

Buying in bulk Clubs good deals for big users

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Do people save money shopping at warehouse clubs?

It depends on your shopping habits.

My husband and I have been a member of either Sam's Club or BJ's Wholesale Club for the last seven years.

We've found them to be good places to save money stocking up on items like food and toiletries as well as doing some traditional grocery and retail shopping.

People are surprised when I tell them that my husband, who does the bulk of our food shopping, does most of it at the warehouse club. We still go to the grocery store, too, for perishables, but often we can get much of that at the warehouse club.

We've learned over the years what's worth buying in bulk and what's not. We buy our meat in bulk and freeze it and buy a lot of canned items and store them.

Retail sales at warehouse clubs are up anywhere from 3.7 percent to 6.6 percent, depending upon the chain, according to Warehouse Club Focus, an industry newsletter.

According to recent research by consumer behavior marketing firm America's Research Group, which surveys shoppers every other month, 20.5 percent of American shoppers went to a warehouse club in June and spent an average of \$115.

"When you look at the fact that you have to pay to join, they beat all of the major department stores in America, electronics and computer stores and women's apparel specialty stores," said C. Britt Beemer, head of the Charleston, S.C., company.

Beemer said warehouse stores have fared well while other retailers have had 20 percent to 25 percent drops in sales.

But when shopping at the warehouse clubs, Beemer and David Stewart, deputy dean of the Marshall School of Business at the University of Southern California and a consumer psychologist, say consumers should make sure they're getting the most bang for their buck.

Two important things to keep in mind when you're considering buying in bulk are quantity and the price per unit.

Don't assume you're getting the best deal all the time by buying bulk. You may, but you should still be comparison shopping.

In an informal survey of 10 common items, I compared prices at BJ's Wholesale Club, Sam's Club, an area supermarket and an area discount retailer.

If you're willing and able to buy in bulk, the per unit prices were cheaper at the warehouse clubs.

For instance, if you're willing to buy 24 AA batteries at once, you'll pay 49.92 cents per battery instead of 53.08 cents per battery in a 12-pack at an area discount retailer and 84.75 cents per battery for an eight-pack at an area grocery store (those were the largest quantities I could buy at those stores).

But then again, maybe you don't want to buy 24 bars of Nestle Crunch ice cream bars instead of six, even if it's 8 cents cheaper per bar over the grocery store's weekly special.

I also didn't actively scour weekly circulars for specific products. I know if you're willing to shop around you can often find better deals than you'll get at the warehouse clubs.

But it also depends on how much you want to run around and what the value of your time and gas is worth to you.

Stewart says a lot of warehouse buyers will purchase items that might be cheaper elsewhere because it is convenient.

``It may very well be worth paying a few cents more if it saves you time," he said.

It also doesn't matter if you get a great deal on a bulk item if you're not going to use it all. Then you've lost the saving.

But warehouse stores have gotten smarter and more are packaging items specifically for consumers. And not everything has to be purchased in bulk. You can also buy single items, such as tires, TVs and books that are priced cheaper because they're been purchased in bulk by the club.

Michael Clayman, president of Warehouse Club Focus, said the clubs have to find a balance between their business and consumer customers.

For instance, most warehouse clubs will still carry a 1-gallon jug of mayonnaise, but it may also offer a package of three 12-ounce jars, too.

The three major warehouse clubs in order of size according to annual worldwide sales last year are: Costco (which doesn't have any stores in Northeast Ohio), \$36.7 billion; Sam's Club, \$31.1 billion and BJ's Wholesale Club, \$5.1 billion, according to Warehouse Club Focus.

Clayman said while BJ's is much smaller than its competition, it is also more focused on the consumer customer as opposed to Costco and Sam's, whose main clientele are business customers. That's not to say that Costco and Sam's don't have consumer customers, he said.

Costco and Sam's typically stock about 4,000 items while BJ's stocks 6,500 items. All three stock significantly fewer products than a typical grocery store, which might have 40,000 to 50,000 items, Clayman said.

If you walk into a warehouse club, you know you're not going for the ambiance. They're typically just what they sound like -- warehouses filled with items. Clayman said they keep decorations at a bare minimum so there's no extra expense.

Warehouse clubs make their money through their membership sales, he said.

``If you look at their financial statements, membership fees are year over year equal to their net income. What they're essentially doing is selling product at cost and their profits are membership fees," Clayman said.

Membership fees for the general public typically entitle a member to two cards per family. In our area, Sam's charges \$35 per year and BJ's charges \$40 per year. You can also often get discounts on other things such as vacations and cell phone services with your membership.

Clayman said once people get over the fact that they're paying to shop somewhere, they can typically save the money they spent on a membership in their first trip.

I know we've saved much more than any of our yearly memberships ever cost us. Our biggest one-time saving was probably when we bought a Little Tykes slide for \$19.99 at BJ's after having first bought the exact same thing at Toys R Us for \$40.

We switched to BJ's after our daughter was born because the club accepted coupons and had more baby products. Clayman said that's another indication that the club is more focused on the consumer. We were

saving a lot when our daughter was still in diapers and we could use multiple coupons for bulk packs of diapers because it counted as multiple items instead of one.

BJ's also accepts all major credit cards except American Express while Sam's only takes Discover.

But when it comes down to which warehouse club to join, it's just a matter of preference or location. Prices differed at the clubs by only a few cents on the things I compared. Clubs let the general public browse for free and will sometimes also give you a one-day pass if you want to buy something.

Clubs are typically outside large, metropolitan areas, which also means they tend to attract more affluent customers who have the automobiles to transport the merchandise home.

Here are some other things to consider when buying in bulk:

- * Merchandise selection may change. Clayman, who is also a former buyer for warehouse clubs, said if you see something you like, you should buy it because it may or may not be there the next time you go.
- * Don't believe bigger is al* Be practical. Think about whether you'll use the 3-gallon jug of salad oil and whether you'll be able to pick it up each time you use it.
- * Split your purchases. See if you and a friend can share bulk purchases and savings.
- * Be wary of experimenting with a new product in bulk. You may end up loving that new flavor of salad dressing, but if you don't you'll be stuck with a lot. Consider trying a new product in a smaller portion at a grocery or discount store first. The clubs also usually offer free samples of some of their food products.