

Item Basket Comparison

The paid membership component of the warehouse club business model is critical to its success. It not only enables BJ's, Costco, PriceSmart and Sam's Club to operate on lower gross margins but provides each club with a revenue source that can be equal to or above net income.

When deciding to join or renew a membership at BJ's, Costco, PriceSmart and Sam's Club, members require one simple benefit. In return for the membership fee, a warehouse club member expects to save more money shopping at the club compared to the annual cost of the membership. Without that savings, members would not join and the warehouse club business model would not work.

When thinking about where potential members can shop for a wide variety of food and non-food items under one roof, grocery stores, supercenters and warehouse clubs are the top three choices. Comparing a basket of items found at each of these three retail formats provides an objective example of how much money a club member can save by shopping at a warehouse club instead of a grocery store or supercenter.

This study analyzes the retail prices at a BJ's, a Costco, a Sam's Club, a grocery store and a supercenter where all the operators compete in the same market for the same customer (as an international operator, PriceSmart is not included in this analysis). By choosing one market, where competition for a customer's wallet is high, the true gauge of the potential savings offered by the warehouse clubs in comparison to grocery stores and supercenters is most likely revealed.

The study includes five sections: methodology, chart layout, master item basket, results and non-competitive comparison.

Methodology

The data for this 2022 item basket analysis was gathered from locations in Pittsburgh, Pennsylvania that included: BJ's (Bridgeville), Costco (Costco Drive in Pittsburgh), Sam's Club (Summit Park Drive in Pittsburgh), a Giant Eagle grocery store (Bridgeville) and a Walmart supercenter (Summit Park Drive in Pittsburgh).

All five locations were within a ten-mile radius of each other. Item description, package size and retail price data was recorded on August 20 and 21, 2022 at each location. The retail price data represents an item's listed cost and does not include instant coupons, rebates or any other store/club discounts.

Consumer branded products are used exclusively for this analysis to make sure that each item being compared is the same at each retail/club operator. However, package sizes will vary. Given that issue, the method used to compare a market basket of branded items at each retailer is to set up the package sizes at one retailer as the control group. The control group (currently and historically) is Sam's Club.

The price-per-unit is calculated for each item at each operator and multiplied by the package size of the control retailer, Sam's Club. This adjusted retail price is listed next to the actual retail price under the ADJ column in the charts on the next two pages. It is our belief that comparing the adjusted retail prices for each of the non-control retailers to the retail price of the control retailer provides the most accurate apples-to-apples market basket comparison.

The following is an example of how an adjusted retail price is calculated. Sam's Club stocked two 15-ounce bottles of A-1 steak sauce for \$7.48. Costco stocked two 20-ounce bottles of the same item for \$9.99. Costco's price-per-unit (or per ounce) is calculated by dividing its retail price of \$9.99 by 40, the number of ounces in the package. Costco's resultant price-per-unit or ounce is 24.98-cents. Costco's price-per-unit is then multiplied by the A-1 steak sauce package size at Sam's Club (30-ounces) for a Costco adjusted retail price of \$7.49. This calculation was performed for each item at BJ's, Costco, Walmart and Giant Eagle.

Chart Layout

The charts on the next two pages list item basket SKUs along with their respective package size and retail price. The totals for Sam's Club are calculated by adding up the retail price column while the totals for BJ's, Costco, Walmart and Giant Eagle are calculated by adding up the ADJ columns.

The bottom of the first item basket chart includes a food total and the bottom of the second item basket chart includes the general merchandise total and an overall total. The percentage numbers to the right of the totals represent the percentage higher (if the number is positive) or lower (if the number is negative) compared to Sam's Club. For example, the adjusted food total of \$919.63 at BJ's is 3% lower than Sam's food total of \$946.51.

Pittsburgh, PA - August, 2022			Sam's Club			Costco			BJ's			Walmart			Giant Eagle										
			Package	Retail		Package	Retail	ADJ	Package	Retail	ADJ	Package	Retail	ADJ	Package	Retail	ADJ								
Candy (6 SKUs)	Hershey Milk Chocolate Bar	36	1.55	oz	\$32.12	36	1.55	oz	\$23.99	\$23.99	36	1.55	oz	\$24.99	\$24.99	6	1.55	oz	\$3.98	\$23.88	6	1.55	oz	\$6.99	\$41.94
	Lindt Lindor Truffles - Variety	1	19	oz	\$10.68	1	21.2	oz	\$11.89	\$10.66	1	19	oz	\$10.79	\$10.79	1	15.2	oz	\$10.88	\$13.60	1	15.2	oz	\$12.49	\$15.61
	M&M Peanut	1	62	oz	\$13.98	1	62	oz	\$15.89	\$15.89	1	62	oz	\$13.99	\$13.99	1	38	oz	\$12.98	\$21.18	1	38	oz	\$14.99	\$24.46
	M&M Plain	1	62	oz	\$13.98	1	62	oz	\$15.89	\$15.89	1	62	oz	\$13.99	\$13.99	1	38	oz	\$12.98	\$21.18	1	38	oz	\$14.99	\$24.46
	Reese's Peanut Butter Cups	36	1.5	oz	\$32.12	36	1.5	oz	\$23.99	\$23.99	36	1.5	oz	\$24.99	\$24.99	6	1.5	oz	\$3.98	\$23.88	6	1.5	oz	\$6.99	\$41.94
	Trident Gum	15	14	ct	\$10.58	15	14	ct	\$9.89	\$9.89	15	14	ct	\$9.89	\$9.89	8	14	ct	\$6.54	\$12.26	3	14	ct	\$3.79	\$18.95
Cooler (6 SKUs)	Chobani Greek Yogurt - 0% Fat, Variety	16	5.3	oz	\$12.98	20	5.3	oz	\$15.59	\$12.47	12	5.3	oz	\$12.49	\$16.65	4	5.3	oz	\$4.37	\$17.48	4	5.3	oz	\$5.49	\$21.96
	Daisy Brand Sour Cream	1	48	oz	\$5.28	1	48	oz	\$4.49	\$4.49	1	32	oz	\$2.99	\$4.49	1	16	oz	\$2.38	\$7.14	1	24	oz	\$3.39	\$6.78
	Go Gurt Yogurt - Variety	32	2	oz	\$7.28	32	2.25	oz	\$7.69	\$6.84	32	2	oz	\$7.29	\$7.29	24	2	oz	\$6.98	\$9.31	8	2	oz	\$3.59	\$14.36
	Hebrew National Beef Franks	3	12	oz	\$8.23	4	12	oz	\$9.69	\$7.27	3	12	oz	\$8.29	\$8.29	1	12	oz	\$4.98	\$14.94	1	12	oz	\$6.79	\$20.37
	Kerrygold Irish Butter	1	24	oz	\$9.48	1	32	oz	\$12.59	\$9.44	1	17.6	oz	\$9.49	\$12.94	2	4	oz	\$4.18	\$12.54	1	8	oz	\$4.99	\$14.97
	Kraft Sliced American Cheese	1	48	oz	\$8.26	1	64	oz	\$10.79	\$8.09	1	64	oz	\$10.79	\$8.09	1	24	oz	\$6.98	\$13.96	1	48	oz	\$14.99	\$14.99
Freezer (3 SKUs)	Haagen Dazs Almond Ice Cream Bars	15	3	oz	\$13.48	15	3	oz	\$12.99	\$12.99	15	3	oz	\$12.99	\$12.99	6	3	oz	\$8.74	\$21.85	6	1.85	oz	\$6.49	\$26.31
	Jimmy Dean Croissant, Sausage, Egg, Cheese	12	4.5	oz	\$13.58	12	4.5	oz	\$13.99	\$13.99	12	4.5	oz	\$13.29	\$13.29	8	4.5	oz	\$10.98	\$16.47	4	4.5	oz	\$6.99	\$20.97
	Marie Callender's Chicken Pot Pie	8	10	oz	\$14.98	8	10	oz	\$12.99	\$12.99	8	10	oz	\$12.99	\$12.99	1	10	oz	\$2.98	\$23.84	1	10	oz	\$3.79	\$30.32
Bread (2 SKUs)	Dave's Killer Bread Organic 21 Whole Grain	2	27	oz	\$10.68	2	27	oz	\$8.59	\$8.59	2	27	oz	\$8.59	\$8.59	1	27	oz	\$5.98	\$11.96	1	27	oz	\$6.99	\$13.98
	Thomas English Muffins	2	6	ct	\$4.78	2	9	ct	\$6.99	\$4.66	2	9	ct	\$5.99	\$3.99	1	6	ct	\$3.18	\$6.36	1	6	ct	\$4.69	\$9.38
Grocery (37 SKUs)	A-1 Steak Sauce	2	15	oz	\$7.48	2	20	oz	\$9.99	\$7.42	2	15	oz	\$8.29	\$8.29	1	15	oz	\$5.68	\$11.36	1	15	oz	\$7.29	\$14.58
	Arm & Hammer Baking Soda	1	15	lb	\$8.92	1	13.5	lb	\$7.79	\$8.66	1	13.5	lb	\$7.79	\$8.66	1	4	lb	\$2.73	\$10.24	1	4	lb	\$3.29	\$12.34
	Belvita Breakfast Biscuits - Cinnamon	25	1.76	oz	\$11.96	30	1.76	oz	\$12.89	\$10.74	25	1.76	oz	\$11.99	\$11.99	5	1.76	oz	\$3.88	\$19.40	8	1.76	oz	\$6.49	\$20.28
	Bush's Baked Beans	8	16.5	oz	\$9.98	8	16.5	oz	\$9.89	\$9.89	8	16.5	oz	\$9.89	\$9.89	1	28	oz	\$2.48	\$11.69	1	28	oz	\$3.29	\$15.51
	Coffee Mate Non Dairy Creamer	1	56	oz	\$6.98	1	56	oz	\$6.99	\$6.99	1	56	oz	\$6.99	\$6.99	1	35.3	oz	\$6.72	\$10.66	1	35.3	oz	\$7.29	\$11.56
	Del Monte Cut Green Beans	8	14.5	oz	\$7.14	12	14.5	oz	\$10.69	\$7.13	12	14.5	oz	\$10.79	\$7.19	4	14.5	oz	\$4.78	\$9.56	6	14.5	oz	\$8.99	\$11.99
	Del Monte Whole Kernel Corn	8	15.25	oz	\$7.14	12	15.25	oz	\$10.69	\$7.13	12	15.25	oz	\$10.79	\$7.19	4	15.25	oz	\$4.78	\$9.56	4	15.25	oz	\$4.99	\$9.98
	Dunkin Donuts Ground - Original	1	45	oz	\$23.68	1	45	oz	\$21.25	\$21.25	1	45	oz	\$21.29	\$21.29	1	30	oz	\$17.92	\$26.88	1	30	oz	\$24.49	\$36.74
	Dunkin Donuts Kcup - Original	1	72	ct	\$42.98	1	72	ct	\$41.99	\$41.99	1	72	ct	\$41.99	\$41.99	1	44	ct	\$32.48	\$53.15	1	32	ct	\$25.99	\$58.48
	General Mills Cheerios	2	20.35	oz	\$5.98	2	20.35	oz	\$5.99	\$5.99	2	20.35	oz	\$5.99	\$5.99	1	21.7	oz	\$5.98	\$11.22	1	20	oz	\$6.99	\$14.22
	General Mills Cinnamon Toast Crunch	2	24.75	oz	\$7.68	2	24.75	oz	\$6.99	\$6.99	2	24.75	oz	\$7.69	\$7.69	1	29.1	oz	\$5.98	\$10.17	1	27	oz	\$6.99	\$12.82
	General Mills Honey Nut Cheerios	2	24	oz	\$7.58	2	27.5	oz	\$7.95	\$6.94	2	27.5	oz	\$7.99	\$6.97	1	29.4	oz	\$5.98	\$9.76	1	27.2	oz	\$6.99	\$12.34
	General Mills Lucky Charms	2	23	oz	\$7.62	2	23	oz	\$6.99	\$6.99	2	23	oz	\$6.99	\$6.99	1	29.1	oz	\$5.98	\$9.45	1	26.1	oz	\$6.99	\$12.32
	Hellman's Mayonnaise	3	25	oz	\$12.98	2	25	oz	\$8.59	\$12.89	2	25	oz	\$8.69	\$13.04	1	20	oz	\$4.38	\$16.43	1	20	oz	\$5.49	\$20.59
	Hidden Valley Ranch Dressing	2	40	oz	\$11.98	2	40	oz	\$10.79	\$10.79	2	40	oz	\$10.79	\$10.79	1	36	oz	\$6.68	\$14.84	1	36	oz	\$8.29	\$18.42
	Kellogg's Froot Loops	2	21.8	oz	\$7.58	2	27	oz	\$8.79	\$7.10	2	21.8	oz	\$7.59	\$7.59	1	28	oz	\$5.98	\$9.31	1	23	oz	\$5.99	\$11.35
	Kellogg's Frosted Flakes	2	27.5	oz	\$7.28	2	30.95	oz	\$7.05	\$6.26	2	30.95	oz	\$6.98	\$6.21	1	34	oz	\$5.98	\$9.67	1	28.5	oz	\$5.99	\$11.56
	Kellogg's Frosted Mini Wheats	2	27.5	oz	\$6.78	2	35	oz	\$8.05	\$6.33	2	35	oz	\$7.99	\$6.28	1	34	oz	\$5.98	\$9.67	1	29.5	oz	\$5.99	\$11.17
	Kellogg's Special K Red Berries	2	19	oz	\$7.88	2	21.5	oz	\$8.49	\$7.50	2	21.5	oz	\$8.49	\$7.50	1	16.9	oz	\$4.68	\$10.52	1	16.9	oz	\$4.99	\$11.22
	Keurig Kcup - Donut Shop	1	100	ct	\$41.98	1	100	ct	\$41.89	\$41.89	1	100	ct	\$41.99	\$41.99	1	24	ct	\$14.92	\$62.17	1	32	ct	\$24.99	\$78.09
	Kodiak Cakes Flapjack and Waffle Mix	1	72	oz	\$12.92	1	72	oz	\$12.79	\$12.79	1	60	oz	\$11.99	\$14.39	1	20	oz	\$5.84	\$21.02	1	20	oz	\$7.69	\$27.68
	Kraft Macaroni and Cheese Dinner	18	7.25	oz	\$14.78	18	7.25	oz	\$13.79	\$13.79	18	7.25	oz	\$13.79	\$13.79	5	7.25	oz	\$4.88	\$17.57	5	7.25	oz	\$5.29	\$19.04
	Lipton Tea Bags	1	312	ct	\$9.62	1	312	ct	\$8.69	\$8.69	1	312	ct	\$8.69	\$8.69	1	50	ct	\$3.48	\$21.72	1	100	ct	\$4.29	\$13.38
	Nature Valley Oats and Honey Bar	49	1.49	oz	\$14.48	49	1.49	oz	\$12.69	\$12.69	49	1.49	oz	\$12.49	\$12.49	24	1.49	oz	\$9.82	\$20.05	24	1.49	oz	\$6.99	\$14.27
	Nestle Semi Sweet Morsels	1	72	oz	\$9.98	1	72	oz	\$9.49	\$9.49	1	72	oz	\$9.49	\$9.49	1	24	oz	\$4.78	\$14.34	1	36	oz	\$9.19	\$18.38
	Nutella Hazelnut Spread	2	26.5	oz	\$10.58	2	33.5	oz	\$12.29	\$9.72	2	26.5	oz	\$9.79	\$9.79	1	26.5	oz	\$6.94	\$13.88	1	26.5	oz	\$8.49	\$16.98
	Olive Garden Italian Dressing	2	24	oz	\$7.98	2	28	oz	\$7.99	\$6.85	2	24	oz	\$7.49	\$7.49	1	24	oz	\$5.12	\$10.24	1	24	oz	\$5.99	\$11.98
	Post Honey Bunches of Oats - Almonds	2	24	oz	\$7.94	2	25	oz	\$7.59	\$7.29	2	24	oz	\$7.59	\$7.59	1	28	oz	\$4.98	\$8.54	1	28	oz	\$5.99	\$10.27
	Propel Sports Drink - Variety	24	16.9	oz	\$12.68	24	16.9	oz	\$12.69	\$12.69	24	16.9	oz	\$12.79	\$12.79	18	16.9	oz	\$10.98	\$14.64	12	16.9	oz	\$10.99	\$21.98
	Quaker Oatmeal	2	5	lb	\$14.88	2	5	lb	\$12.79	\$12.79	2	2.5	lb	\$7.49	\$14.98	1	2.625	lb	\$5.68	\$21.64	1	2.625	lb	\$7.49	\$28.53
	Ragu Old World Pasta Sauce	3	45	oz	\$8.68	3	45	oz	\$8.79	\$8.79	3	45	oz	\$8.69	\$8.69	1	45	oz	\$3.42	\$10.26	1	66	oz	\$5.49	\$11.23
	RealLemon Lemon Juice	2	48	oz	\$6.48	2	48	oz	\$5.29	\$5.29	2	48	oz	\$5.59	\$5.59	1	32	oz	\$3.33	\$9.99	1	32	oz	\$3.99	\$11.97
	Splenda Sugar Substitute	1	1200	ct	\$19.98	1	1200	ct	\$19.99	\$19.99	1	1200	ct	\$19.99	\$19.99	1	700	ct	\$19.88	\$34.08	1	200	ct	\$9.99	\$59.94
	Starbucks Pike's Place Kcup	1	72	ct	\$41.98	1	72	ct	\$39.89	\$39.89	1	72	ct	\$42.99	\$42.99	1	22	ct	\$17.48	\$57.21	1	32	ct	\$29.49	\$66.35
	Sweet Baby Ray's BBQ Sauce	2	40	oz	\$5.96	2	40	oz	\$5.29	\$5.29	2	40	oz	\$5.29	\$5.29	1	28	oz	\$2.98	\$8.51	1	40	oz	\$4.79	\$9.58
	Tasters Choice Instant Coffee	1	14	oz	\$15.92	1	14	oz	\$15.29	\$15.29	1	14	oz	\$14.79	\$14.79	1	7	oz	\$10.24	\$20.48					

Pittsburgh, PA - August, 2022		Sam's Club			Costco			BJ's			Walmart			Giant Eagle											
		Package	Retail	ADJ	Package	Retail	ADJ	Package	Retail	ADJ	Package	Retail	ADJ	Package	Retail	ADJ									
HBA, Baby (19 SKUs)	Advil Liqui Gels - 200 mg	2	120	ct	\$18.98	2	120	ct	\$18.99	\$18.99	2	120	ct	\$18.99	\$18.99	1	200	ct	\$20.98	\$25.18	1	80	ct	\$12.49	\$37.47
	Airborne Immune Support Gummies	1	75	ct	\$16.48	1	75	ct	\$15.99	\$15.99	1	75	ct	\$16.99	\$16.99	1	21	ct	\$7.27	\$25.96	1	63	ct	\$19.99	\$23.80
	Aleve Caplets - 220 mg	1	320	ct	\$19.98	1	320	ct	\$19.29	\$19.29	1	320	ct	\$17.99	\$17.99	1	200	ct	\$17.99	\$28.75	1	90	ct	\$11.99	\$42.63
	Bayer Low Dose Aspirin - 81 mg	1	400	ct	\$13.98	1	400	ct	\$13.99	\$13.99	1	400	ct	\$13.99	\$13.99	1	300	ct	\$14.97	\$19.96	1	300	ct	\$16.49	\$21.99
	Dove - Body Wash - Deep Moisture	3	24	oz	\$16.98	3	24	oz	\$16.89	\$16.89	3	24	oz	\$16.99	\$16.99	2	22	oz	\$12.97	\$21.22	1	22	oz	\$7.99	\$26.15
	Dove Bar Soap - White	16	3.75	oz	\$17.98	16	3.75	oz	\$16.89	\$16.89	16	3.75	oz	\$15.99	\$15.99	8	3.75	oz	\$10.97	\$12.94	6	3.75	oz	\$8.49	\$22.64
	Excedrin Migraine Caplets	1	300	ct	\$17.98	1	300	ct	\$17.99	\$17.99	1	300	ct	\$17.99	\$17.99	1	200	ct	\$18.52	\$27.78	1	100	ct	\$13.49	\$40.47
	Glide Floss Pro Health	6	48.1	yards	\$13.98	6	48.1	yards	\$14.99	\$14.99	6	48.1	yards	\$13.99	\$13.99	3	43.7	yards	\$9.97	\$21.95	1	43.7	yards	\$5.29	\$34.94
	Head and Shoulders Shampoo	1	38.8	oz	\$12.98	1	40	oz	\$13.99	\$13.57	1	43.3	oz	\$14.99	\$13.43	1	32.1	oz	\$10.97	\$13.26	1	32.1	oz	\$10.99	\$13.28
	Huggies Pull Ups - Boys - Size 3-4	1	116	ct	\$41.98	1	116	ct	\$41.99	\$41.99	1	116	ct	\$41.99	\$41.99	1	70	ct	\$29.97	\$49.66	1	18	ct	\$12.39	\$79.85
	Listerine Mouth Rinse - Cool Mint	2	1.5	liter	\$12.98	2	1.5	liter	\$13.99	\$13.99	2	1.5	liter	\$13.49	\$13.49	1	1.5	liter	\$7.57	\$15.14	1	1	liter	\$6.99	\$20.97
	Mucinex Max Congestion	1	56	ct	\$29.98	1	56	ct	\$29.99	\$29.99	1	56	ct	\$29.99	\$29.99	1	42	ct	\$29.98	\$39.97	1	40	ct	\$28.99	\$40.59
	Nature Made Fish Oil - 1200 mg	2	150	ct	\$18.97	2	200	ct	\$18.99	\$14.24	2	200	ct	\$18.99	\$14.24	1	290	ct	\$28.88	\$29.88	1	100	ct	\$12.99	\$38.97
	Oral B Brush Heads - Floss Action	1	8	ct	\$44.48	1	9	ct	\$49.99	\$44.44	1	8	ct	\$44.99	\$44.99	1	4	ct	\$29.97	\$59.94	1	3	ct	\$24.99	\$66.64
	Q-Tips Cotton Swabs	1	1750	ct	\$8.84	3	625	ct	\$9.49	\$8.86	3	625	ct	\$9.49	\$8.86	1	1000	ct	\$6.47	\$11.32	1	625	ct	\$4.79	\$13.41
	Sensodyne Advanced Whitening Toothpaste	4	6.5	oz	\$24.48	4	6.5	oz	\$24.79	\$24.79	4	6.5	oz	\$24.49	\$24.49	2	3.4	oz	\$11.67	\$44.62	2	4	oz	\$12.49	\$40.59
	Tylenol Children's	3	4	oz	\$13.48	3	4	oz	\$12.99	\$12.99	3	4	oz	\$13.79	\$13.79	1	4	oz	\$6.57	\$19.71	1	4	oz	\$6.99	\$20.97
	Tylenol Extra Strength Caplets - 500 mg	1	325	ct	\$18.48	1	325	ct	\$18.49	\$18.49	1	325	ct	\$18.49	\$18.49	1	225	ct	\$17.14	\$21.76	1	225	ct	\$18.99	\$27.43
	Tylenol PM Extra Strength Caplets	1	225	ct	\$18.48	1	225	ct	\$18.49	\$18.49	1	225	ct	\$17.99	\$17.99	1	150	ct	\$16.94	\$25.41	1	150	ct	\$18.49	\$27.74
	3M Post It Notes - 3"x3"	27	100	ct	\$20.72	24	100	ct	\$16.99	\$19.11	18	100	ct	\$12.99	\$19.49	4	90	ct	\$6.24	\$46.80	1	150	ct	\$4.39	\$79.02
	Scotch Magic Tape Refill Rolls - 0.75" wide	12	36	yards	\$21.72	12	41.6	yards	\$22.49	\$19.46	10	36	yards	\$19.49	\$23.39	6	22.2	yards	\$13.59	\$44.08	3	8.33	yards	\$7.49	\$129.48
	Scotch Packaging Tape	6	60.15	yards	\$22.52	8	54.6	yards	\$23.99	\$19.82	8	43.7	yards	\$22.99	\$23.73	4	54.6	yards	\$15.78	\$26.08	1	54.6	yards	\$10.49	\$69.34
	Bounce Dryer Sheets	2	160	ct	\$10.58	2	160	ct	\$10.59	\$10.59	2	160	ct	\$10.49	\$10.49	1	240	ct	\$9.94	\$13.25	1	240	ct	\$11.99	\$15.99
	Bounty Paper Towels - 2 ply - SAS	12	108	ct	\$20.96	12	107	ct	\$22.99	\$23.20	12	147	ct	\$26.29	\$19.32	8	147	ct	\$20.98	\$23.12	8	123	ct	\$19.99	\$26.33
Cascade Action Pacs - Platinum	1	92	ct	\$20.82	1	92	ct	\$20.48	\$20.48	1	92	ct	\$20.79	\$20.79	1	48	ct	\$15.47	\$29.65	1	62	ct	\$20.99	\$31.15	
Clorox Bleach	3	121	oz	\$14.98	3	121	oz	\$14.99	\$14.99	3	121	oz	\$13.49	\$13.49	1	81	oz	\$5.58	\$25.01	1	121	oz	\$7.99	\$23.97	
Clorox Clean Up Spray	1	212	oz	\$15.48	1	212	oz	\$15.49	\$15.49	1	212	oz	\$15.99	\$15.99	1	32	oz	\$4.48	\$29.68	1	32	oz	\$5.79	\$38.36	
Downy Fabric Softener	1	170	oz	\$13.97	1	170	oz	\$13.99	\$13.99	1	170	oz	\$13.99	\$13.99	1	51	oz	\$4.97	\$16.57	1	129	oz	\$12.29	\$16.20	
Downy Unstoppables	1	37.5	oz	\$17.97	1	37.5	oz	\$17.99	\$17.99	1	37.5	oz	\$17.99	\$17.99	1	10	oz	\$7.44	\$27.90	1	14.8	oz	\$12.49	\$31.65	
Gain Laundry Detergent	1	200	oz	\$18.97	1	200	oz	\$17.99	\$17.99	1	200	oz	\$17.99	\$17.99	1	154	oz	\$15.94	\$20.70	1	154	oz	\$16.99	\$22.06	
Jet Dry Rinse Agent	1	32	oz	\$10.98	1	32	oz	\$10.39	\$10.39	1	32	oz	\$9.99	\$9.99	1	23	oz	\$10.47	\$14.57	1	8.45	oz	\$5.49	\$20.79	
Lysol Disinfectant Spray	3	19	oz	\$13.98	3	19	oz	\$13.99	\$13.99	3	19	oz	\$12.99	\$12.99	2	19	oz	\$11.97	\$17.96	1	19	oz	\$9.29	\$27.87	
Lysol Toilet Bowl Cleaner	4	32	oz	\$9.98	4	32	oz	\$9.99	\$9.99	4	32	oz	\$9.99	\$9.99	2	24	oz	\$4.12	\$10.99	2	24	oz	\$5.79	\$15.44	
Pine Sol - Original	2	100	oz	\$13.78	2	100	oz	\$13.79	\$13.79	1	175	oz	\$10.99	\$12.56	1	100	oz	\$8.98	\$17.96	1	40	oz	\$4.99	\$24.95	
Reynolds Aluminum Foil - 12"	2	250	sf	\$19.78	2	250	sf	\$19.79	\$19.79	2	250	sf	\$19.79	\$19.79	1	75	sf	\$4.98	\$33.20	1	200	sf	\$12.49	\$31.23	
Scotch Brite Heavy Duty Sponge - Green	1	21	ct	\$14.92	1	21	ct	\$13.29	\$13.29	1	21	ct	\$13.29	\$13.29	1	3	ct	\$3.32	\$32.24	1	6	ct	\$7.99	\$27.97	
Scott Toilet Paper - 1 ply	36	1100	ct	\$24.98	36	1100	ct	\$23.79	\$23.79	36	1100	ct	\$23.79	\$23.79	20	1000	ct	\$15.98	\$31.64	20	1000	ct	\$17.99	\$35.62	
Swiffer Dry Refill - Heavy Duty	1	50	ct	\$16.58	1	50	ct	\$16.49	\$16.49	1	50	ct	\$16.49	\$16.49	1	20	ct	\$8.97	\$22.43	1	32	ct	\$13.49	\$21.08	
Swiffer Wet Refill	2	32	ct	\$17.72	2	32	ct	\$17.99	\$17.99	2	32	ct	\$17.49	\$17.49	1	24	ct	\$8.97	\$23.93	1	24	ct	\$10.99	\$29.31	
Tide Laundry Detergent - Liquid	1	208	oz	\$26.48	1	208	oz	\$24.99	\$24.99	1	208	oz	\$24.99	\$24.99	1	154	oz	\$21.24	\$28.69	1	115	oz	\$23.99	\$43.39	
Tide Laundry Detergent - Powder	1	254	oz	\$32.88	1	258	oz	\$29.99	\$29.53	1	254	oz	\$31.99	\$31.99	1	143	oz	\$20.97	\$37.25	1	143	oz	\$22.99	\$40.84	
Tide Laundry Detergent Pods - Spring Meadow	4	42	ct	\$32.48	4	42	ct	\$32.49	\$32.49	4	42	ct	\$32.99	\$32.99	1	63	ct	\$20.24	\$53.97	1	61	ct	\$21.99	\$60.56	
Windex Window Cleaner	1	160	oz	\$12.22	1	208	oz	\$12.99	\$9.99	1	113.6	oz	\$11.99	\$16.89	1	32	oz	\$4.17	\$20.85	1	23	oz	\$4.99	\$34.71	
Ziploc Freezer Bags - Gallon	4	38	ct	\$16.77	4	38	ct	\$15.99	\$15.99	4	38	ct	\$15.99	\$15.99	1	20	ct	\$4.82	\$36.63	1	28	ct	\$6.99	\$37.95	
Ziploc Freezer Bags - Quart	4	54	ct	\$15.48	4	54	ct	\$15.49	\$15.49	4	54	ct	\$15.79	\$15.79	1	50	ct	\$6.98	\$30.15	1	38	ct	\$6.99	\$39.73	
Ziploc Sandwich Bags	4	145	ct	\$12.87	4	145	ct	\$11.99	\$11.99	4	145	ct	\$11.99	\$11.99	1	100	ct	\$3.93	\$22.79	1	90	ct	\$5.59	\$36.02	
Non-Food - 46 SKUs				\$871.79				\$849.95	-3%				\$858.33	-2%			\$1,255.48	44%				\$1,651.50	89%		
Total - 120 SKUs				\$1,818.30				\$1,743.29	-4%				\$1,777.96	-2%			\$2,500.02	37%				\$3,224.92	77%		

WCF Research - 2022 - Pittsburgh, PA - August, 2022.

Despite the challenge posed by Costco, the goal is to constantly increase the number of items in the final item basket analysis. To meet this goal, preparation is important. To prepare for each analysis, a master list of potential item basket SKUs is created. To create that master list, the following is used: the previous year's item basket list, category assortment data and online research at target locations.

While the first item is self-explanatory, WCF continues to record the entire assortment of 42 categories at BJ's, Costco and Sam's Club for department analyses over the course of a calendar year. These Excel files are reviewed to identify new items stocked at all three clubs that were not in the previous year's item basket analysis.

BJ's, Sam's Club, Walmart and most grocery stores offer item level inventory visibility at specific locations (Costco does not). Those four web sites are visited along with the specific locations for the current item basket study. WCF identified whether those four retailers, at least, currently stock the items that are being added onto the master item basket list.

The end result for 2022 is that WCF started with a master item basket list of 217 products (143 food items and 74 non-food SKUs). Of that total, 200 items or 92% were recorded at Giant Eagle, 198 products or 91% were recorded at Walmart, 182 SKUs or 84% were recorded at BJ's, 178 items or 82% were recorded at Sam's Club and 172 products or 79% were recorded at Costco. While the disparity between the percentage of master list items observed at Costco compared to the other four retail operators occurs each year, the gap has narrowed due to this planning effort.

Results

A total of 120 branded items (74 food SKUs and 46 non-food products) were recorded at all five retail/club operators in Pittsburgh, Pennsylvania in 2022. In every case, the same brand and product was stocked by BJ's, Costco, Sam's Club, Walmart and Giant Eagle.

Number of Items – Single market item basket analyses have been reported on annually since 2007. Since that time, the number of items in each analysis has increased due to the preparation described in the previous section. From 2007 to 2011, an average of 69 items were included in each analysis. From 2012 to 2016, an average of 90 SKUs were included in each analysis. From 2017 to 2020, an average of 101 products comprised each analysis. However, in 2021, 115 items were included in the analysis and that figure increased to 120 SKUs in this current, 2022 analysis.

Historical Results – The chart below displays the item basket results since 2007. The column titled WMT/TGT is for a supercenter, either Walmart or Target. In each year, Sam’s was the control group and is represented by 100 (a base percentage by which to judge the other retailers). The rest of the data is above or below that baseline figure, depending on the percentage difference compared to Sam’s Club.

For example, in 2013 in Jacksonville, Florida, the grocery store food and non-food (total) data point was 161 meaning its prices were 61% higher than Sam’s Club. Conversely, in 2018 in Baltimore, Maryland, Costco’s food data point was 98 meaning its prices were 2% lower than Sam’s Club.

Supercenter – Compared to Sam’s Club, Walmart’s food prices were 31% higher. This outcome is consistent with historical results. Compared to Sam’s Club, Walmart’s non-food prices were 44% higher. This is the largest non-food price differential that WCF has recorded when comparing Sam’s Club and a supercenter. Compared to Sam’s Club, Walmart’s total food and non-food prices were 37% higher. This is the second largest total price differential that WCF has recorded when comparing food and non-food prices at Sam’s Club and supercenter.

Year	Market	Item Basket SKUs	Sam's Club			Costco			BJ's			WMT/TGT			Grocery			
			Food	Non-Food	Total	Food	Non-Food	Total	Food	Non-Food	Total	Food	Non-Food	Total	Food	Non-Food	Total	
2007	Columbia, MD	54	100	100	100	98	99	99	102	102	102	122	117	119	150	158	154	
2008	Cleveland, OH	70	100	100	100	100	100	100	100	104	103	104	133	136	135	174	157	164
2009	Duluth, GA	76	100	100	100	100	100	100	100	103	104	104	120	132	126	148	153	150
2010	Miami, FL	68	100	100	100	100	98	99	101	101	101	101	127	136	131	161	162	161
2011	Fort Myers, FL	77	100	100	100	100	100	100	100	104	104	104	129	131	130	159	163	161
2012	Nashua/Hudson, NH	82	100	100	100	99	100	100	100	103	103	103	129	128	128	159	159	159
2013	Jacksonville, FL	84	100	100	100	101	100	101	105	104	105	129	134	132	166	157	161	
2014	Raleigh, NC	94	100	100	100	101	100	101	104	104	104	131	122	127	165	173	169	
2015	Baltimore, MD	95	100	100	100	101	98	100	105	102	103	133	128	131	163	166	165	
2016	Hartford, CT	95	100	100	100	99	101	100	105	107	106	130	132	131	160	170	165	
2017	Nashua/Hudson, NH	97	100	100	100	98	100	99	103	103	103	125	132	129	153	160	157	
2018	Baltimore, MD	107	100	100	100	98	100	99	101	102	101	123	127	125	163	160	161	
2019	Sarasota, FL	96	100	100	100	98	101	99	103	107	105	128	130	129	159	176	167	
2020	Hartford, CT	105	100	100	100	98	99	99	103	102	103	129	124	127	171	155	154	
2021	Westchester, NY	115	100	100	100	103	102	103	106	104	105	148	134	140	160	149	154	
2022	Pittsburgh, PA	120	100	100	100	94	97	96	97	98	98	131	144	137	166	189	177	

Grocery Store – Compared to Sam’s Club, Giant Eagle’s food prices were 66% higher. This outcome is consistent with historical results. Compared to Sam’s Club, Giant Eagle’s non-food prices were 89% higher. This is the largest non-food price differential that WCF has recorded when comparing Sam’s Club and a grocery store. Compared to Sam’s Club, Giant Eagle’s total food and non-food prices were 77% higher. This is the largest total price differential that WCF has recorded when comparing food and non-food prices at Sam’s Club and grocery store.

Savings and Membership Fees – When comparing the overall Pittsburgh, Pennsylvania market baskets at Walmart and Giant Eagle to each club, it can be easily seen that BJ’s, Costco and Sam’s Club offer savings well in excess of the annual membership fee paid by their club members.

The overall retail prices at Sam’s Club are the highest among the three clubs so we’ll use its results for the following example. Sam’s food and non-food market basket total for all 120 items is \$1,818.30. According to our estimates, that represents approximately six months of club shopping. A typical club member, conservatively, will visit a location twice a month and spend \$150 per trip. Over the course of six months, a typical club member will spend approximately \$1,800.

In comparison to Walmart, Sam’s Club members can save, on the 120 items in this study, \$681.72 every six months or \$1,363.44 annually. That represents more than 11-times the most expensive club membership option (a \$120 executive membership at Costco). In comparison to Giant Eagle, Sam’s Club members can save, on the 120 items in this study, \$1,406.62 every six months or \$2,813.24 annually. That represents more than 23-times the most expensive club membership option.

Although this is an exaggerated way of estimating the savings a warehouse club member can realize, it does reinforce the point that the savings members receive by shopping at a club instead of a grocery store or supercenter are real, significant and historically consistent.

BJ’s – Reported merchandise gross margins at BJ’s are significantly higher than Costco (Sam’s does not report this data point). BJ’s recently reported merchandise gross margins for its second quarter ending July 30, 2022 were 15.21%. Costco’s recently reported merchandise for its third quarter ending May 8, 2022 were 10.19%.

As can be seen from the historical and current item basket results, in comparison to Costco, BJ’s overall retail price differential on consumer brands is typically smaller than the 5.02% difference between their recently reported merchandise gross margins. This indicates, on competitive items, BJ’s pays attention to the retail prices at its club competitors and makes price adjustments to remain close but on non-competitive items, BJ’s will generate higher than average merchandise gross margins.

Since the item basket study began in 2007, BJ's overall retail prices have always been an average of 1% to 6% higher than Sam's Club and have never been lower than Sam's Club. This trend stopped in 2022 as BJ's overall retail prices were 2% lower than Sam's Club including food prices which were 3% lower and general merchandise prices which were 2% lower.

Pittsburgh is a new market for BJ's. Bridgeville was its first location opening in December, 2021 and its second club opened in Pittsburgh in Ross Township in April, 2022. It's possible BJ's has either residual new club opening vendor discounts for these two locations or it has a more aggressive and lower merchandise gross margin plan due to Pittsburgh being a new market. As the non-competitive comparison section will show, WCF does not believe the item basket results in Pittsburgh represent a company-wide pricing strategy change.

Costco – In comparison to BJ's, Costco's pricing differential on food products (3% lower), non-foot items (1% lower) and overall SKUs (2% lower) is consistent to slightly narrower based on the item basket results since 2007. However, compared to Sam's Club, Costco's pricing differential is the lowest since this item basket analysis began. Costco's food prices are 6% lower than Sam's Club, its general merchandise prices are 3% lower than Sam's Club and its overall prices are 4% lower than Sam's Club.

Sam's Club – The larger pricing differential for Sam's Club compared to both BJ's and Costco in 2022 in Pittsburgh is unique and difficult to determine a reason. It could be that the Sam's Club location WCF used for this item basket study has not been reacting to lower consumer branded prices at its club competitors. However, it's also possible that Sam's has a different pricing philosophy where it no longer desires to try to be a market leader.

Non-Competitive Comparison

As an additional part of the item basket analysis, WCF selected three locations for each club operator that did not have a club competitor within a ten mile radius. WCF wanted to understand if pricing strategy changes for locations that do not have a close club competitor.

Adding three locations to this item basket analysis is challenging as we want to make sure the retail prices are gathered close to the same time that the full study is done in Pittsburgh. The most feasible way for WCF to gather retail prices at a Sam's Club without a club competitor within a 10 mile radius was to use its web site. WCF pulled retail prices from Sam's Club in Bentonville, Arkansas on August 16, 2022 (closest club competitor is 70 miles away).

A non-competitive BJ's and Costco were near WCF's office. BJ's location in Franklin, Massachusetts was visited on August 17, 2022 (closest club competitor is 20 miles away) and Costco's location in Enfield, Connecticut was visited on August 15, 2022 (closest club competitor is 15 miles away).

The chart on the right summarizes the information for this non-competitive comparison. The first line in the chart lists the number of items that were observed both at a club in Pittsburgh and its corresponding non-competitive club. For example, there were 175 of the same items at BJ's location in Bridgeville and Franklin.

The next section shows the total food, non-food and overall retail prices at each club in Pittsburgh. For example, Costco's food items in Pittsburgh that were being compared to Enfield totaled \$1,260.

The next section shows how much higher or lower the non-competitive club was in comparison. Following the Costco food example, its prices in Enfield were 6% higher than Pittsburgh.

August, 2022	BJ's	Costco	Sam's
Items	175	162	151
Club - Competitive	Bridgeville, PA	Pittsburgh, PA	Pittsburgh, PA
Food	\$1,406	\$1,260	\$1,066
Non-Food	\$1,166	\$1,179	\$1,211
Total	\$2,572	\$2,439	\$2,278
Club - Non Competitive	Franklin, MA	Enfield, CT	Bentonville, AR
Food	+ 15%	+ 6%	+ 2%
Non-Food	+ 9%	+ 2%	+ 1%
Total	+ 12%	+ 4%	+ 1%

WCF Research - August, 2022.

Overall, all three clubs had higher prices at their respective non-competitive clubs. Costco's overall prices were 4% higher in Enfield and this is the approximate range we would have expected for all three clubs. With BJ's overall prices being 12% higher in Franklin, WCF believes this indicates its prices in a competitive market like Pittsburgh were lower than normal due to the reasons mentioned previously.

The overall results for Sam's Club in Bentonville which were 1% higher leads to an interesting conclusion. Sam's prices in a non-competitive market like Bentonville are close to a competitive market like Pittsburgh where BJ's and Costco are significantly lower. This leads to WCF to "lean" towards the possibility that Sam's Club not reacting to BJ's and Costco in Pittsburgh is more of a company-wide philosophy rather than one club not reacting to its competitors.

Notes