

Private Label

Private label programs are an important part of the merchandising strategy at BJ's, Costco 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. BJ's private label program used to include as many as 19 brands in 2007 but the club operator primarily stocks two labels currently: Berkley & Jensen and Wellesley Farms. Sam's private label program is currently in transition. When that transition is complete, Sam's Club will primarily concentrate on two brands: Member's Mark (for consumers) and Member's Mark Food Service or Commercial (for businesses). See picture on the right from the deli of Member's Mark parmesan cheese for \$5.98 per pound.

This chapter is divided into nine sections: private label strategies, data overview, competing with a private label SKU, organic items, BJ's program, Costco's program, Sam's program, private label at Cost-U-Less and PriceSmart and pricing analysis. The data in this chapter was gathered at BJ's, Costco and Sam's Club in February, 2017.



Sam's – Member's Mark Parmesan Cheese

Private Label Strategies

Warehouse club private label strategy is different compared to other retail formats. 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 products and programs are evaluated and decided upon at the corporate level with buyers generally following ten strategies:

Gross Margin – Private label products typically exceed traditional club gross margins of 8% to 12%. Costco believes, however, that offering its members a “value” is paramount and places a “cap” of 15% on private label gross margins with exceptions listed in a report that is seen by company executives.

Savings – Private label products typically yield a 20% savings compared to the competing nationally brand.

Quality – Generally, club private label products should consistently meet the quality standards of the competing national brand. In many cases, club private label quality will exceed those national brands while still offering a savings. However, in some cases, the quality standard of a particular club private label product is so much higher than the competing brand that the private label item may actually be more expensive on a per-unit basis than the competing national brand.

Competition – Private label items are often developed for a category that does not have a strong national brand since product introduction is easier.

Volume – Private label products are generally chosen based on a potential item's unit or dollar volume. The higher the volume, the more likely a private label item will be developed.

Packaging – Compared to other retail operators, club packaging requirements and strategies are different. Since club buyers control the development of their private label products, club specific packaging considerations can be easily incorporated into an item. Those considerations go beyond the exterior packaging and can include the configuration/size of the container/package (which can help reduce shipping costs) or the number of items in a selling unit (which can help lower the per unit price for the member).

Supply – Generally, one manufacturer is chosen to produce a particular private label item. The clubs are able to negotiate the lowest possible cost by committing all their volume to that one manufacturer.

Advertising – Advertising costs are kept to a minimum and items are promoted through demonstrations and club magazines.

Merchandising – Generally, private label items receive more visible merchandising space increasing product exposure.

Negotiations – Due to the limited number of items stocked by BJ's, Costco and Sam's Club, development and introduction of private label items in the club channel potentially threatens whether a competing brand will remain an active SKU. Therefore, private label items and programs provide the clubs with leverage when negotiating an item or program with a competing branded supplier.

Data Overview

The two charts in this section provide an objective overview of the private label programs at BJ's, Costco and Sam's Club. Please note, within the bath towel, hand towel and washcloth category, there are multiple colors within each product type. Each individual color is not counted as its own SKU.

Five Year Recap – The chart on the right shows private label SKU development over the past five calendar years. The chart includes the total number of SKUs, the total number of private label items, the number of “significantly active” private label brands at each club and the number of private label items in each category. The percentage next to the yearly private label total represents the ratio of private label items to overall SKUs.

As can be seen from the chart, BJ's (over the past two years) and Sam's Club (over the past year) have greatly increased the number of private label items currently stocked in their respective locations.

The percentage of total SKUs that are private label is 16% at Costco, 13% at Sam's Club (up from 11% the past four years) and 11% at BJ's (up from 9% in 2015 and 10% in 2016).

However, in terms of total number of private label items, BJ's is first with 712 products (up from 579 items in 2015 and 650 products in 2016), followed by Sam's at 673 SKUs (up from 573 products in 2016) and Costco at 584 items.

	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
BJ's																
2013	6,739	623	9%	11	21	0	0	35	81	243	39	12	26	103	13	50
2014	6,737	629	9%	11	21	0	0	39	79	242	36	13	29	101	16	53
2015	6,671	579	9%	8	17	0	0	35	64	239	37	11	22	94	11	49
2016	6,742	650	10%	3	20	2	0	39	69	297	39	10	20	91	15	48
2017	6,693	712	11%	3	13	4	0	40	95	307	32	11	31	105	20	54
Costco																
2013	3,879	594	15%	3	27	13	40	38	83	194	41	5	18	95	9	31
2014	3,821	574	15%	3	22	21	41	39	82	190	29	5	14	89	11	31
2015	3,794	538	17%	3	22	31	41	39	94	202	47	13	17	89	15	29
2016	3,599	563	16%	3	13	27	28	35	81	194	35	4	19	84	14	29
2017	3,598	584	16%	3	16	27	29	34	78	197	59	2	12	91	10	29
Sam's Club																
2013	5,209	581	11%	11	4	2	9	6	41	224	40	4	72	97	5	77
2014	4,966	536	11%	12	5	0	9	11	43	177	32	10	76	93	3	77
2015	5,357	567	11%	12	3	0	11	8	44	185	34	12	91	94	6	79
2016	5,157	573	11%	12	2	0	11	10	51	193	31	30	65	93	10	77
2017	5,145	673	13%	7	3	2	9	11	100	217	29	20	80	108	10	84

2016 Calendar Year		BJ's	Costco	Sam's
Total	SKU	6,693	3,598	5,145
	Locations	214	723	856
	Yearly Product Sales less Ancillary (million)	\$12,261	\$99,706	\$67,228
	Yearly Sales per SKU	\$1,831,914	\$27,711,506	\$13,066,667
	Yearly Sales per SKU per Location	\$8,560	\$38,329	\$15,265
Branded	Weekly Sales per SKU per Location	\$165	\$737	\$284
	SKU	5,981	3,014	4,472
	Percent of Sales	86.3%	74.7%	85.3%
	Yearly Sales (million)	\$10,581	\$74,480	\$57,345
	Yearly Sales per SKU	\$1,769,143	\$24,711,474	\$12,823,230
Private Label	Weekly Sales per SKU per Location	\$8,267	\$34,179	\$14,980
	SKU	\$159	\$657	\$285
	Percent of Sales	13.7%	25.3%	14.7%
	Yearly Sales (million)	\$1,680	\$25,226	\$9,883
	Yearly Sales per SKU	\$2,359,209	\$43,194,551	\$14,684,273
Weekly Sales per SKU per Location	\$11,024	\$59,744	\$17,155	
Weekly Sales per SKU per Location	\$212	\$1,149	\$330	

2016 Sales – The chart on the left provides estimated sales for an average private label and branded SKU at each club. The sales data is from calendar year 2016 and does not include club ancillary businesses. The sales data is based on Costco's monthly sales reports and Sam's quarterly reported sales data. BJ's, as a private company, does not report sales data so their results are estimated. It is estimated that private label sales penetration is 25.3% at Costco, 14.7% at Sam's Club and 13.7% at BJ's.

A branded item at Costco generates \$657 weekly per club compared to a private label item which generates \$1,149 weekly per club.

A branded item at BJ's generates \$159 weekly per club compared to a private label item which generates \$212 weekly per club (\$228 in 2015) and a branded item at Sam's generates \$279 weekly per club compared to a private label item which generates \$330 weekly per club (\$358 in 2015).

The sales per week per club of an average private label item at BJ's and Sam's Club was lower this year due to the fact that the large number of new private label items need time to fully contribute to each company's overall private label sales. The sales penetration at BJ's and Sam's Club will most likely be projected to be 14% or higher at BJ's and 15% or higher at Sam's Club when the 2017 private label analysis appears next year.

Competing Against Club Private Label Items

Club vendors selling a branded product that competes with an existing or potential private label item should not feel pessimistic about their prospects for three reasons: not every branded item is deleted when a private label product is introduced, BJ's and Sam's Club (compared to Costco) are more likely to offer a competing branded product because they stock more items in their locations and club buyers are not “beholden” to private label SKUs.

Given those considerations, the potential loss of business is still possible. However, vendors can generally assume club buyers will approach buying decisions that involve private label merchandise using the following philosophy. Club buyers are trained to evaluate each item on its own individual value, volume and gross margin merits. If an item does not meet certain thresholds, it will be deleted. It does not matter if that deleted item is a private label item or a branded SKU.

Additionally, the clubs are not in the business of meeting every member's needs by stocking a wide variety within each category. Offering a larger number of items increases operational costs forcing merchandise margins to increase and damaging its most important competitive advantage, low prices. While this does mean private label items can displace an existing branded item, it also means a branded supplier has the opportunity to replace an existing private label SKU.

Branded manufacturers have six options when putting together a strategy for competing against club private label items:

Product Cost – The branded vendor could choose to aggressively lower the club’s cost so that the branded product offers an equal or better value compared to the private label item.

Features – The branded vendor could include additional product features that, in conjunction with the product itself, provide a better value compared to the private label item.

Quality – If possible, a branded supplier can improve the quality of the item sold to the clubs creating an even better value proposition for the member.

Marketing Funds – In return for their branded item remaining active, vendors who compete with private label items can provide more marketing funds for coupons, product demonstrations and end caps.

Brands – In buyer meetings, branded suppliers can reinforce the importance of their brand to the overall development and success of a category. Additionally, branded suppliers can show that members more easily recognize the value they receive in purchasing their item in the club channel.

Regional Success – If the sales of a branded SKU are higher or more dominant in a particular region or area of the country, suppliers can potentially leverage that success in continued distribution of their product in those markets.

Organic Items

Warehouse club buyer focus on organic merchandise benefits the clubs in six ways:

1. Organic merchandise reinforces a member’s perception of a club’s focus on product quality.
2. Organic merchandise is more expensive to produce resulting in higher retail price points helping to increase a club’s average transaction.
3. Non-club retailers who sell organic merchandise likely generate higher than normal margins on these items enabling the clubs to offer larger than normal savings on comparable products.
4. Organic merchandise adds to the treasure hunt club buying philosophy.
5. Organic merchandise supports a club’s search for exclusive or hard to find products.
6. When the previous five qualities work correctly, organic merchandise generates the necessary sales dollars for club buyers to continue to purchase. The simple fact that the clubs not only stock organic merchandise, but continue to rotate that selection means those items are generating sufficient sales.

Club organic merchandise has grown over the past four years and club private label has been a part of that growth. The chart below shows the number of private label organic items at each club. In 2017, BJ’s stocked 69 Wellesley Farms organic items (up from 38 SKUs in 2015 and 52 products in 2016), Costco stocked 33 Kirkland Signature private label organic items (a similar number to what it stocked the previous two years) and Sam’s Club stocked 26 Daily Chef and Member’s Mark private label organic items (a significant increase from the eight private label items it stocked in 2016).

Some of BJ’s Wellesley Farms organic items included: a 16-ounce bag of organic white cheddar popcorn for \$5.99, a case of twenty-four 10-ounce bottles of organic honey crisp apple juice for \$9.99, a case of eighteen 16-ounce bottles of organic lemonade for \$10.99, a package of two 12-ounce bottles of organic ranch dressing for \$4.59, a 48-ounce bag of organic frozen cherries for \$11.99 and a 64-ounce bag of organic frozen vegetables with spinach and kale for \$8.99.

Organic	BJ’s				Costco				Sam’s Club			
	Wellesley Farms				Kirkland Signature				Daily Chef/Member’s Mark			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Apparel	0	0	0	0	1	1	0	0	0	0	0	0
Bakery	4	5	2	4	1	0	0	0	0	0	0	0
Candy, Snacks	0	1	2	4	2	2	2	3	0	0	0	1
Cooler	12	9	10	8	5	6	6	4	0	0	0	3
Deli	2	0	3	2	0	0	0	1	0	0	0	1
Dry Grocery	25	11	15	26	14	21	20	22	1	1	6	19
Freezer	10	4	10	15	1	0	1	2	0	2	2	1
Fresh Meat	0	0	0	0	1	1	1	1	0	0	0	0
Pet	0	0	0	0	0	0	0	0	0	0	0	1
Produce	8	8	10	10	0	0	0	0	0	0	0	0
Total	61	38	52	69	25	31	30	33	1	3	8	26

WCF Research - February, 2017

Some of Sam’s Member’s Mark organic items included: a case of eight 15-ounce cans of organic black beans for \$6.63, a 100-count box of organic English breakfast tea for \$13.98, a seven-ounce bottle of organic onion powder for \$7.68, a case of three 64-ounce bottles of organic refrigerated whole milk for \$10.68 (see picture on the left) and a 24-ounce container of organic refrigerated brown eggs for \$6.38.

Costco’s Kirkland Signature organic assortment included: a 40-ounce bag of organic tortilla chips for \$4.99, a case of twelve 11.1-ounce packages of organic coconut water for \$9.99, a one-liter bottle of organic maple syrup for \$10.99, a 14.5-ounce bottle of organic no salt seasoning for \$7.99, a 128-ounce bottle of organic refrigerated orange juice for \$7.99 and a 48-ounce bag of organic frozen blueberries for \$10.79.

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 18 years, BJ's continued to add private label brands and had as many as 19 brands in 2007. 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, perishable, pet, seasonal and sundries) and Wellesley Farms (alcohol, candy, snacks, dry grocery, perishable and seasonal). The chart on the right shows BJ's SKU count by brand and category.

BJ's	Berkley & Jensen	Wellesley Farms	Living Home	Other	Total
Alcohol	0	4	0	0	4
Apparel	13	0	0	0	13
Automotive	0	0	0	0	0
Bed and Bath	11	0	0	0	11
Candy, Snacks	0	40	0	0	40
Dry Grocery	0	95	0	0	95
Hard Goods	31	0	0	0	31
HBA, Baby	104	1	0	0	105
Perishable	26	281	0	0	307
Pet	20	0	0	0	20
Seasonal	25	7	0	0	32
Sundries	54	0	0	0	54
2017	284	428	0	0	712
2016	245	397	7	1	650
2015	269	237	10	63	579
2014	276	133	50	170	629

WCF Research - 2017

Alcohol – BJ's introduced private label wine in 2016 and now stocks four SKUs: a 750-milliliter bottle of cabernet sauvignon from California for \$9.99, a 750-milliliter bottle of chardonnay from Monterey County for \$9.99, a 750-milliliter bottle of pinot noir from California for \$9.99 and a 750-milliliter bottle of red blend from California for \$9.99.

Unique Items – The following are some of the unique private label items observed at BJ's: a case of forty-eight 1.3-ounce Wellesley Farms fruit and grain cereal bars (16 each of apple, strawberry and blueberry) that is similar to Kellogg's nutri-grain bars (price not provided on the Wellesley Farms item), a 30-ounce bottle of Wellesley Farms garlic and herb sauce for \$5.99, a case of fifteen 1-liter bottle of Wellesley Farms plain seltzer for \$6.99, a Berkley & Jensen whistling kettle for \$19.99 and a package of ten Berkley & Jensen toothbrushes for \$9.99.

Coffee – BJ's stocked 17 Wellesley Farms coffee SKUs including seven ground products, five K-Cup items and five whole bean SKUs. Some of those items included: a 40-ounce bag of ground Colombian coffee for \$11.99, a 100-count case of Colombian K-Cups for \$37.49, a case of forty-two 1.75-ounce Colombian ground coffee packets for \$20.99 and a 40-ounce bag of whole bean Colombian coffee for \$12.99.

Training Pants – In the past year, BJ's introduced a six-item line of Berkley & Jensen boys and girls training pants. Some of the items included: a 90-count box of girls size two to three training pants for \$29.99 and a 76-count box of boys size four to five training pants for \$29.99.

Cheese – In the cooler, BJ's stocked 15 Wellesley Farms cheese items including five sliced SKUs, six shredded products, two grated items and two block SKUs. Some of those items included: a 20-ounce container of grated parmesan cheese for \$7.99, a 20-ounce container of shredded asiago cheese for \$7.99, a 32-ounce container of sliced Swiss cheese for \$7.99 and a 32-ounce block of white New York sharp cheddar cheese for \$4.99.

Appetizers – In the freezer, BJ's stocked 17 Wellesley Farms appetizer SKUs that included: a 28-count box of toasted ravioli for \$8.99, a 64-ounce box of mozzarella sticks for \$11.99, a 32-ounce box of loaded potato skins for \$10.99, a 24-ounce box of chicken nacho bites for \$10.99 and a 32-count box of bacon macaroni and cheese bites for \$10.99.

Produce – BJ's stocked 17 Wellesley Farms produce items that included seven apple items, three mushroom SKUs, two carrot products and five vegetable items. Some of those items included: a five-pound bag of organic gala apples for \$8.99, a 16-ounce container of organic baby lettuce for \$4.49, an eight-pound bag of red delicious apples for \$7.99, a 16-ounce container of portabella mushrooms for \$4.99 and a 16-ounce container of baby bella mushrooms for \$2.99.

Costco Wholesale

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 seven TruNature private label supplements and unbranded imported seasonal and kitchen SKUs). The chart on the right details Costco's private label assortment by brand and category.

Costco	Kirkland Signature	TruNature	Others	Total
Alcohol	27	0	0	27
Apparel	16	0	0	16
Automotive	29	0	0	29
Bed and Bath	2	0	0	2
Candy, Snacks	34	0	0	34
Dry Grocery	78	0	0	78
Hard Goods	10	0	2	12
HBA, Baby	84	7	0	91
Perishable	197	0	0	197
Pet	10	0	0	10
Seasonal	29	0	30	59
Sundries	29	0	0	29
2017	545	7	32	584
2016	535	7	21	563
2015	595	8	35	638
2014	550	7	17	574

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Co-Branding - An important concept in developing a strong private label program is member acceptance. One way that Costco (as well as BJ's and Sam's Club) achieves this is to co-brand its Kirkland Signature label with existing brand-name products. By associating the Kirkland Signature name with an existing known consumer brand, members associate the quality of the branded company to Costco and Kirkland Signature.

The following are some of the products/brands that have been co-branded with Kirkland Signature: jelly beans with Jelly Belly, 100% cranberry juice with Ocean Spray, whole bean coffee with Starbucks, wild Alaskan canned salmon with Trident Seafood, dog food with Nature's Domain, precooked bacon with Hormel, food wrap with Stretch-Tite and shrimp with SeaPak.

Spices – Costco stocked 14 Kirkland Signature spice SKUs that included: a 10-ounce bottle of crushed red peppers for \$2.99, a 13-ounce bottle of Mediterranean Sea salt for \$3.49, a 10.7-ounce bottle of Saigon ground cinnamon for \$2.59, a 16-ounce bottle of pure vanilla for \$23.99 and a 14.1-ounce bottle of whole black peppercorn for \$7.79.

Cage Free Eggs – In the cooler, Costco stocked three Kirkland Signature cage free egg SKUs: a case of 60 large cage free eggs for \$8.59, a container of 24 x-large cage free eggs for \$3.59 and a package of six 16-ounce containers of cage free egg whites for \$8.99.

Chicken – Costco is building a chicken processing plant in Fremont, Nebraska for Kirkland Signature chicken products. The plant will be operated by Lincoln Premium Poultry (a Georgia-based company) and is expected to begin production in August, 2018. The plant will cost \$300 million to build and will employ between 800 and 1,100 employees. At full production, the plant is expected to process 1.7 million chickens per week of which 700,000 will be used for Costco’s rotisserie chicken program and 1.0 million will be deboned and carved into pieces for retail sale.

Traditionally, chickens are slaughtered by hanging them live from their feet on a conveyer line where they are electrically stunned in water, then they have their throats slit (this is not 100% effective as some chickens are still alive and moving) and are then dunked in scalding water to loosen their feathers. Animal rights activists oppose this process since the stunning and slitting process does not kill 100% of the chickens.

The Costco plant will use a different process that uses carbon dioxide to render the chickens unconscious before they are shackled upside prior to having their throats slit. The process creates safer working conditions for employees and creates a more accurate and pain-free killing process.

The factory will also include features improving the conditions for both the chickens and employees: trucks and barns will be temperature controlled, chickens will spend less time in transit reducing stress, repetitive processing tasks will be handled by modern equipment reducing employee stress and an interior observation deck will be constructed allowing community officials and even school children to visit on field trips.

Sam’s Club

Sam’s Club introduced its Member’s Mark private label brand in 1998. Since that time, the Member’s Mark brand has always existed but the number items within that label has not only dramatically increased and decreased but the number of other private label brands increased. In 2016, Sam’s Club shifted its focus back to Member’s Mark and is in the process of consolidating its private label products under this brand.

The chart on the right details Sam’s private label assortment by brand and category. Please note, Daily Chef Food Service and Commercial items are combined under one column and Member’s Mark Food Service and Commercial products are combined under one column.

Sam's	Daily Chef	Member's Mark	Daily Chef FS/COMM	Member's Mark FS/COMM	Hotel Luxury Reserve	Certified	Other	Total
Alcohol	0	2	0	0	0	0	0	2
Apparel	0	3	0	0	0	0	0	3
Automotive	0	0	0	3	0	6	0	9
Bed and Bath	0	15	0	0	5	0	0	20
Candy, Snacks	5	6	0	0	0	0	0	11
Dry Grocery	25	55	2	16	0	0	2	100
Hard Goods	0	26	45	5	0	0	4	80
HBA, Baby	0	108	0	0	0	0	0	108
Perishable	12	191	9	4	0	0	1	217
Pet	0	10	0	0	0	0	0	10
Seasonal	0	29	0	0	0	0	0	29
Sundries	1	26	8	46	0	0	3	84
2017	43	471	64	74	5	6	10	673
2016	224	166	105	24	12	8	34	573
2015	181	101	87	23	8	8	159	567
2014	57	95	0	0	7	6	371	536

As can be seen in the chart, the number of Daily Chef consumer and business items decreased from 329 items in 2016 to 107 products in 2017 and the number of Member’s Mark consumer and business SKUs increased from 190 items in 2016 to 545 products in 2017.

Bed and Bath – Sam’s is replacing its Hotel Luxury Reserve control label that was used in the bed and bath category with Member’s Mark. Some of the Member’s Mark items included: a 450-thread count king sheet set for \$49.98, a 650-thread count queen sheet set for \$69.98, a set of twelve 16-inch by 27-inch hotel/motel quality blue hand towels for \$16.94 and a set of twenty-four 12-inch by 12-inch hotel/motel quality white washcloths for \$12.94.

Spices – In the past few months, Sam’s Club introduced a 15-SKU line of co-branded Member’s Mark and Tone’s spices. Some of those products included: an 18-ounce bottle of chopped chives for \$5.62, an 18-ounce bottle of Spanish paprika for \$7.36, a 5.5-ounce grinder bottle of whole black pepper for \$5.62, a 5-ounce bottle of oregano for \$4.92 and a 7.25-pound bottle of granulated garlic for \$34.88 (this Tone’s item was co-branded with the Member’s Mark Food Service label).

Sam’s Club also recently introduced an eight-item line of Member’s Mark organic spices that included: an 8-ounce bottle of organic cayenne for \$6.77, an 11-ounce bottle of organic ginger for \$7.98, a 9.25-ounce bottle of organic onion powder for \$7.68 and a 2.9-ounce bottle of organic thyme for \$6.88.

Furniture – Sam’s Club stocked three Member’s Mark furniture items: a Gabriel collection bunk bed for \$399.00, a Richmond collection fireplace console for \$549.81 and a Crawford collection rocking recliner for \$349.00.

Co-Branding – Sam’s Club co-branded three Member’s Mark juice items, two with Ocean Spray and one with Welch’s. Sam’s Club stocked a package of two 96-ounce bottles of Member’s Mark and Ocean Spray 100% cranberry juice for \$6.98, a package of two 96-ounce bottles of Member’s Mark and Ocean Spray cranberry juice cocktail for \$5.28 and a package of two 64-ounce bottles of Member’s Mark and Welch’s grape juice for \$6.98.

Paper Bags – Sam’s stocked a four-SKU line of Member’s Mark paper bags: a 500-count package of 2-pound brown bags for \$4.56, a 500-count package of 4-pound brown bags for \$5.38, a 500-count package of 8-pound brown bags for \$8.48 and a 500-count package of 8-pound white bags for \$9.98.

Sliced Cheese – Sam’s Club stocked 12 Member’s Mark sliced cheese SKUs in the deli. The assortment included: a 32-ounce package of sliced baby Swiss for \$11.98, a 32-ounce package of sliced muenster for \$11.98, a 32-ounce package of sliced provolone and sliced mozzarella for \$11.98, a 32-ounce package of sliced white American for \$11.98 and a 32-ounce package of sliced mild cheddar and sliced pepper jack for \$11.98.

Cost-U-Less and PriceSmart

Cost-U-Less – Unlike BJ’s, Costco, PriceSmart and Sam’s Club, Cost-U-Less has not developed a private label brand.

PriceSmart – PriceSmart’s private label philosophy is similar to its U.S. counterparts. Private label product quality should meet or exceed the competing national brand and offer a savings of 20%. PriceSmart has four private label brands that represent approximately 27% of overall sales. Those brands are Member’s Selection, a higher quality consumer brand, Club Select, an institutional brand, PriceSmart, a fresh food and bakery brand, and Tender Quality, another fresh food brand.

Pricing Analysis

This last section analyzes two private label retail pricing charts. The first chart compares the pricing of a private label item which all three clubs stock. The second chart compares club private label pricing to each item’s competing national brand. The data for each chart was gathered in February, 2017.

Club Private Label Pricing Comparison – Sixteen 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. 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.

2017	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	\$14.98	\$0.3121	Kirkland Signature	1	72	ct	\$18.99	\$0.2638	85	Berkley & Jensen	1	48	ct	\$15.99	\$0.3331	107
Almonds	Daily Chef	1	48	oz	\$15.48	\$0.3225	Kirkland Signature	1	48	oz	\$11.99	\$0.2498	77	Wellesley Farms	1	48	oz	\$14.99	\$0.3123	97
Aluminum Foil Sheets	Daily Chef FS	1	500	ct	\$7.76	\$0.0155	Kirkland Signature	1	500	ct	\$9.99	\$0.0200	129	Berkley & Jensen	1	500	ct	\$9.99	\$0.0200	129
Bayer Low Dose	Member's Mark	2	365	ct	\$4.78	\$0.0065	Kirkland Signature	2	365	ct	\$4.49	\$0.0062	94	Berkley & Jensen	1	500	ct	\$4.99	\$0.0100	152
Canned Chicken	Member's Mark	5	13	oz	\$11.88	\$0.1828	Kirkland Signature	6	12.5	oz	\$9.89	\$0.1319	72	Wellesley Farms	6	12.5	oz	\$10.99	\$0.1465	80
Coffee - Whole Bean - Colombian	Daily Chef	1	40	oz	\$14.67	\$0.3668	Kirkland Signature	1	48	oz	\$15.59	\$0.3248	89	Wellesley Farms	1	40	oz	\$12.99	\$0.3248	89
Cooking Spray	Member's Mark FS	2	16	oz	\$4.98	\$0.1556	Kirkland Signature	2	17	oz	\$4.99	\$0.1468	94	Wellesley Farms	2	12	oz	\$5.99	\$0.2496	160
Disinfecting Wipes	Member's Mark	1	312	ct	\$8.98	\$0.0288	Kirkland Signature	1	304	ct	\$10.99	\$0.0362	126	Berkley & Jensen	1	320	ct	\$9.99	\$0.0312	108
Frozen Shrimp - Cooked - 31/40 ct	Daily Chef	1	32	oz	\$15.98	\$0.4994	Kirkland Signature	1	32	oz	\$16.79	\$0.5247	105	Wellesley Farms	1	32	oz	\$15.99	\$0.4997	100
Frozen Tilapia	Member's Mark	1	48	oz	\$10.99	\$0.2290	Kirkland Signature	1	40	oz	\$13.99	\$0.3498	153	Wellesley Farms	1	32	oz	\$10.99	\$0.3434	150
Laundry Detergent Pacs	Member's Mark	1	120	ct	\$17.98	\$0.1498	Kirkland Signature	1	152	ct	\$17.99	\$0.1184	79	Berkley & Jensen	1	90	ct	\$13.99	\$0.1554	104
Organic Whole Milk	Member's Mark	3	64	oz	\$10.68	\$0.0556	Kirkland Signature	3	64	oz	\$10.29	\$0.0536	96	Wellesley Farms	3	64	oz	\$9.99	\$0.0520	94
Part Skim Shredded Mozzarella	Daily Chef FS	1	80	oz	\$11.98	\$0.1498	Kirkland Signature	1	80	oz	\$11.59	\$0.1449	97	Wellesley Farms	2	24	oz	\$8.99	\$0.1873	125
Salted Butter - Quarters	Daily Chef	4	16	oz	\$9.88	\$0.1544	Kirkland Signature	4	16	oz	\$9.69	\$0.1514	98	Wellesley Farms	4	16	oz	\$9.99	\$0.1561	101
Tylenol Extra Strength	Member's Mark	2	600	ct	\$10.88	\$0.0091	Kirkland Signature	2	500	ct	\$8.49	\$0.0085	94	Berkley & Jensen	1	500	ct	\$5.99	\$0.0120	132
Water	Member's Mark	40	16.9	oz	\$3.69	\$0.0055	Kirkland Signature	40	16.9	oz	\$2.99	\$0.0044	81	Wellesley Farms	40	16.9	oz	\$3.99	\$0.0059	108

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For example, all three clubs stocked a private label cooking spray comparable to Pam. Sam’s Club stocked two 16-ounce bottles for \$4.98 or 15.6-cents per ounce. Costco stocked two 17-ounce bottles for \$4.99 or 14.7-cents per ounce (6% lower than Sam’s Club and designated by a 94 in the differential column) and BJ’s stocked two 12-ounce bottles for \$5.99 or 25.0-cents per ounce (60% higher than Sam’s Club and designated by a 160 in the differential column).

Brand Comparison – Eleven private label items along with the competing national brand were selected at each club (see chart on the next page). The pricing for the private label and national brand products were compared. The unit retail price of each item was calculated and the private label savings determined.

For example, BJ’s stocked a package of two 48-ounce bottles of Skippy creamy peanut butter for \$8.69 or 9.1-cents per ounce and a package of two 48-ounce bottles of Wellesley Farms creamy peanut butter for \$7.29 or 7.6-cents per ounce. The Wellesley Farms item offered a savings per ounce of 19%.

2017		National Brand				Private Label				
		Brand	Pack	Retail	Per Unit	Brand	Pack	Retail	Per Unit	Savings
Costco	Pain Reliever	Aleve	320 ct	\$16.89	\$0.0528	Kirkland Signature	400 ct	\$12.49	\$0.0312	69%
	Fabric Softener Sheets	Bounce	320 ct	\$9.99	\$0.0312	Kirkland Signature	2-250 ct	\$7.99	\$0.0160	95%
	Toilet Paper - Ultra Soft	Charmin	30-231 ct	\$21.99	\$0.0032	Kirkland Signature	30-425 ct	\$15.99	\$0.0013	153%
	Disinfecting Wipes	Clorox	5-78 ct	\$13.49	\$0.0346	Kirkland Signature	304 ct	\$10.99	\$0.0362	-4%
	Toothpaste - Complete, Whitening	Crest	5-8.2 oz	\$12.99	\$0.3168	Kirkland Signature	6-7.5 oz	\$9.99	\$0.2220	43%
	Olive Oil - Pure	Filippo Berio	5 liter	\$23.29	\$4.6580	Kirkland Signature	2-3 liter	\$27.99	\$4.6650	0%
	Nasal Spray	Flonase	3-120 ct	\$49.99	\$0.1389	Kirkland Signature	5-120 ct	\$27.99	\$0.0467	198%
	Dress Socks - Men	Happy Socks	4 pair	\$9.99	\$2.4975	Kirkland Signature	4 pair	\$7.99	\$1.9975	25%
	Mouthrinse	Listerine	2-1.5 liter	\$10.99	\$3.6633	Kirkland Signature	3-1.5 liter	\$7.99	\$1.7756	106%
	Cooking Spray	Pam	2-12 oz	\$6.99	\$0.2913	Kirkland Signature	2-17 oz	\$4.99	\$0.1468	98%
BJ's	Water	Poland Spring	48-8 oz	\$5.79	\$0.0151	Kirkland Signature	80-8 oz	\$6.69	\$0.0105	44%
	Ibuprofen/Sleep Aid	Advil PM	200 ct	\$18.99	\$0.0950	Berkley & Jensen	180 ct	\$12.99	\$0.0722	32%
	Fabric Softener Sheets	Bounce	320 ct	\$9.99	\$0.0312	Berkley & Jensen	2-190 ct	\$6.99	\$0.0184	70%
	AA Batteries	Duracell	48 ct	\$17.99	\$0.3748	Berkley & Jensen	48 ct	\$15.99	\$0.3331	13%
	Cat Food - Canned - Seafood	Fancy Feast	36-3 oz	\$18.99	\$0.1758	Berkley & Jensen	36-3 oz	\$15.99	\$0.1481	19%
	Trash Bags - 13-gallon - Drawstring	Glad	150 ct	\$14.99	\$0.0999	Berkley & Jensen	150 ct	\$12.99	\$0.0866	15%
	Parmesan Cheese	Kraft	24 oz	\$7.49	\$0.3121	Wellesley Farms	24 oz	\$7.19	\$0.2996	4%
	Cranberry Juice Cocktail	Ocean Spray	2-96 oz	\$6.89	\$0.0359	Wellesley Farms	4-64 oz	\$6.99	\$0.0273	31%
	Replacement Brush Heads	Oral B	5 ct	\$28.99	\$5.7980	Berkley & Jensen	6 ct	\$19.99	\$3.3317	74%
	Baby Formula - Sensitive	Similac	40 oz	\$34.99	\$0.8748	Berkley & Jensen	36 oz	\$21.99	\$0.6108	43%
Sam's Club	Creamy Peanut Butter	Skippy	2-48 oz	\$8.69	\$0.0905	Wellesley Farms	2-48 oz	\$7.29	\$0.0759	19%
	Coconut Water	Vita Coco	6-33.8 oz	\$19.99	\$0.0986	Wellesley Farms	12-16.9 oz	\$15.99	\$0.0788	25%
	Ibuprofen	Advil	360 ct	\$16.48	\$0.0458	Member's Mark	2-600 ct	\$10.88	\$0.0091	405%
	Low Dose Aspirin	Bayer	400 ct	\$11.48	\$0.0287	Member's Mark	2-365 ct	\$4.78	\$0.0065	338%
	Olive Oil - Extra Virgin	Bertolli	2 liter	\$13.32	\$6.6600	Member's Mark	3 liter	\$16.18	\$5.3933	23%
	Allergy Medicine	Claritin	105 ct	\$38.38	\$0.3655	Member's Mark	2-200 ct	\$13.18	\$0.0330	1009%
	Soap - Moisturizing	Dove	14-4 oz	\$13.12	\$0.2343	Member's Mark	20-4 oz	\$13.32	\$0.1665	41%
	Baby Formula - Gentle	Enfamil	2-25.7 oz	\$49.98	\$0.9724	Member's Mark	48 oz	\$24.98	\$0.5204	87%
	Dandruff Shampoo	Head & Shoulders	40 oz	\$10.98	\$0.2745	Member's Mark	2-40 oz	\$10.48	\$0.1310	110%
	Dog Food - Complete	Pedigree	55	\$22.89	\$0.4162	Member's Mark	55 lb	\$19.98	\$0.3633	15%
Cat Food - Cat Chow	Purina	25	\$17.28	\$0.6912	Member's Mark	24 lb	\$12.98	\$0.5408	28%	
Triple Action Joint Supplement	Schiff Move Ultra	75 ct	\$23.38	\$0.3117	Member's Mark	90 ct	\$23.48	\$0.2609	19%	
Orange Juice	Tropicana	3-59 oz	\$8.68	\$0.0490	Member's Mark	2-59 oz	\$5.72	\$0.0485	1%	

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Notes