$8	13	12	15	11	11	12	8	5	6	3	
Dips, Appetizer, Salad	1	4	9	2	2	n/a	n/a	n/a	2	2	3.5	0.5	0.5	\$6	\$6	\$6	\$6	\$7	1	2	2	n/a	n/a	n/a	2	7	2	2	
Juice, Coffee, Tea	7	7	6	7	3	n/a	n/a	n/a	5	4	4	3	3	\$6	\$5	\$6	\$5	\$5	1	3	1	3	n/a	n/a	6	4	5	4	3
Bacon, Hot Dogs, Deli	n/a	18	24	33	27	n/a	n/a	n/a	4	9.5	10.5	11.5	n/a	\$10	\$10	\$10	\$12	n/a	11	12	20	13	n/a	7	12	13	14		
Milk, Eggs	7	15	18	17	16	5	3	3	7	10	11	9.5	9.5	\$3	\$6	\$6	\$6	\$6	3	11	8	8	7	4	4	10	9	9	
Seafood	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Yogurt, Pudding, Fruit, Rolls	11	17	12	16	17	n/a	n/a	n/a	7	7	6	6	7	\$5	\$8	\$10	\$9	\$9	1	3	1	5	4	10	14	11	11	13	
COOLER Total	62	97	102	107	93	5	3	3	40	42	42	42	\$5	\$8	\$8	\$8	\$8	\$8	29	56	51	57	45	33	41	51	50	48	
Breakfast	11	7	16	13	10	n/a	n/a	1	6	5	7	7	6	\$6	\$9	\$10	\$11	\$12	4	6	13	8	5	7	1	3	5	5	
Chicken	33	24	28	29	22	n/a	n/a	1	18	12	15	19	18	\$11	\$12	\$14	\$14	\$15	22	21	18	17	10	11	3	10	12	12	
Entrée	28	14	23	9	8	n/a	n/a	n/a	15	8	14	8	3.5	\$8	\$11	\$12	\$11	\$11	17	3	6	4	1	11	11	17	5	7	
Finger Foods, App, Ethnic	18	34	20	24	28	n/a	n/a	n/a	10	13	7	12.5	15	\$8	\$10	\$11	\$11	\$11	17	29	12	15	11	1	5	8	9	17	
Fruit	3	4	6	4	4	n/a	n/a	n/a	2	2	2	2.5	2	\$6	\$8	\$9	\$9	\$9	2	4	3	2	1	1	n/a	3	2	3	
Ice Cream, Novelty	26	17	21	21	18	n/a	n/a	n/a	14	12	10	10	10	\$7	\$10	\$10	\$10	\$10	19	11	10	8	7	7	6	11	13	11	
Italian	15	12	8	3	6	n/a	n/a	n/a	10	8	3	1	3	\$9	\$11	\$12	\$11	\$12	11	6	5	n/a	1	4	6	3	3	5	
Juice	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	\$6	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Meat, Turkey	10	10	14	6	5	n/a	n/a	n/a	7	9	9	4.5	6.5	\$10	\$14	\$16	\$21	\$23	3	4	4	2	2	7	6	10	4	3	
Pizza	9	9	7	9	8	n/a	n/a	n/a	6	7	3	4.5	4.5	\$8	\$11	\$12	\$11	\$12	1	5	1	n/a	n/a	8	4	6	9	8	
Potato, Onions	4	5	4	5	5	n/a	n/a	n/a	3	3	2	3	3	\$7	\$10	\$14	\$12	\$10	2	4	4	4	4	2	1	n/a	1	1	
Seafood	13	18	18	20	16	n/a	n/a	n/a	6	9	10	9	8	\$11	\$13	\$16	\$19	\$23	6	14	9	10	7	7	4	9	10	9	
Shrimp	15	11	14	15	14	n/a	n/a	n/a	7	5	8	7	8.5	\$12	\$12	\$16	\$15	\$16	5	7	6	10	8	10	4	8	5	6	
Vegetables, Plant Based	11	7	9	11	11	n/a	1	n/a	5	4	4	6	6	\$6	\$6	\$8	\$10	\$11	8	6	n/a	n/a	n/a	3	1	9	11	11	
FREEZER Total	198	172	188	169	155	0	1	2	110	97	94	94	94	\$9	\$11	\$13	\$13	\$14	119	120	91	80	57	79	52	97	89	98	
Total	260	269	290	276	248	5	4	5	150	139	136	136	136	\$8	\$10	\$11	\$11	\$12	148	176	142	137	102	112	93	148	139	146	

BJ's, Costco and Sam's Club stocked Daisy sour cream. BJ's stocked a two-pound container for \$3.59 or \$1.80 per pound. Costco stocked a three-pound container for \$3.99 or \$1.33 per pound and Sam's stocked a three-pound container for \$4.42 or \$1.47 per pound. BJ's and Costco stocked Reddi Wip whipped cream. BJ's stocked two 15-ounce cans for \$7.99 or \$4.00 per can and Costco stocked three 15-ounce cans for \$7.99 or \$2.66 per can.

Transitioning an item into a larger package size benefits a club in five ways: a better value can be offered by lowering the unit retail price/cost, the club's average transaction is increased reducing their payroll percentage of sales, studies show that consumers who purchase larger packages consume those items at a faster rate increasing repeat sales, higher gross margin dollars are generated and distribution efficiency is improved since more product can be shipped per pallet/truck reducing the freight cost per unit.

Other items stocked by multiple clubs in the same size package included: a 17.6-ounce container of Kerrygold Irish butter for \$7.74 at Sam's and \$8.69 at BJ's and a five-pound tub of Shedd's country spreadable butter for \$4.98 at Sam's and \$5.29 at BJ's.

Some of the items stocked at one club included: a 10-ounce container of Chef Samy garlic butter for \$6.97 (Sam's), a 64-ounce container of sugar free French vanilla creamer from Coffee Mate for \$5.49 (BJ's), two 14-ounce squeezable pouches of Daisy Brand sour cream for \$4.29 (BJ's), two 13-ounce containers of Earth Balance organic spreadable butter for \$7.99 (BJ's), a 48-ounce bottle of Cold Stone Creamery sweet creamer from International Delight for \$3.99 (BJ's), four 8-ounce sticks of Kerrygold Irish butter for \$11.99 (Costco), four 8-ounce sticks of grass fed New Zealand butter under Costco's Kirkland Signature private label brand for \$9.99 (Costco), three 15-ounce cans of whipped cream under Sam's Member's Mark private label brand for \$7.48 (Sam's), a 32-ounce bottle of Planet Oat French vanilla creamer for \$3.49 (BJ's) and a 58-ounce bottle of Starbucks caramel macchiato creamer for \$7.49.

Cheese, Cream Cheese, Cottage Cheese – BJ's cheese, cream cheese and cottage cheese assortment was significantly larger than Costco and Sam's. BJ's stocked 52 items compared to 14 at Sam's and nine at Costco. BJ's selection included 20 Wellesley Farms private label SKUs. Some of those items included: a 20-ounce container of grated parmesan cheese for \$7.99, two 24-ounce packages of shredded mild cheddar cheese for \$8.29, two 24-ounce packages of shredded mozzarella cheese for \$8.29, a 32-ounce package of sliced muenster cheese for \$7.29 and a 32-ounce container of sliced provolone cheese for \$7.29.

The following are some of the items stocked by one club: a 32-ounce container of Breakstone cottage cheese for \$3.99 (BJ's), a package of thirty 1-ounce whole milk Cheese Head cheese sticks from Frigo for \$6.49 (BJ's), a 48-ounce container of Galbani ricotta cheese for \$4.99 (BJ's), a package of twenty 1-ounce organic mozzarella cheese sticks from Horizon for \$11.99 (BJ's), a 48-ounce loaf of Philadelphia cream cheese from Kraft for \$6.99 (Costco), two 16-ounce bags of Kraft shredded colby jack cheese for \$7.99 (BJ's), two 16-ounce bags of shredded mozzarella cheese from Kraft for \$7.99 (BJ's), two 16-ounce packages of Kraft yellow sliced deluxe American cheese (48 slices) for \$7.99 (BJ's), a package of thirty-six 0.75-ounce mini baby bell cheese rounds from Laughing Cow for \$11.39 (Costco) and a package of twenty-four 1-ounce Paw Patrol-themed cheese sticks from Schreiber for \$6.79 (BJ's).

Dips, Appetizer, Salad – While Costco did not stock any items in this category, BJ's stocked three SKUs and Sam's stocked two products. Sam's assortment included: a 32-ounce container of Member's Mark white meat chicken salad for \$7.68 and an 80-ounce container of Amish potato salad from Member's Mark for \$5.98.

Juice, Coffee, Tea – Each club continues to approach the juice, coffee and tea category differently. Costco stocked the most items in this category with 13 SKUs compared to BJ's with 12 items and Sam's with three items. Costco's assortment included more premium products or larger packages. This translated to a higher average retail price of \$11 compared to \$5 at BJ's and \$5 at Sam's Club.

Costco's assortment included two Tropicana items that can be resold by grocery stores: four 52-ounce bottles of no pulp orange juice for \$10.59 or \$2.65 per bottle and four 52-ounce bottles of no pulp calcium fortified orange juice for \$10.59 or \$2.65 per bottle. Grocery stores typically sell 52-ounce bottles of Tropicana orange juice for between \$3.49 and \$4.49.

Other juice SKUs at Costco included: six 16-ounce bottles of GT's Kombucha organic living in gratitude kombucha for \$13.99 (see picture on the right), six 14-ounce bottles of Harmless Harvest organic coconut water for \$13.99, eight 12-ounce cans of Humm organic low sugar mango passion kombucha for \$12.99 (see picture on the left), a 60-ounce bottle of P.O.M. 100% pomegranate juice for \$9.29 and six 10.5-ounce bottles of Suja organic uber green juice made with cucumber, celery, grapefruit, green chard and lettuce for \$11.79.



Costco—Humm Organic Kombucha



Costco—GT's Organic Kombucha

BJ's assortment included: a 48-ounce bottle of iced coffee from Dunkin Donuts for \$3.99, a 48-ounce bottle of unsweetened iced coffee from Dunkin Donuts for \$3.99, a 48-ounce bottle of vanilla iced coffee from Dunkin Donuts for \$3.99, two 52-ounce bottles of Simply orange juice for \$6.69, a 128-ounce bottle of Tropicana no pulp orange juice for \$6.49 and an 89-ounce bottle of Wellesley Farms organic orange juice for \$5.49.

Bacon, Hot Dogs, Deli – BJ's bacon, hot dog and deli selection is merchandised and counted as part of its deli department. The bacon, hot dog and deli selection at Costco included: four 10-ounce packages of turkey bacon from Columbus for \$12.99, fifteen 4-ounce beef dinner franks from Kirkland Signature for \$13.49, thirty-six two-ounce beef hot dogs from Kirkland Signature for \$14.99, three 14-ounce packages of Kirkland Signature oven roasted turkey for \$9.99 and two 24-ounce packages of Kirkland Signature sliced ham for \$8.89.

Sam's assortment included: three 8-ounce packages of Applegate uncured Sunday bacon for \$14.97, twenty-four 1.5-ounce Greenridge beef sticks for \$15.48, a package of seventy-two 0.13-ounce slices of precooked bacon from Hormel for \$16.47, two 16-ounce packages of Margherita sliced pepperoni for \$8.58, twenty-four 2-ounce skinless beef franks from Nathan's for \$11.88 and a 40-ounce package of Sugardale thick cut bacon for \$12.98.

Milk, Eggs –All three clubs stocked egg whites in different package sizes and from different suppliers. BJ's stocked: four 16-ounce containers of egg whites from Egglan's Best for \$8.99 and two 16-ounce containers of organic egg whites from Pete & Gerry's for \$7.99. Costco stocked six 16-ounce containers of Kirkland Signature egg whites for \$8.69 and Sam's stocked six 16-ounce containers of Member's Mark egg whites for \$8.44.

BJ's processed egg assortment also included: four 16-ounce containers of liquid eggs from Egg Beaters for \$8.99, twelve hard cooked peeled eggs from Egglan's Best for \$4.49 and six 2-ounce Nellie's bacon and pepper jack egg bites for \$8.49.

All three clubs stocked organic large cage free brown eggs under their respective private label brands. BJ's stocked an 18-count container from Wellesley Farms for \$5.49 or 31-cents per egg. Costco stocked a 24-count container from Kirkland Signature for \$6.39 or 27-cents per egg and Sam's stocked a 24-count container from Member's Mark for \$6.38 or 27-cents per egg.

Some of the other egg SKUs included: an 18-count container of large cage free brown eggs from Amish Country for \$3.48 (Sam's), a 90-count case of large white eggs from R.W. Sauder for \$9.72 (Sam's), a 24-count container of extra large cage free white AA rated eggs from Kirkland Signature for \$3.69 (Costco), a 24-count container of large cage free brown eggs from Land O'Lakes for \$5.79 (BJ's) and two 18-count containers of extra large cage free brown eggs from Wellesley Farms for \$5.99 (BJ's).

BJ's milk selection included two Almond Breeze plant based milk SKUs: a 96-ounce bottle of unsweetened almond milk for \$3.89 and a 96-ounce bottle of unsweetened vanilla almond milk for \$3.89. BJ's milk selection included three Lactaid lactose free milk items: a 96-ounce bottle of lactose free whole milk for \$4.79, a 96-ounce bottle of lactose free 2% milk for \$4.79 and a 96-ounce bottle of lactose free fat free milk for \$4.79.

Yogurt, Pudding, Fruit, Rolls – BJ's stocked the most items in this category with 44 SKUs compared to 12 products at Costco and 17 items at Sam's. All three clubs stocked a 76-ounce container of Pillsbury chocolate chip cookie dough with Sam's at \$7.48, Costco at \$7.99 and BJ's at \$9.49.

Some of the unique yogurt, pudding, fruit and roll SKUs included: three 17.5-ounce containers of Annie's organic cinnamon rolls for \$10.99 (Costco), a case of twenty 5.3-ounce cups of Chobani fat free Greek yogurt (five each of peach, blueberry, strawberry and cherry) for \$13.99 (Costco), a case of fifty 2.1-ounce probiotic dairy drinks from Cool Plus for \$8.99 (Costco), three 16.5-ounce packages of Toll House chocolate chip cookie dough from Nestle (see picture on the right) for \$5.99 (BJ's), eight 5-ounce French cups of yogurt (four each of strawberry and peach) from Oui for \$7.99 (BJ's), four 8-ounce containers of Pillsbury crescent rolls for \$6.98 or \$1.75 per container (Sam's), five 8-ounce containers of Pillsbury crescent rolls for \$8.59 or \$1.72 per container (Costco), an 80-ounce container of sugar cookie dough from Pillsbury for \$8.99 (BJ's) and eight 5-ounce cups of Silk vanilla almond milk yogurt for \$8.99 (BJ's).



Freezer Observations

The 14 freezer categories included: breakfast, chicken, entrées, finger foods/appetizers/ethnic, fruit, ice cream/novelty, Italian, juice, meat/turkey, pizza, potatoes/onions, seafood, shrimp and vegetables/plant based protein. The following are comments and observations from some of the categories.

Sales – BJ's 290 freezer items generated 2020 annual sales of \$1.06 billion with each item averaging \$320 per week per club. Costco's 98 freezer items generated 2020 annual sales of \$9.43 billion with each item averaging \$2,304 per week per club and Sam's 155 frozen items generated 2020 annual sales of \$5.28 billion with each item averaging \$793 per week per club.

BJ's – SKUs – The number of frozen items at BJ's decreased dramatically from 367 items in 2019 to 339 products in 2020 to 290 SKUs in 2021. BJ's reported third quarter sales and operating results ending October 30, 2021 via a press release and conference call with financial analysts (see page ten). During the call, Bob Eddy, BJ's president and chief executive officer, explained the company is reducing its selection in certain categories. While the freezer was not specifically mentioned, its possible that BJ's frozen SKU reduction is intentional.

The following categories were most responsible for the overall decrease: entrees (15 fewer items compared to 2020), ice cream and novelty (10 fewer SKUs compared to 2020), pizza (seven fewer products compared to 2020) and chicken (six fewer items compared to 2020).

Sam's – SKUs – The number of frozen items at Sam's decreased dramatically from 188 items in 2019 to 169 products in 2020 to 155 SKUs in 2021. The following categories were most responsible for the overall decrease: chicken (seven fewer products compared to 2020), ice cream and novelty (five fewer items compared to 2020), seafood (four fewer SKUs compared to 2020) and breakfast (three fewer products compared to 2020).

Breakfast – All three clubs stocked cases of 1.2-ounce Eggo waffles from Kellogg's. BJ's stocked a 72-count case for \$10.49 or 14.6-cents per waffle, Costco stocked a 72-count case for \$9.99 or 13.9-cents per waffle and Sam's stocked a 60-count case for \$10.98 or 18.3-cents per waffle.

Some of the unique breakfast products included: eight 3.9-ounce three cheese omelets from Egglund's Best for \$12.48 (Sam's), eight 5.05-ounce Jimmy Dean egg, ham and cheese sandwiches on sourdough bread for \$12.48 (Sam's), six 6-ounce breakfast stromboli's with egg, sausage and cheese from Leonetti's for \$12.98 (Sam's), twelve 3-ounce egg white flatbread sandwiches with turkey sausage for \$9.98 (Sam's), six 6.25-ounce Tattooed Chef organic acai fruit and granola bowls for \$12.59 or 33.6-cents per ounce (Costco), four 8-ounce Tattooed Chef organic acai fruit and granola bowls for \$10.48 (see picture on the right) or 32.8-cents per ounce (Sam's) and a 72-count case of Wellesley Farms French toast sticks for \$7.99 (BJ's).



Chicken – The following are some chicken SKUs that WCF has not frequently observed previously: a case of six 6-ounce Barber crème brie stuffed chicken breasts for \$12.98 (Sam's), a 64-ounce bag of Star Wars-shaped chicken nuggets from Cartwheel Kitchen for \$12.98 (Sam's), a four-pound bag of Just Bare lightly breaded chicken bites for \$14.49 (Costco), a 3.5-pound bag of Member's Mark honey barbeque chicken bites for \$12.28 (Sam's) and six 6-ounce bacon wrapped and cheese stuffed chicken breasts from The Real Good for \$12.89 (Costco).



Ice Cream, Novelty – Some of the unique ice cream and novelty items included: thirty 0.75-ounce taiyaki fish shaped waffle cakes with sweet vanilla custard cream from Suji's (see picture on the left) for \$10.99 (Costco), sixteen 2.5-

ounce dairy free pops (eight each of coconut and chocolate dipped) from Chloe's for \$10.98 (Sam's), fifty-four 0.89-ounce mini cheesecake treats (18 each of blueberry, cranberry and dark chocolate) from Gizell-a for \$9.79 (Costco), fifteen 3-ounce dark chocolate ice cream bars from Haagen Dazs for \$12.99 (BJ's), twelve 2.82-ounce brown sugar boba ice milk bars from IMei (see picture on the right) for \$13.79 (Costco), twelve 1.6-ounce gluten free kulfi bars (four each of pistachio, mango and malai) from Kaurina's (see picture on the left) for \$8.69 (Costco) and eighteen 2-ounce double dipped mini ice cream bars from Member's Mark for \$9.88 (Sam's).



Entrée – The entrée assortment at BJ's included six Birds Eye prepared meal SKUs: a 63-ounce bag of cheesy chicken with pasta, cheese sauce, broccoli, carrots and corn for \$9.99, a 58-ounce bag of chicken fried riced cauliflower with egg, broccoli, peas and carrots for \$10.99, a 40-ounce bag of rotini pasta made from zucchini and lentils and marinara sauce for \$9.99, a 63-ounce bag of voila chicken with pasta, broccoli, carrots and alfredo sauce for \$10.79, a 63-ounce bag of voila garlic chicken with pasta, broccoli, corn, carrots and garlic sauce for \$10.79 and a 58-ounce bag of voila garlic shrimp with pasta, broccoli, carrots, corn and garlic sauce for \$10.79.



Other entrée SKUs at BJ's included: a 44-ounce box of Kahiki beef and broccoli in a brown garlic soy sauce for \$11.99 (see picture on the left), a 44-ounce box of Kahiki sweet teriyaki white meat chicken with broccoli, peppers and carrots for \$10.99, a 44-ounce bag of PF Chang's chicken fried rice for \$11.99, a 44-ounce bag of general chang's chicken from PF Chang's for \$11.99, three 10-ounce boxes of pad thai white meat chicken with rice noodles, vegetables and a peanut sauce from Saffron Road for \$9.99 (see picture on the right) and three 10-ounce boxes of coconut white meat chicken with coconut milk, yogurt and basmati rice from Saffron Road for \$9.99.



Costco and Sam's Club stocked shoyu ramen bowl SKUs from Ajinomoto. Sam's stocked four 9-ounce beef shoyu ramen bowls with noodles, vegetables and soy sauce for \$10.98 and Costco stocked six 9.45-ounce chicken shoyu ramen bowls with noodles, vegetables and soy sauce for \$14.99.

Finger Foods, Appetizers, Ethnic – Sam's stocked several private label appetizer SKUs that have not been frequently observed previously: fourteen 0.7-ounce bacon wrapped shrimp from Member's Mark for \$10.98, twenty-four 1-ounce crab rangoon from Member's Mark for \$10.98, eighteen 0.6-ounce lobster crostini from Member's Mark for \$9.98, forty-eight 0.75-ounce mini quiche (24 each of ham Swiss cheese and spinach Swiss cheese) from Member's Mark for \$10.98 and sixteen 0.75-ounce Chesapeake-style shrimp flatbread from Member's Mark for \$9.98 (see picture on the right).



Italian – BJ's Italian assortment included six items from Michael Angelo's. Those products included: two 20-ounce containers of chicken parmesan for \$13.99, two 20-ounce containers of chicken piccata for \$13.99, two 34-ounce containers of eggplant parmesan for \$14.99, two 22-ounce containers of manicotti with sauce for \$10.99, two 38-ounce containers of lasagna with meat sauce for \$14.99 (see picture on the left) and two 36-ounce containers of vegetable lasagna for \$14.99.



Meat, Turkey – All three clubs stocked 85% lean sirloin beef patties under their respective private label brands. BJ's stocked a package of twelve 5.3-ounce patties from Wellesley Farms for \$16.79 or \$1.40 per burger. Costco stocked a package of eighteen 5.3-ounce patties from Kirkland Signature for \$24.99 or \$1.39 per burger and Sam's stocked a package of eighteen 5.3-ounce patties from Member's Mark for \$23.98 or \$1.33 per burger.

Some of the other meat and turkey SKUs included: a 22-ounce bag of turkey and bone-shaped turkey nuggets with sweet potato breading from Perdue for \$7.48 (Sam's), a box of twelve 5.3-ounce turkey burgers from Butterball for \$14.49 (BJ's), a box of twenty-eight 1.125-ounce sandwich steak portions from Philly Gourmet for \$9.99 (BJ's) and a box of twelve 3.5-ounce portions of sirloin beef steak strips from Steak Eze for \$18.24 (BJ's).

Pizza – The following pizza SKUs have not been frequently observed previously: two 16.77-ounce gluten free spinach and mushroom pizzas from Freschetta for \$14.99 (BJ's), two 15.34-ounce margherita pizzas from Roncadin in Italy for \$9.98 (Sam's), two 15.5-ounce pepperoni salami pizzas from Roncadin in Italy for \$9.98 (Sam's) and two 19.4-ounce Kirkland Signature supreme cauliflower crust pizzas with pepperoni, sausage, vegetables and a three cheese blend (see picture on the right) for \$12.99 (Costco).



Costco—Cauliflower Crust Pizza

Potato, Onions – Costco did not stock any potato and onion SKUs while BJ's stocked seven potato and onion items and Sam's stocked five potato and onion products. BJ's assortment included the following: a four-pound bag of Alexia sweet potato fries for \$10.49, a four-pound bag of Alexia waffle fries for \$10.79, a four-pound bag of organic Yukon gold fries from Alexia for \$10.79, a case of twenty 2.4-ounce Cavendish hash browns for \$4.29, an eight-pound bag of Ore-Ida crinkle cut fries for \$8.99, a six-pound bag of Wellesley Farms crinkle cut fries for \$5.99 and a six-pound bag of Wellesley Farms tater tots for \$5.99.

Sam's potato and onion selection included: an eight-pound bag of Ore-Ida crinkle cut fries for \$6.98, an eight-pound bag of Ore-Ida tater tots for \$6.98, a 4-pound bag of southern style waffle fries from Member's Mark for \$4.98, a case of six 5-pound bags of 3/8-inch straight cut fries from Member's Mark for \$21.48 and a ten-pound case of Member's Mark battered onion rings for \$19.98.

Seafood – All three clubs stocked Atlantic salmon under their respective private label brands. BJ's stocked a two-pound bag from Wellesley Farms for \$16.49 or \$8.25 per pound. Costco stocked a three-pound Kirkland Signature bag for \$26.99 or \$9.00 per pound and Sam's stocked a 2.5-pound Member's Mark bag for \$22.48 or \$9.00 per pound.

Other seafood SKUs included: a package of thirty-two 1.95-ounce panko breaded fish fillets from Gorton's for \$13.49 (BJ's), a 34.9-ounce bag of Gorton's panko breaded haddock for \$11.99 (BJ's), a 32-ounce package of miso glazed cod from High Liner for \$17.69 (Costco), a package of eighteen 2.05-ounce Matlaw's large stuffed clams for \$10.49 (BJ's), a 32-ounce package of seasoned salmon from Ocean Venture's for \$17.98 (Sam's), a package of thirty-six 0.5-ounce mini crab cakes from Phillips for \$24.89 (Costco), a 48-ounce seafood festival bag from Sea Best with shrimp, crab and mussels for \$23.99 (BJ's) and a 40-ounce box of Trident beer battered cod for \$14.99 (Costco).

Vegetables, Plant Based Protein – BJ's vegetable and plant-based assortment was significantly larger than Costco and Sam's. BJ's stocked 37 items compared to 11 at Sam's and eight at Costco.

BJ's selection included: twelve 3.55-ounce Dr. Praeger organic California vegetable burgers for \$14.49 (Costco stocked the same item for \$11.99), three 10.5-ounce packages of Morningstar Farms plant-based chicken nuggets for \$12.29 and two 12-ounce packages of Incogmeato plant-based ground protein from Morningstar Farms for \$10.99 (see picture on the right).



BJ's—Incogmeato Ground

Some of the other plant-based SKUs included: a package of twenty-two 1.23-ounce plant-based breakfast sausages from Beyond Meat for \$13.48 (Sam's), ten 4-ounce plant-based burgers from Beyond Meat for \$16.79 (Costco), six 4.93-ounce Incogmeato plant-based sausage, egg and cheese sandwiches on a biscuit from Morningstar Farms for \$13.98 (Sam's) and four 10-ounce sweet potato breakfast bowls with plant-based maple sausage, sweet potatoes, red onions and maple glaze from Tattooed Chef for \$12.98 (Sam's).

BJ's Wholesale

BJ's Reports Third Quarter Sales and Operating Results

Business Wire – November 18, 2021

BJ's reported third quarter sales and operating results ending October 30, 2021 via a press release and conference call with financial analysts. The following is a summary of that press release and conference call.

Sales and Earnings – BJ's reported third quarter merchandise sales increased 14.4% from \$3.65 billion last year to \$4.17 billion this year. Membership revenues increased 7.7% from \$84.9 million last year to \$91.5 million this year and overall revenues increased 14.3% from \$3.73 billion last year to \$4.26 billion this year. Operating income decreased 10.6% from \$190.4 million last year to \$170.2 million this year and net income increased 3.0% from \$122.8 million last year to \$126.5 million this year.

Bob Eddy, BJ's president and chief executive officer, said, "We are proud of delivering another strong quarter. Our business accelerated during Q3 on broad based strength, and we saw growth in all of our divisions, with acceleration in traffic and ticket, growth in digitally-enabled sales and conventional sales, all underpinned by strong membership statistics in both new and tenured members. Our growth flywheel is spinning faster than it has in a long time, and we look forward to continue building on that momentum."

Comparable Sales – BJ's reported third quarter comparable sales increased 13.1% (including gasoline) and increased 5.7% (excluding gasoline). Third quarter grocery comparable sales increased 6% and general merchandise comparable sales increased 4%.

Merchandise Gross Margins – BJ's reported third quarter merchandise gross margins decreased 128 basis points from 18.05% last year to 16.77% this year. Excluding gasoline, third quarter merchandise gross margins decreased 20 basis points.

Membership – BJ's total number of members (in excess of six million currently) increased 3% compared to its fiscal 2020 third quarter and 15% compared to its fiscal 2019 third quarter. Eddy said BJ's membership growth "was primarily driven by record renewals [and] we continue to believe that we are on track to deliver all time high renewal rates in both first year and tenured members for the year."

The percentage of BJ's members enrolled in its premium Perks program increased from 30% at the end of its fiscal 2020 third quarter to 34% currently. More than 75% of BJ's members are enrolled in its auto renewal program which is up from 72% at the end of its fiscal 2021 first quarter and 74% at the end of its 2021 second quarter.

Assortment Reduction – BJ's has been working on reducing its selection in certain categories to focus on top selling items and improve operating efficiency. Eddy said, "Some of the incremental SKUs that we carry versus our wholesale club competitors make sense to me in terms of driving shopping frequency ... Others don't ... We just had too much unnecessary choice in some of the center store categories. We don't need to carry multiple brands worth of trash bags or deodorant or laundry soap ... We have, in many cases, ten times the assortment of some of our wholesale club competitors and that's really not helping the member understand the value very well. It's not helping our operators deal with inventory efficiently."

Private Label – BJ's private label sales penetration is currently 23% of merchandise sales, the same as at the end of its fiscal 2021 second quarter.

eCommerce – BJ's reported third quarter digitally-enabled sales increased 44%. Digitally enabled sales includes buy online pickup in club (BOPIC) and same day delivery via Instacart. Eddy said, "Digitally engaged members have higher average baskets and make more trips per year than members who shopped in club only."

Express Pay – BJ's added its Express Pay mobile application feature to all club locations. Members shopping inside a location can shop and pay for their merchandise on their mobile phone, skipping the registers.

DoorDash/Instacart – BJ's announced a partnership with DoorDash that augments its existing relationship with Instacart. DoorDash will begin servicing online orders for BJ's members in January. BJ's views the competition and added delivery radius as a benefit for its members. Additionally, DoorDash and Instacart will not pick online BJ's member orders anymore. BJ's employees will pick those orders and stage them for DoorDash and Instacart delivery drivers.

Expansion – BJ's opened four locations in its 2020 fiscal year and one club so far in fiscal 2021 (Seabrook, NH). It will open its 223rd location in Pittsburgh, PA in December (a new market for the club operator). BJ's will open four additional locations in January, 2022: Port Charlotte, FL, Commack, NY, Lansing, MI and a second locations in Pittsburgh, PA. BJ's is planning to open approximately ten locations in its 2022 fiscal year (beginning February, 2022).

Commenting on its expansion plans, Eddy said, "As we look at contiguous markets, we've talked about the ability to hit those as well as infill areas where we see growth within existing geography ... We have plans to continue to expand the chain westward, but no other specific comments on that expansion."

Gasoline – Third quarter comparable gasoline gallons sold increased 20%. BJ's will open seven gasoline stations in fiscal 2021 and approximately 12 more in fiscal 2022. By the end of its 2022 fiscal year, approximately 75% of BJ's locations will have gasoline stations.

Share Repurchase - During its 2021 first quarter, BJ's repurchased 315,000 shares of common stock at an average cost of \$44.44 per share. During its 2021 second quarter, BJ's repurchased 1,054,116 shares of common stock at an average cost of \$47.05 per share. During its 2021 third quarter, BJ's repurchased 1,261,873 shares of common stock at an average cost of \$56.66 per share. BJ's stock closed at \$69.61 per share on November 19, 2021.

Sam's Club

Sam's Club Reports Third Quarter Sales and Operating Results

Company Press Release – November 16, 2021

Sam's Club reported third quarter sales and operating results ending October 31, 2021 for its United States locations via a press release, investor presentation and conference call with financial analysts. The following is a summary of that information:

Sales and Earnings – Sam's Club reported third quarter sales including gasoline increased 19.7% from \$15.85 billion last year to \$18.97 billion this year. Gasoline sales were approximately \$2.37 billion and third quarter sales excluding gasoline increased 13.8% to \$16.6 billion. Operating income including gasoline increased 10.2% from \$431 million last year to \$475 million this year. Operating income excluding gasoline increased 2.8%.

It is estimated that third quarter worldwide sales for Sam's Club increased 15.7% from \$22.41 billion last year to \$25.92 billion this year.

Comparable Sales – Third quarter comparable sales increased 19.8% including gasoline and increased 13.9% excluding gasoline. Average member traffic increased 11.1% and the company's average transaction increased 8.7% including gasoline and increased 2.8% excluding gasoline. eCommerce sales contributed approximately 170 basis points to Sam's overall comparable sales results.

Record Sales and Comparable Sales – WCF has tracked Sam's monthly sales results from January, 1995 to April, 2009 and Sam's quarterly results since May, 2009. Sam's third quarter sales and comparable sales results are the company's best result since January, 1995.

Merchandise Gross Margins – Excluding gasoline, Sam's third quarter merchandise gross margins decreased 90 basis points compare to last year. Including gasoline, Sam's third quarter merchandise gross margins decreased 127 basis points compared to last year.

eCommerce – Sam's third quarter eCommerce sales increased 32%.

Inventory – In anticipation of higher holiday sales, Sam's overall inventory increased 7.3% to \$5.4 billion.

Membership – Sam's reported third quarter membership income increased 11.3%, the company's fifth consecutive quarter with double digit growth. Sam's reported that its number of members at the end of its third quarter are at a record high. Renewal rates improved with Sam's Plus member renewal rate increasing 185 basis points compared to last year. Sales attributed to Plus members increased over 660 basis points compared to last year and are at all time high.

Department Comparable Sales – Fresh, freezer and cooler comparable sales increased in the mid teens (fresh meat, produce, floral and prepared foods were the stronger categories). Grocery and beverage comparable sales increased in the high teens (drinks, dry grocery, snacks and candy were the stronger categories). Consumable comparable sales increased in the high teens (paper goods, tabletop, laundry and home care were the stronger categories). Home and apparel comparable sales increased in high teens (seasonal, tires, toys, furniture and domestics were the stronger categories).

Technology, office and entertainment comparable sales decreased in the mid single digits. Excluding mobile phone sales, technology, office and entertainment comparable sales would have decreased slightly. Due to Sam's new mobile phone partnership, it no longer recognizes the full transaction value and currently only receives a commission. Health and wellness comparable sales increased in the low single digits (optical and pharmacy were the stronger categories).