



#### The Basics

### 5 best -- and worst -- Costco deals

There's no question that warehouse clubs offer great prices -- for some products, they're unbeatable. But in other cases, the urge to save could end up costing you.

By [SmartMoney](#)

As most penny-pinching consumers know, joining a warehouse club can result in great deals on everything from 46-inch flat-screen TVs to 12-packs of chicken-noodle soup. But that doesn't mean every product in the rustic aisles of BJ's, Sam's Club or Costco is a steal.

"You *could* make the argument that everything in the building is a good deal," says Michael Clayman, the editor of Warehouse Club Focus, a trade publication. Clubs make most of their profits from annual membership fees, which range from \$40 to \$100. That's one of the reasons why warehouse club markups are just 8% to 13% above wholesale prices, while mainstream retailers charge 25% to 50% more, he says.

But, as Clayman explains, those great prices don't always mean you're getting the best deal. Here are five of the best warehouse club buys and five to steer clear of:

#### Best buys

**Alcohol.** Wine, liquor and beer prices can be 35% lower than at supermarkets. The best deals, however, are on high-end bottles.

"Warehouse clubs sell more Bordeaux than fine-wine shops," says Natalie MacLean, the editor of [NatDecants.com](#), a wine education site. Costco recently offered a magnum of Chateau d'Yquem Sauternes 1997 for \$500 -- \$300 cheaper than the price on [WineAccess.com](#). Bonus: Some states' laws let you buy alcohol without having to pay for a warehouse club membership.

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**Milk, butter and eggs.** In all but a few cases, you can beat warehouse club food prices at supermarkets by combining weekly store sales with manufacturers' [coupons](#). The notable exceptions: milk, butter and eggs, which are at least 20% cheaper at warehouse clubs, says Teri Gault, the founder of [The Grocery Game](#), a shopping Web site. At Sam's Club, for example, a four-box pack of salted butter quarters recently was priced at \$8.67. At ShopRite, it was \$13.96.

**Electronics.** More often than not, gadget shoppers will find a better deal at a warehouse club than at mainstream retailers. For instance, BJ's recently beat Amazon.com by \$6 on the Olympus FE-340 digital camera. But the real draw is the clubs' generous return policies, which encompass everything from price drops to out-of-warranty glitches, says Jerry Grossman, the editorial director for tech education site [DemystifyingDigital.com](#). Costco accepts electronics returns within 90 days of the purchase, three times longer than [Best Buy's](#) policy. Sam's Club permits returns of most computers within six months, with no deadline for other electronics.

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**Meat.** When it comes to the meat at the warehouse club, think: Top-notch butcher-shop quality meets supermarket prices. "It's a home run every time," enthuses Phil Lempert, the founder of [Supermarket Guru](#), a news site. Two fresh racks of lamb (no antibiotics, no hormones) were selling recently for \$95 at Costco. The same quality and quantity of meat was \$120 and \$135 at [iGourmet.com](#) and Lobel's of New York, respectively.

#### Video on MSN Money



#### Dollar-store duds

Here are 10 items that you'd actually pay more for at dollar stores.

**Prescription medications.** Warehouse clubs routinely charge 50% less than local pharmacy chains and may even beat the \$4-a-month offerings at superstores such as Wal-Mart and Target, says Gabriel Levitt, the vice president of research for pharmacy-rating site [PharmacyChecker.com](#).

- [13 ways to save on prescriptions](#)

Recently, you could buy 100 pills of generic blood-pressure medication Lisinopril (20 milligrams) and pay \$9.53 at Costco or \$10 at Sam's Club -- much less than [Drugstore.com's](#) \$35.54. Better yet, most clubs even allow nonmembers to fill prescriptions at the pharmacy in person or online.

[Continued: Worst buys](#)

#### Worst buys

**Designer clothing.** Forget about finding the latest styles from the pages of Vogue. Most designers generate warehouse-only lines. The rare piece from mainstream labels graced the runways years ago.

"Pricewise, it's not bad, but you'd get the same deals at a Marshalls or TJ Maxx without paying to get in," says Kathryn Finney, the founder of [The Budget Fashionista](#), a frugal-shopping site.

- [Are you afraid to look poor?](#)

**Items that won't get fully used.** If you end up throwing out half of that four-pound can of tuna or still have a full tube of sunscreen after the three-pack expires, you didn't get a good deal.

"If you have 10 kids, of course, you're going to be able to eat all of a warehouse food (you buy) before it goes bad," says Tawra Kellam, the editor of frugal-living site [Living on a Dime](#). "But that's not realistic for the average family."

**Frozen foods.** Lempert recently scored a free frozen pizza from a neighbor, who had returned home from a warehouse club with a 12-pack that wouldn't fit in her freezer. "You will save money on frozen goods," he says, "but most people don't have room to store them." Unless you plan to eat that 115-count of Gorton's fish sticks or five-quart bucket of ice cream in one sitting, think twice before letting it take up freezer space.

**Paper goods.** Save your paper plate, paper towel and napkin purchases for the supermarket. "Toilet paper is extremely expensive at the warehouse club," says Mary Hunt, the founder of money management site [Debt-Proof Living](#). At Sam's Club, a 36-pack of Charmin Ultra was \$18.32, or 51 cents a roll. A 24-pack on sale for \$9.99 at Safeway works out to 42 cents per roll -- and is easier to store.

**Gasoline.** When gas prices are falling, deals at the warehouse club pumps are great. But when prices are rising, be more cautious, warns Clayman, of Warehouse Club Focus. The same quick supply turnaround that allows clubs to pass along lower prices can backfire. Clubs may temporarily have higher prices than surrounding stations. Compare prices before you pull up to the pump.

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*This article was reported and written by Kelli B. Grant for SmartMoney.com.*

**Published Nov. 7, 2008**

**Video on MSN Money**



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