

# Private Label

Private label programs are an important part of the buying strategy at BJ's, Costco, PriceSmart and Sam's Club. Private label items not only provide each club with brand exclusivity but offer the opportunity for higher gross margins while maintaining product quality and value.

Costco's private label program primarily concentrates on one brand: Kirkland Signature (see picture on the right of a 1.5-liter bottle of Kirkland Signature ready-to-drink strawberry margarita for \$10.99). Sam's private label program primarily concentrates on one brand: Member's Mark. However, Sam's divides that brand into two secondary designations for business items: Member's Mark Food Service and Member's Mark Commercial. BJ's private label program includes two labels: Berkley & Jensen and Wellesley Farms.



Costco – KS Strawberry Margarita

This chapter is divided into eleven sections: data accumulation, strategies, data overview, competing against a private label SKU, organic, co-branding, BJ's program, Costco's program, Sam's program, PriceSmart's program and pricing comparison.

## Data Accumulation

The data, pictures and observations in this chapter were gathered at BJ's, Costco and Sam's Club locations in Massachusetts and New Hampshire in February, 2022. Each operator lists some private label items only on their web sites. Those online-only items were not included. The retail prices listed in this article do not include coupons.

## Strategies

The clubs strive to offer premium private label products that meet or exceed the quality standards of the competing national brand while still offering a significant value. Private label items are evaluated and decided upon at the corporate level with buyers generally following six strategies:

- Merchandise Gross Margin** – Private label products typically exceed normal club merchandise gross margins of 8% to 12%. Costco limits its private label merchandise gross margins to a maximum of 15%.
- Savings** – Private label products typically yield a 20% savings compared to the competing national brand.

While there are club private label items that replace a competing national branded product making a direct pricing comparison impossible, in some cases, club buyers keep both SKUs active.

The chart on the right compares ten randomly selected national branded items and its competing private label product at each club.

The pricing for each private label product and national brand product were compared. The unit price of each item was calculated and the private label savings were determined and appear in the savings column.

	Brand Comparison	National Brand				Private Label				
		Brand	Pack	Retail	Unit	Brand	Pack	Retail	Unit	Savings
Costco	Water Filter Cartridge	Brita	10 ct	\$37.99	\$3.7990	Kirkland Signature	10 ct	\$19.99	\$1.9990	90%
	Tuna - Solid White Albacore	Bumble Bee	8-7 oz	\$16.99	\$0.3034	Kirkland Signature	8-7 oz	\$15.89	\$0.2838	7%
	Cookware Set - Hard Anodized	Circulon	13 ct	\$229.99	\$17.6915	Kirkland Signature	12 ct	\$139.99	\$11.6658	52%
	Fabric Softener - Liquid	Downy	170 oz	\$12.99	\$0.0764	Kirkland Signature	187 oz	\$9.69	\$0.0518	47%
	Vacuum Sealing Bags	Foodsaver	96.2 sq feet	\$39.99	\$0.4157	Kirkland Signature	126.4 sq feet	\$24.99	\$0.1977	110%
	Irish Whiskey - Triple Distilled - Ireland	Jameson	1.75 liter	\$44.89	\$25.6514	Kirkland Signature	1.75 liter	\$27.99	\$15.9943	60%
	Scotch Whiskey - Scotland - 12 year	Johnnie Walker	1.75 liter	\$56.89	\$32.5086	Kirkland Signature	1.75 liter	\$35.79	\$20.4514	59%
	Facial Tissue - 3 ply	Kleenex	12-85 ct	\$18.49	\$0.0181	Kirkland Signature	12-84 ct	\$14.99	\$0.0149	22%
	Semi Sweet Chocolate Chips	Nestle	72 oz	\$9.79	\$0.1360	Kirkland Signature	72 oz	\$8.99	\$0.1249	9%
	Sugar - Organic	Sugar in the Raw	6 lb	\$3.99	\$1.4983	Kirkland Signature	10 lb	\$8.19	\$0.8190	83%
BJ's	Bath Tissue - Ultra Strong - 2 ply	Charmin	32-284 ct	\$29.99	\$0.0035	Berkley & Jensen	24-272 ct	\$16.99	\$0.0026	36%
	Nutrition Shake - Vanilla	Ensure	24-8 oz	\$28.49	\$0.1484	Wellesley Farms	24-8 oz	\$19.99	\$0.1041	43%
	Applesauce - Organic - Pouches	GoGo Squeeze	28-3.2 oz	\$14.99	\$0.1673	Wellesley Farms	24-3.2 oz	\$9.99	\$0.1301	29%
	Crew T-Shirt - Men	Hanes	6 ct	\$19.99	\$3.3317	Berkley & Jensen	6 ct	\$20.99	\$3.4983	-5%
	Ketchup	Heinz	3-44 oz	\$7.99	\$0.0605	Wellesley Farms	3-40 oz	\$5.99	\$0.0499	21%
	Disinfecting Spray	Lysol	3-19 oz	\$13.79	\$0.2419	Berkley & Jensen	4-16 oz	\$11.99	\$0.1873	29%
	Apple Juice	Mott's	2-128 oz	\$8.99	\$0.0351	Wellesley Farms	2-96 oz	\$5.39	\$0.0281	25%
	Marinara Tomato Sauce	Rao's	40 oz	\$7.59	\$0.1898	Wellesley Farms	2-32 oz	\$8.39	\$0.1311	45%
	No Calorie Sweetener	Splenda	1,200 ct	\$21.79	\$0.0182	Wellesley Farms	1,200 ct	\$15.29	\$0.0127	43%
	Cat Litter - Scoopable	Tidy Cats	38 lb	\$15.99	\$0.4208	Berkley & Jensen	40 lb	\$9.99	\$0.2498	68%
Sam's Club	Dryer Sheets	Bounce	2-160 ct	\$9.98	\$0.0312	Member's Mark	2-240 ct	\$7.66	\$0.0160	95%
	Disinfecting Wipes	Clorox	5-85 ct	\$14.98	\$0.0352	Member's Mark	4-78 ct	\$9.16	\$0.0294	20%
	AA Batteries - 10 year life	Energizer	48 ct	\$19.48	\$0.4058	Member's Mark	48 ct	\$15.98	\$0.3329	22%
	Donut Shop Coffee - Kcup	Green Mountain	100 ct	\$38.98	\$0.3898	Member's Mark	100 ct	\$24.98	\$0.2498	56%
	Copy Paper - 8.5x11 - 92-bright- 20-lb	Hammermill	10-500 ct	\$37.88	\$0.0076	Member's Mark	10-500 ct	\$29.98	\$0.0060	26%
	Facial Tissue - 3 ply	Kleenex	12-65 ct	\$14.98	\$0.0192	Member's Mark	12-80 ct	\$12.98	\$0.0135	42%
	Motor Oil - Synthetic - 10W/30	Mobile 1	6-1 qt	\$39.98	\$6.6633	Member's Mark	12-1 qt	\$28.48	\$2.3733	181%
	Wavy Potato Chips	Ruffles	16.625 oz	\$3.98	\$0.2394	Member's Mark	16 oz	\$2.64	\$0.1650	45%
	Baby Formula - Sensitive - HMO	Similac	34 oz	\$34.98	\$1.0288	Member's Mark	48 oz	\$22.98	\$0.4788	115%
	Orange Juice - No Pulp	Simply	2-52 oz	\$6.68	\$0.0642	Member's Mark	2-52 oz	\$5.32	\$0.0512	26%

For example, Sam's Club stocked two 240-count boxes of Member's Mark dryer sheets for \$7.66 or 1.6-cents per sheet and two 160-count boxes of Bounce dryer sheets for \$9.98 or 3.1-cents per sheet. The Member's Mark SKU offered a savings of 95%.

Eight Kirkland Signature items at Costco offered a savings of 20% or more with the exceptions being solid white albacore tuna (a 7% savings) and semi sweet chocolate chips (a 9% savings). Nine Berkley & Jensen and Wellesley Farms items at BJ's offered a savings of 20% or more with the exception being men's crew neck t-shirts (5% more expensive). All ten Member's Mark items at Sam's Club offered a savings of 20% or more.

- Quality** – At a minimum, club private label product quality will meet the standards of the competing national brand while offering a savings. In most cases, the quality standard of a club private label item will exceed the national brand while offering a savings. In a few cases, the quality standard of a club private label item is so much higher than the competing national brand that the in-house product can be more expensive.
- Competition** – Private label products can be developed to compete with nationally branded items that have become too expensive. Also, private label items are often developed for a category that does not have a strong national brand. For example, Sam’s Club stocked a Member’s Mark four-piece kids explorer sofa for \$179.98 (see picture on the right).
- Volume** – Private label SKUs are generally chosen based on a potential item’s unit or dollar volume. The higher the volume, the more likely a private label item is developed.
- Leverage** – Private label products provide leverage for club buyers in two ways. First, since one manufacturer is generally chosen to produce a private label item, a club buyer can negotiate the lowest cost. Second, private label items provide the clubs with leverage when negotiating an item or program with a competing branded supplier. Due to the limited number of items stocked by BJ’s, Costco, PriceSmart and Sam’s, private label items potentially threaten whether a competing brand will remain an active SKU.



Sam’s – Member’s Mark Kids Sofa

## Data Overview

The two charts in this section provide an objective overview of the private label programs at BJ’s, Costco and Sam’s. Please note, some apparel, bed sheet and bath towel SKUs will have different colors or sizes within the same product type.

Each product type, regardless of the number of color and/or size variations, is counted as one SKU. For example, WCF only counts the washcloth SKU at each club once, despite their being multiple colors of that product.

**SKU Recap** – The chart on the right shows private label SKUs by department from 2010 and 2015 for a historical perspective as well as 2020, 2021 and 2022.

	Private Label	Total SKUs	Private Label SKUs	Brands	Apparel	Alcohol	Auto	Candy, Snacks	Dry Grocery	Perishables	Seasonal	Bed, Bath	Hard Goods	HBA, Baby	Pet	Sundries
<b>BJ's</b>																
2010	6,730	610	9%	12	24	0	5	26	65	193	51	40	38	97	11	60
2015	6,671	579	9%	8	17	0	0	35	94	239	37	11	22	94	11	49
2020	5,769	817	14%	2	16	8	0	54	105	323	33	17	54	116	19	72
2021	5,810	765	13%	2	12	2	0	47	105	361	36	17	32	89	13	81
2022	5,550	831	15%	2	12	1	0	49	114	348	53	24	40	103	12	75
<b>Costco</b>																
2010	4,016	514	13%	3	14	7	33	23	67	172	39	19	17	87	8	28
2015	3,794	638	17%	3	22	31	41	39	94	202	47	12	17	89	15	29
2020	3,567	565	16%	3	8	15	32	36	90	198	40	4	18	82	13	29
2021	3,643	601	16%	3	6	32	34	32	97	213	37	3	13	89	17	28
2022	3,620	573	16%	3	9	33	34	32	101	185	33	2	17	85	14	28
<b>Sam's Club</b>																
2010	5,266	524	10%	4	4	0	4	6	45	159	27	21	84	92	8	74
2015	5,357	567	11%	12	3	0	11	8	44	185	34	12	91	94	6	79
2020	4,935	925	19%	4	14	10	8	30	128	311	45	17	102	111	13	113
2021	4,633	845	18%	4	22	9	7	28	122	271	33	24	107	97	15	110
2022	4,648	766	16%	4	36	13	7	30	102	242	33	26	94	87	12	84

The chart includes the total number of SKUs at each club, the total number and percentage of private label items, the number of “active” private label brands at each club and the number of private label products in each category. In addition to Kirkland Signature, Costco also stocked items under a Costco Wholesale Company (CWC) control label and Trunature health supplements. Sam’s also stocked automotive products under Prime.

**BJ’s** – The 831 SKU private label assortment at BJ’s is the largest among the three clubs (see picture on the right of a package of four 19-ounce bottles of Berkley & Jensen disinfectant spray for \$11.99). While BJ’s overall item assortment trended down from a high of 6,730 SKUs in 2010 to 5,550 products currently, its number of private label products, despite yearly gyrations, increased from a low of 579 items in 2015 to a high of 831 SKUs currently. As a result, the percentage of Berkley & Jensen and Wellesley Farms private label products of its overall selection is at a company high of 15%.

**Sam’s Club** – The private label selection at Sam’s has changed the most among the three clubs increasing from 567 products in 2015 to 925 items in 2020 and then decreasing each of the following two years to 845 SKUs in 2021 to 766 products in 2022. At its peak in 2020, Sam’s private label assortment represented 19% of its overall product selection. That figure decreased to 18% in 2021 and then to 16% in 2022.

**Costco** – The 573 item private label selection at Costco is the smallest among the three clubs. Costco’s private label assortment represented 16% of its overall number of SKUs the last three years.



BJ’s – Berkley & Jensen Disinfectant

**Sales** – The chart on the right provides estimated sales for an average private label and branded SKU at each club. The sales data is from the 2021 calendar year and represents worldwide locations but does not include club ancillary businesses (like gasoline and food court). The location count is through December 31, 2021.

BJ's and Costco's private label sales penetration figures are based on specific comments from their respective quarterly conference calls.

Sam's private label sales penetration is based in part on WCF research and general comments from the company's quarterly conference calls.

		Private Label Sales	BJ's	Costco	Sam's
Total	SKU		5,550	3,620	4,648
	Locations		223	828	836
	Yearly Product Sales less Ancillary (million)		\$14,617	\$171,294	\$87,395
	Yearly Sales per SKU		\$2,633,694	\$47,318,785	\$18,802,711
	Yearly Sales per SKU per Location		\$11,810	\$57,148	\$22,491
	<b>Weekly Sales per SKU per Location</b>		<b>\$227</b>	<b>\$1,099</b>	<b>\$433</b>
Branded	SKU		4,719	3,047	3,882
	Percent of Sales		77.0%	74.7%	74.8%
	Yearly Sales (million)		\$11,255	\$127,957	\$65,371
	Yearly Sales per SKU		\$2,385,058	\$41,994,295	\$16,839,634
	Yearly Sales per SKU per Location		\$10,695	\$50,718	\$20,143
	<b>Weekly Sales per SKU per Location</b>		<b>\$206</b>	<b>\$975</b>	<b>\$387</b>
Private Label	SKU		831	573	766
	Percent of Sales		23.0%	25.3%	25.2%
	Yearly Sales (million)		\$3,362	\$43,337	\$22,024
	Yearly Sales per SKU		\$4,045,620	\$75,632,429	\$28,751,358
	Yearly Sales per SKU per Location		\$18,142	\$91,344	\$34,392
	<b>Weekly Sales per SKU per Location</b>		<b>\$349</b>	<b>\$1,757</b>	<b>\$661</b>

WCF Research - Estimator - February 2022

It is estimated that 2021 calendar year private label sales were: \$3.36 billion at BJ's (23.0% of merchandise sales), \$22.02 billion at Sam's Club (25.2% of merchandise sales) and \$43.34 billion at Costco (25.3% of merchandise sales).

A branded item at BJ's generates \$206 per week per club compared to a private label item which generates \$349 per week per club. A branded item at Costco generates \$975 per week per club compared to a private label item which generates \$1,757 per week per club. A branded item at Sam's Club generates \$387 per week per club compared to a private label item which generates \$661 per week per club.

## Competing Against a Private Label SKU

Due to the club strategy of stocking a limited number of items, suppliers whose product(s) faces competition from a private label item may experience reduced distribution or deletion. However, there are ways club vendors can compete with a private label SKU for shelf space.

First, not every branded item is deleted when a private label product is introduced. BJ's and Sam's are more likely to keep competing branded SKUs due to their larger overall assortment. Second, club buyers still evaluate private label items based on value, volume and merchandise gross margins. Private label items have been and will continue to be deleted if certain thresholds are not met. Third, strategic options exist that can help vendors better position their branded item. Those options include the following five concepts:

- Product Cost** – The branded supplier could aggressively lower the club's cost so that its product offers an equal or better value compared to the private label SKU.
- Features** – The branded supplier could include features (at no additional cost) that, in conjunction with the product itself, provide a better value compared to the private label item.
- Quality** – The branded supplier could improve an item's quality without increasing the cost creating a better value compared to the private label SKU.
- Marketing Funds** – The branded supplier could increase the number of product demonstration, coupons or end cap commitments.
- Regional Success** – If the sales of a branded SKU are higher or more dominant in a region or area of the country, suppliers can potentially leverage that success and attempt to continue distribution of their product in those markets.

## Organic

The clubs stock private label organic items for four reasons: the perception of product quality in the brand is reinforced, higher price points are achieved, the savings differential compared to non-club organic items is larger than normal and organic items add to the club treasure hunt philosophy.

The chart on the right shows the number of private label organic items by category at each club from 2015 and 2017 for a historical perspective and 2020, 2021 and 2022. BJ's continues to stock the most organic private label items among the three clubs with 63 Wellesley Farms SKUs. Costco's Kirkland Signature organic selection continues to increase from 33 items in 2017 to 41 products in 2020 to 51 SKUs in 2021 to 55 items in 2022.

Organic	BJ's					Costco					Sam's Club				
	Wellesley Farms					Kirkland Signature					Member's Mark				
	2015	2017	2020	2021	2022	2015	2017	2020	2021	2022	2015	2017	2020	2021	2022
Apparel	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0
Bakery	5	4	0	2	0	0	0	0	0	0	0	0	0	0	0
Candy, Snacks	1	4	5	5	6	2	3	3	2	2	0	1	0	0	0
Cooler	9	8	8	10	9	6	4	6	6	5	0	3	0	2	2
Deli	0	2	3	2	2	0	1	2	1	3	0	1	0	0	0
Dry Grocery	11	26	27	24	25	21	22	28	32	41	1	19	16	17	13
Freezer	4	15	14	11	11	0	2	1	7	2	2	1	0	0	0
Fresh Meat	0	0	0	0	0	1	1	1	1	1	0	0	0	0	0
HBA/Baby	0	0	0	1	0	0	0	0	1	1	0	0	0	0	0
Pet	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
Produce	8	10	14	14	10	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>38</b>	<b>69</b>	<b>71</b>	<b>69</b>	<b>63</b>	<b>31</b>	<b>33</b>	<b>41</b>	<b>51</b>	<b>55</b>	<b>3</b>	<b>26</b>	<b>16</b>	<b>19</b>	<b>15</b>

WCF Research - February 2022



Sam's selection of Member's Mark organic products averaged 17 items over the past three years. The following are some of the organic items stocked by each club.

**BJ's – Wellesley Farms** – In the snack category, BJ's stocked: a 36-ounce bag of organic blue corn tortilla chips for \$5.49, a 40-ounce bag of organic yellow corn tortilla chips for \$5.49 and a 17-ounce container of organic trail mix for \$5.99. In dry grocery, BJ's stocked: a 25-ounce bag of organic baking cocoa for \$7.99, three 24-ounce bottles of organic honey for \$17.99, two 40-ounce bottles of organic ketchup for \$6.99 and a 10.8-ounce bottle of organic ground cinnamon for \$4.99.

In the cooler, BJ's stocked: a package of two 52-ounce bottles of organic almond milk for \$6.99, two 64-ounce bottles of organic whole milk for \$7.29 and two 1-pound packages of organic salted butter quarters for \$8.99. In produce, BJ's stocked: a three-pound bag of organic russet potatoes for \$3.29, a five-pound bag of organic carrots for \$3.99 and a five-pound bag of organic fuji apples for \$8.99.

**Costco – Kirkland Signature** – In dry grocery, Costco stocked: a package of three 32-ounce bottles of organic apple cider beverage for \$8.99, an 84-ounce bottle of organic coconut oil for \$11.69, three 24-ounce bear-shaped bottles of organic honey for \$13.69, two 28-ounce bottles of organic creamy peanut butter for \$9.99, a 42-ounce bottle of organic raspberry spread for \$7.99 and a 120-count case of organic coffee KCups co-branded with Keurig for \$35.99 (see picture on the right).



Costco – KS/Keurig Organic Coffee KCup

In the cooler, Costco stocked: a 24-count container of organic brown eggs for \$6.49, two 59-ounce bottles of organic orange juice for \$9.59 and three 64-ounce bottles of organic 1% milk for \$10.49. In the deli, Costco stocked: sixteen 2.5-ounce containers of organic guacamole for \$12.99 and twenty 2.5-ounce containers of organic hummus for \$6.99. In fresh meat, Costco stocked a four-pound package of organic ground beef for \$19.49.

**Sam's – Member's Mark** – In dry grocery, Sam's stocked: a 40-ounce bag of organic breakfast-flavored whole bean coffee for \$13.98, a seven-ounce bottle of organic ground black pepper for \$6.98, an eight-ounce bottle of organic ground cinnamon for \$6.93 and a 9.25-ounce bottle of organic onion powder for \$6.22.

## Co-Branding

One of the strategies the clubs use to increase member acceptance of their private label brand is to co-brand with existing brand-name products. By associating the Berkley & Jensen, Wellesley Farms, Kirkland Signature and Member's Mark names with an existing known consumer brand, members associate the quality of the branded company to the respective club and private label.

BJ's co-brands five Wellesley Farms fresh chicken items with Perdue. Sam's Club partners with eight consumer brands: Glasslock (kitchen), Tritan (kitchen), Exceed (pet), Duro (paper bags), Ecolab (janitorial), Windfresh (detergents), Argitoni (cheese) and John Soules (deli). Costco partners with 16 consumer brands: Anderson (pretzels), Jelly Belly (candy), Kettle (chips), Sunsweet (dried fruit), Ito En (green tea), Keurig (coffee), Nature's Path (cereal), Starbucks (coffee), Stratus Foods (oil), Talking Rain (water), Nature's Domain (pet), Chinet (cups), Reynolds (aluminum foil), Stretch-Tite (plastic wrap), Sartori (cheese) and Dowdle (puzzles).

Sam's Member's Mark co-branded products included: a 24-count glass food storage set with Glasslock for \$24.98, a 20-count plastic food storage set with Tritan for \$19.98, a package of three 32-ounce bottles of oven, grill and fryer cleaner with Ecolab for \$8.98, a 500-count package of four-pound brown paper bags with Duro for \$11.58, a wedge of parmigiano reggiano cheese with Argitoni for \$12.46 per pound and a 32-ounce package of sliced beef for fajitas with John Soules for \$12.98.

Costco's Kirkland Signature co-branded products included: a 52-ounce container of peanut butter pretzels with Anderson for \$9.49, a 100-count case of green tea with Ito En for \$13.99, a 35.3-ounce box of organic ancient grains granola cereal with Nature's Path for \$7.99, a 35-pound container of soybean oil with Stratus Foods for \$35.99, a case of turkey and pea stew canned dog food with Nature's Domain for \$23.99 and a 240-count bag of 18-ounce red plastic cups with Chinet for \$10.99.

## BJ's Wholesale

In 1999, BJ's introduced its first two private label brands: Berkley & Jensen for consumer members and Executive Choice for business members. In the ensuing years, BJ's continued to add private label brands and had as many as 19 brands in 2008. Since that time, BJ's reduced its number of private label brands to Berkley & Jensen (apparel, bed and bath, hard goods, health and beauty aids, baby, pet, seasonal and sundries) and Wellsley Farms (alcohol, candy, snacks, dry grocery, perishable and seasonal).

The chart on the right shows BJ's SKU count by brand and category. The following are some of the unique private label items stocked at BJ's:

**Non-Food** – In bed and bath, BJ's stocked: a Berkley & Jensen eight-piece air mattress set with an external pump, sheet set, pillows and storage bag for \$109.99, a Berkley & Jensen six-piece Egyptian 600 thread count king size sheet set for \$79.99 and a set of two Berkley & Jensen memory foam pillows for \$29.99. In the kitchen category, BJ's stocked: a five-quart Berkley & Jensen cast iron dutch oven for \$44.99 and a set of three Berkley & Jensen non-stick frying pans (an eight-inch, ten-inch and 12-inch) for \$25.99.

In the deli, BJ's stocked: a 16-ounce bottle of Wellesley Farms basil pesto for \$6.99, a 28-ounce Wellesley Farms colby jack block of cheese for \$7.99, a 32-ounce bag of Wellesley Farms mild cheddar cheese cubes for \$8.99 and a wedge of Wellesley Farms muenster cheese for \$5.99 per pound. In the freezer, BJ's stocked: a six-pound bag of Wellesley Farms french fries for \$5.99 and a box of twenty-four 4-ounce Wellesley Farms vanilla ice cream sandwiches for \$10.99.

BJ's	Berkley & Jensen	Wellesley Farms	Living Home	Other	Total
Alcohol	0	1	0	0	1
Apparel	12	0	0	0	12
Automotive	0	0	0	0	0
Bed and Bath	24	0	0	0	24
Candy, Snacks	0	49	0	0	49
Dry Grocery	0	114	0	0	114
Hard Goods	40	0	0	0	40
HBA, Baby	103	0	0	0	103
Perishable	0	348	0	0	348
Pet	12	0	0	0	12
Seasonal	49	4	0	0	53
Sundries	75	0	0	0	75
2022	315	516	0	0	831
2021	253	512	0	0	765
2020	321	496	0	0	817
2017	284	428	0	0	712
2015	269	237	10	63	579

WCF Research - February, 2022

**Food** – In candy and snacks, BJ's stocked: a 50-ounce container of Wellesley Farms chocolate covered raisins for \$14.99, a case of sixty 1-ounce Wellesley Farms chocolate chip chewy granola bars for \$8.79, a 35-ounce container of Wellesley Farms salted mixed nuts for \$16.99, a 55-ounce container of Wellesley Farms pretzel sticks for \$7.99 and a six-pound bag of Wellesley Farms starlight mints for \$6.99.

In dry grocery, BJ's stocked: two 7-ounce bottles of Wellesley Farms avocado oil spray for \$9.29, a 20-ounce bag of Wellesley Farms bacon crumbles for \$9.99, a case of forty-eight 1.3-ounce Wellesley Farms cereal bars (16 each of apple, strawberry and blueberry) for \$9.49, a 40-count box of Wellesley Farms instant oatmeal (12 each of strawberry and peach and eight each of blueberry and banana) for \$7.99, a 30-ounce bottle of Wellesley Farms apple wood maple mustard sauce for \$5.99 and a case of fifteen 1-liter bottles of Wellesley Farms plain seltzer for \$7.99.

## Costco Wholesale

Costco	Kirkland Signature	TruNature	Others	Total
Alcohol	33	0	0	33
Apparel	9	0	0	9
Automotive	34	0	0	34
Bed and Bath	2	0	0	2
Candy, Snacks	32	0	0	32
Dry Grocery	99	0	2	101
Hard Goods	13	0	4	17
HBA, Baby	79	6	0	85
Perishable	185	0	0	185
Pet	14	0	0	14
Seasonal	21	0	12	33
Sundries	28	0	0	28
2022	549	6	18	573
2021	568	9	24	601
2020	526	8	31	565
2017	545	7	32	584
2015	595	8	35	638

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In 1995, Costco introduced its Kirkland Signature private label brand. Since that time, Costco's focus on Kirkland Signature as its primary private label brand has remained consistent (although it currently stocks six TruNature private label supplements and several CWC unbranded grocery, kitchen and imported seasonal SKUs).

The chart on the left shows Costco's SKU count by brand and category. The following is an overview of Costco's dry nut program as well as some of the unique private label items it stocked:

**Dry Nut Program** – Costco's Kirkland Signature private label nut program includes 13 SKUs: unsalted mixed nuts, whole almonds, dry roasted almonds, pistachios, shelled pistachios, dry roasted macadamia nuts, mixed nuts, roasted cashews, trail mix, pecan halves, walnuts, variety snacking nuts and unsalted cashews.

To supply these SKUs, Costco has suppliers from up to 22 countries. In the September, 2021 issue of *The Costco Connection*, Martin Beam, Costco's Canadian corporate foods buyer, said, "We have such outrageously high volume of sales on nuts, we need to have multiple locations that we can draw from at any given time. We are not pulling from all of these locations at the same time, but we have the capability to pull from these locations to maintain supply levels."

Part of the evaluation process for potential suppliers and control of existing suppliers is social audits. These unannounced audits include whether suppliers pay comparable wages. Once a supplier is selected, Costco works hard to ensure they succeed. Beam said, "The biggest way I would say by far is the education that we can provide, which is a thing that we'll do with literally any facility. We can point out ideas that we've seen elsewhere at other farms that they can do in a location to try to improve things. We can share that kind of knowledge."

To ensure product quality, Costco's quality control laboratories in the United States and Canada are constantly testing product to make sure it meets the company's standards. Beam said, "Auditors just pull product directly from the selling floor and test it against our specs to make sure it meets all the requirements."

**Non-Food** – Costco's general merchandise selection included: a 50-count box of CWC unbranded non-slip hangars for \$15.99, a ten-piece Kirkland Signature stainless steel five-ply cookware set for \$199.99, a set of four Kirkland Signature golf gloves for \$26.99, a set of three Kirkland Signature sauté pans (8.5-inch, ten-inch and 12-inch) for \$29.99 and a 57-piece Kirkland Signature vacuum sealing bag set for \$24.99.

In the pet category, Costco stocked: a 72-count box of Kirkland Signature dental dog chews for \$24.99 and a 250-count box of Kirkland Signature 8-in-1 soft dog chews for \$29.99. In sundries, Costco stocked: a 135-ounce bottle of Kirkland Signature environmentally friendly dish soap for \$8.99 and a 200-count box of Kirkland Signature 13-gallon flexible and scented drawstring trash bags for \$17.99. In health and beauty aids, Costco stocked: a 200-count bottle of 500-mg of cinsulin from TruNature for \$19.99, a 300-count bottle of 120-mg ginkgo Biloba from TruNature for \$14.99 and a 250-count bottle of prostate health complex from TruNature for \$31.99.

**Food** – In alcohol, Costco stocked: a 1.75-liter bottle of Kirkland Signature Caribbean spiced rum for \$13.99, a 750-milliliter bottle of Kirkland Signature French cognac for \$45.99 and a 1.5-liter bottle of Kirkland Signature California cabernet sauvignon for \$9.99. In candy and snacks, Costco stocked: a case of sixty-four 0.85-ounce Kirkland Signature soft and chewy granola bars for \$7.99, a 40-ounce container of Kirkland Signature praline pecans for \$12.89 and a four-pound container of Kirkland Signature trail mix with M&Ms for \$11.99.

In the freezer, Costco stocked: two 19.4-ounce Kirkland Signature cauliflower crust supreme pizzas for \$10.79, a 40-ounce box of Kirkland Signature panko breaded shrimp for \$18.99 and a ten-pound bag of Kirkland Signature raw chicken wings for \$32.99.

In dry grocery, Costco stocked: a 32-ounce bag of CWC unbranded sliced almonds for \$8.99 and a 16-ounce bottle of CWC unbranded pure vanilla extract for \$13.99. In the deli, Costco stocked: a 1.8-ounce Kirkland Signature assorted cheese flight package with gruyere, bellavitano, chevre, pecorino and fontal for \$23.99, a 16-ounce container of Kirkland Signature shredded parmigiano reggiano cheese for \$13.99 and two 20-ounce containers of Kirkland Signature lobster bisque soup for \$10.99.

## Sam’s Club

Sam’s Club introduced its Member’s Mark private label brand in 1998. By 2016, the company had 11 private label brands. However, it reduced that assortment, primarily, to Member’s Mark. The chart on the right details Sam’s private label assortment by brand and category.

The following includes two of Sam’s private label buying strategies as well as some of the unique private label items it stocked:

**Member Focus** – Sam’s private label focus is first on making sure members are satisfied with Member’s Mark items. In a March, 2021 article from TalkBusiness.net, Prathibha Rajashekhar, senior vice president of sourcing and private brands at Sam’s Club, said, “We’re looking to grow, but we don’t measure growth the way you may think. Success for Member’s Mark will be measured in a way to ensure we’re constantly surprising and delighting members with quality products at an incredible value. We know that if we get it right, we will continue to be a strong asset to the overall Sam’s Club business.”

Sam’s	Member’s Mark		Prime	Certified	Daily Chef		Other	Total
	Consumer	Business			Consumer	Business		
Alcohol	13	0	0	0	0	0	0	13
Apparel	36	0	0	0	0	0	0	36
Automotive	3	0	4	0	0	0	0	7
Bed and Bath	23	3	0	0	0	0	0	26
Candy, Snacks	29	1	0	0	0	0	0	30
Dry Grocery	86	16	0	0	0	0	0	102
Hard Goods	59	35	0	0	0	0	0	94
HBA, Baby	87	0	0	0	0	0	0	87
Perishable	241	1	0	0	0	0	0	242
Pet	12	0	0	0	0	0	0	12
Seasonal	33	0	0	0	0	0	0	33
Sundries	45	39	0	0	0	0	0	84
2022	667	95	4	0	0	0	0	766
2021	719	120	4	2	0	0	0	845
2020	799	119	5	2	0	0	0	925
2017	471	74	0	6	43	64	15	673
2015	101	23	0	8	181	87	167	567

**Item Deletion** – Sam’s does not hesitate to delete Member’s Mark items. Rajashekhar said, “If our members aren’t impressed, then we consider if we need to remove the item or if there’s still potential to improve the item through renovation. Developing new, innovative items is also key to our strategy.”

**Non-Food** – In apparel, Sam’s Club stocked: a Member’s Mark children’s parka jacket for \$24.98, a Member’s Mark women’s adjustable sports bra for \$9.98, a Member’s Mark women’s sherpa jacket for \$14.98 and a Member’s Mark women’s luxe active t-shirt for \$9.98. In bed and bath, Sam’s Club stocked: a six-piece Member’s Mark 700 thread count king size sheet set for \$77.98, a Member’s Mark queen size mattress-in-a-box for \$399.98 and a Member’s Mark 96-inch by 108-inch plush blanket for \$24.98.

In general merchandise, Sam’s Club stocked: a set of three 500-lumen Member’s Mark flashlights for \$19.98 and a 50-count package of Member’s Mark slim velvet hangars for \$12.98. In kitchen, Sam’s Club stocked: a set of two Member’s Mark Food Service 13-inch by 18-inch aluminum sheet pans for \$11.24, an 18-can case of Member’s Mark Food Service two-hour chafing fuel for \$20.28 and a 24-quart Member’s Mark Food Service stock pot for \$39.68.

**Food** – In candy and snacks, Sam’s Club stocked: a 34.5-ounce container of Member’s Mark extra large Virginia peanuts for \$4.98, a 16-ounce bag of Member’s Mark Nashville hot chicken flavored potato chips for \$3.48 and a 36-ounce container of Member’s Mark sea salt caramels for \$9.98.

In dry grocery, Sam's Club stocked: twenty-four 4-ounce cups of Member's Mark diced peaches for \$9.98, a 32-ounce bottle of Member's Mark maple syrup for \$10.78, a case of eighteen 11-ounce packages of Member's Mark chocolate protein shake for \$22.56, two 1-gallon bottles of Member's Mark vinegar for \$4.98, a 25-pound bag of Member's Mark Food Service all purpose flour for \$7.73 and a 66.5-ounce can of Member's Mark Food Service solid white albacore tuna for \$16.28.

In the deli, Sam's Club stocked: a 24-ounce container of Member's Mark shredded parmesan for \$9.78, a 32-ounce container of Member's Mark red pepper hummus for \$3.98, a package of two 24-ounce Member's Mark five cheese tortellini for \$8.98, two 32-ounce containers of Member's Mark mashed potatoes for \$6.28, a 48-ounce bottle of Member's Mark cilantro salsa for \$4.98, a 22-ounce package of Member's Mark sliced buffalo chicken for \$5.98 and two 32-ounce containers of Member's Mark loaded baked potato soup for \$7.68.

## PriceSmart

PriceSmart introduced its Member's Selection private label brand in 2005/2006. PriceSmart's private label sales through its first quarter of fiscal 2022 represent approximately 23.6% of merchandise sales. In its first quarter conference call, the company said it is planning to expand its assortment of private label products in hardlines and softlines.

## Pricing Analysis

This section compares the pricing of a private label product stocked by all three club operators. Fifteen private label items stocked by each of the three clubs were selected for this analysis (see chart below). The per-unit retail price was determined for each item.

PL Comparison	Sam's Club				Costco				BJ's Wholesale					
	Brand	Pack	Retail	Unit Retail	Brand	Pack	Retail	Unit Retail	DIFF	Brand	Pack	Retail	Unit Retail	DIFF
AA Batteries	Member's Mark	1 48 ct	\$15.98	\$0.3329	Kirkland Signature	1 48 ct	\$13.99	\$0.2915	88	Berkley & Jensen	1 48 ct	\$14.79	\$0.3081	93
Atlantic Salmon - Frozen	Member's Mark	1 40 oz	\$22.48	\$0.5620	Kirkland Signature	1 48 oz	\$26.99	\$0.5623	100	Wellesley Farms	1 32 oz	\$18.99	\$0.5934	106
Canned Chicken Breast	Member's Mark	6 12.5 oz	\$11.78	\$0.1571	Kirkland Signature	6 12.5 oz	\$12.99	\$0.1732	110	Wellesley Farms	6 12.5 oz	\$11.99	\$0.1599	102
Chocolate Covered Almonds	Member's Mark	1 48 oz	\$11.98	\$0.2496	Kirkland Signature	1 48 oz	\$12.89	\$0.2685	108	Wellesley Farms	1 45 oz	\$14.99	\$0.3331	133
Dried Mangoes	Member's Mark	1 24 oz	\$7.98	\$0.3325	Kirkland Signature	1 40 oz	\$16.89	\$0.4223	127	Wellesley Farms	1 30 oz	\$12.99	\$0.4330	130
Fabric Softener Sheets	Member's Mark	2 240 ct	\$7.66	\$0.0160	Kirkland Signature	2 250 ct	\$8.89	\$0.0178	111	Berkley & Jensen	2 160 ct	\$5.99	\$0.0187	117
Minced Garlic	Member's Mark	1 48 oz	\$3.98	\$0.0829	Kirkland Signature	1 48 oz	\$5.29	\$0.1102	133	Wellesley Farms	1 32 oz	\$4.99	\$0.1559	188
Parchment Paper	Member's Mark	2 205 sf	\$10.48	\$0.0256	Kirkland Signature	2 205 sf	\$10.49	\$0.0256	100	Berkley & Jensen	3 75 sf	\$9.99	\$0.0444	174
Pet Absorbant Pads	Member's Mark	1 120 ct	\$14.98	\$0.1248	Kirkland Signature	1 100 ct	\$16.99	\$0.1699	136	Berkley & Jensen	1 100 ct	\$17.79	\$0.1779	143
Red Cups - 18-ounce - Plastic	Member's Mark	1 240 ct	\$10.48	\$0.0437	KS/Chinet	2 240 ct	\$10.99	\$0.0458	105	Berkley & Jensen	1 240 ct	\$10.49	\$0.0437	100
Salted Butter Quarters	Member's Mark	4 1 lb	\$11.92	\$2.9800	Kirkland Signature	4 1 lb	\$10.99	\$2.7475	92	Wellesley Farms	4 1 lb	\$11.49	\$2.8725	96
Shredded Part Skim Mozzarella Cheese	Member's Mark	1 80 oz	\$13.32	\$0.1665	Kirkland Signature	2 40 oz	\$13.99	\$0.1749	105	Wellesley Farms	2 24 oz	\$8.29	\$0.1727	104
Shrimp - Cooked - 21/25 ct - Frozen	Member's Mark	1 32 oz	\$17.98	\$0.5619	Kirkland Signature	1 32 oz	\$17.29	\$0.5403	96	Wellesley Farms	1 24 oz	\$13.99	\$0.5829	104
Unsalted Cashews	Member's Mark	1 40 oz	\$13.98	\$0.3495	Kirkland Signature	1 40 oz	\$15.79	\$0.3948	113	Wellesley Farms	1 40 oz	\$17.99	\$0.4498	129
Water	Member's Mark	80 8 oz	\$8.42	\$0.0132	Kirkland Signature	80 8 oz	\$7.99	\$0.0125	95	Wellesley Farms	70 8 oz	\$6.99	\$0.0125	95

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Sam's per-unit retail price was used as the base for the comparison. The per-unit retail price for BJ's and Costco was compared to Sam's per-unit retail price and the percentage higher or lower was calculated. That figure, which was multiplied by 100, appears in the differential (DIFF) column. A number above 100 indicates that club's per-unit retail price is higher compared to Sam's and a number below 100 indicates that club's per-unit retail price is lower than Sam's.

For example, all three clubs stocked minced garlic. Sam's stocked a Member's Mark 48-ounce bottle for \$3.98 or 8.3-cents per ounce. Costco stocked a Kirkland Signature 48-ounce bottle for \$5.29 or 11.0-cents per ounce (33% higher than Sam's Club) and BJ's stocked a Wellesley Farms 32-ounce bottle for \$4.99 or 15.6-cents per ounce (88% higher than Sam's Club).

# Notes