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## Buying bargains in bulk, without breaking the bank

By Sherry Stripling  
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Do you go to Costco for canned corn and come home with a clarinet and a casket? Or swing by Sam's Club for shredded cheese and end up with a Bose home theater system (\$1,486)? Then pull up a couch (preferably leather) and a coffee (\$1.35 cents on your way out) as we ask experts how to warehouse shop without going broke.

### A 36-roll primer

#### How warehouse clubs work

Warehouse buyers such as Issaquah-based Costco or like-minded Sam's Club (the two in this market) look for the best deals, buy massive amounts and turn goods over quickly at bare-bones sites with limited staff. To keep from cheapening their product names or undercutting their regular buyers, manufacturers sometimes create products such as 36-roll toilet paper packages that only a warehouse store would want.

Shrewd shoppers can beat some of those deals, according to retail researcher Bert Hambleton of Hambleton Resources of Issaquah. But the biggest deal-buster for consumers is their own capacity to overspend, created by the warehouse's consistently low (though not always the lowest) prices, combined with a shopper's "treasure hunt" mentality. Some shoppers go in weekly or monthly to comb the store to find items that might not be there next week.

### Two kinds of bargains

**Everyday low price.** Sam's Club models itself on Costco, which takes no more than a 14 percent margin on every item, compared to 30 to 40 percent at most retail stores. "They like to say that everything is a good deal," says Hambleton, who doesn't necessarily dispute that.

**High/low approach.** Other retailers have higher everyday prices but emphasize temporary deals, passed on to them by manufacturers who know the stores will use the deal to promote their product and create a temporary scarcity, which can add to demand.

**Customers should shop both ways** to lay out the least amount of money. Hambleton says customers create their own strategies: Some find the warehouse's everyday low prices boring and instead go for the thrill of the hunt, seeking buys they weren't expecting — four cans for \$1 at Albertsons! — that demonstrate their shrewd shopping abilities. Others trust the warehouses to provide a good brand-name bargain, if not a lot of choices.

Ultimately, the best way to save money "is by not buying so much stuff," Hambleton says, but his studies show people go to the warehouses not only to make purchases, but also for entertainment. "When they walk out with a cart full of stuff, it's not because they needed any of it before they went in the store. The need was created on the spot."

Yes, that casket might be a good deal at \$1,499, but, honestly, how many times are you going to use it?

### A good bargain?

#### How to know if you landed one

One Costco manager says square for square, the best bargain is Kirkland Signature (the company's house brand) toilet paper. Pound for pound, it's the flash-frozen Kirkland Signature chicken breasts, and brand-for-brand, the best buys in the house are hearing aids.

The warehouse's strategy is to get it in early, get it out fast, so spring begins in February and Christmas can come in August. If something has a price that ends in 97 cents at Costco, it means it was either a slow mover or the store's buyers ordered too much. Temperatures were still freezing when Ibena throw blankets went on sale for \$9.97. (Sam's Club closeouts have a "C" for "canceled" at the end of the item number.)

There are fewer "97" bargains locally because Costco started here in 1983 and is such a part of Northwest culture that the warehouses turn over goods especially fast, according to Michael G. Clayman, editor of Warehouse Club Focus newsletter, a trade publication for manufacturers. Sam's Club, owned by Wal-Mart, is making inroads, however, and added a third store in Renton last year.

**Compare.** Cruise Sam's Club or Costco, check the prices against regular stores, check the ads, check the Internet and cruise back. You may not be able to find apples-to-apples comparisons between warehouse and regular stores because there may be model number differences or added features to the warehouse version, but you can compare features. Both Costco and Sam's Club sell a Dyson Upright Vacuum "full kit" model with extra features for \$389. That's \$11 under Fred Meyer's recent sale price of \$399.99 for the more basic "all floors" model.

**Read the "unit" prices.** That's the small print under the price that tells how much per ounce or bottle or roll an item costs. For instance, a Jif 40-ounce twin-pack of extra crunchy peanut butter for \$5.30 is \$1.06 per pound at Sam's Club (if my \$18 three-pack reading glasses are correct). You can compare that to a single Jif 40-ounce jar for \$5.29 at Safeway, which is \$2.12 a pound.

### Is your membership worth it?

Sam's Club charges \$35 and Costco \$45 for households per year. The Costco annual \$100 executive membership that offers a 2 percent rebate is a no-brainer for most small businesses. But according to "How to Shop the Warehouse Stores" on [www.eHow.com](http://www.eHow.com), consumers need to spend about \$260 before they begin to see savings with a \$35 annual fee. Clayman uses the Tropicana 64-ounce orange

juice rule of thumb. You buy four to a pack at Costco for \$7.99 compared to \$15.16 for four (\$3.79 each) at Safeway. Make just that purchase alone once a month, and it's \$86 savings in a year.

#### Simple steps

##### *Don't forget the calculator*

When Sandy Shields asked visitors to her Web site, TheFrugalShopper.com, to tell their favorite way to save money, the No. 1 response was "shopping warehouse clubs" (641 out of 1,914 respondents, with No. 2 and No. 3 responses thrift stores and shopping sales, respectively). She offers these tips:

- Make a list of what you need and what the items usually cost. Take a calculator.
- Buy with friends or family to split large purchases and save.
- Take cash so you won't spend over your limit.

**Her list of good deals:** Milk (freezes well), cheese, meat and bakery goods, videotapes, appliances, books, office equipment, home entertainment, some frozen foods, fresh fruit and vegetables.

**Her list of not-so-good deals:** Paper products, cereals, pet food, canned goods and snacks.

#### Avoiding the plunge

##### *Alternatives to the big-cart approach*

These tips are from Nancy Twigg of Counting the Cost e-zine: [www.countingthecost.com](http://www.countingthecost.com)

- When you find a good sale of an item you use regularly, buy as many as you can afford or are allowed by the store, and make the purchase last until the next good sale.
- Shop at stores that will match all the other stores' sale prices, if you bring in the ad.
- Avoid convenience foods. Keep costs down by cooking from scratch as much as possible and divide large packages of chips, cookies, etc., into small servings.
- Buy generics. Try it. You might like it. And if you don't like it, return it for a refund.
- Use coupons, especially in conjunction with good sales.

**What she buys at warehouses:** Yeast, 25-pound bags of flour and sugar, 10-pound bags of shredded cheeses, 5-gallon buckets of dishwasher and laundry detergent, and photo finishing.

#### When to go, when not to

**Best times to warehouse shop:** Tuesday through Thursday, 1:30 to 4 p.m. Business members can get in before regular opening hours.

**Worst times:** Weekends, including Fridays, that are near the 1st or the 15th of the month when people get paychecks, Social Security or retirement checks.

**Best deals:** Watch the items board outside of stores, particularly when Passbook savings booklets come in the mail from Costco. Check the [www.costco.com](http://www.costco.com) and [www.samsclub.com](http://www.samsclub.com) Web sites for dates of periodic "road shows" that bring in special deals. Look for "last chance" at Sam's Club online. Watch when shopping online to see if the "free" shipping has already been added to the price compared to in-store prices.

**Rebates:** Costco shoppers can send for rebates directly through [www.costco.com](http://www.costco.com).

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