

Report Price: £3085.18 | \$3995.00 | €3666.43

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



"Warehouse clubs have been successful of convincing a large amount of people to pay an annual fee to shop at their stores. Sales continue to increase YOY and the forecast ahead looks bright. These consumer advocates find that, based on their shopping habits and needs, the value they receive in benefits outweighs the fee."

- Diana Smith, Associate Director - Retail & Apparel

# This report looks at the following areas:

- Overall growth predicted, but pace of growth may slow
- Membership requirements do not protect warehouse clubs from outside competition
- Membership fees remain a key barrier
- Bulk buying does not have universal appeal

# BUY THIS REPORT NOW

**VISIT:** store.mintel.com

**CALL:**EMEA
+44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

**EMAIL:** reports@mintel.com

**DID YOU KNOW?** 

This report is part of a series of reports, produced to provide you with a more holistic view of this market



Report Price: £3085.18 | \$3995.00 | €3666.43

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

#### **Table of Contents**

#### **Overview**

What you need to know

Definition

#### **Executive Summary**

#### The issues

#### Overall growth predicted, but pace of growth may slow

Figure 1: Total net sales and fan chart forecast of leading US warehouse club stores, at current prices, Fiscal years 2012-22

#### Membership requirements do not protect warehouse clubs from outside competition

# Membership fees remain a key barrier

Figure 2: Reasons for not shopping the channel, by generation, March 2017

## Bulk buying does not have universal appeal

Figure 3: Shopping barriers related to bulk buying, March 2017

#### The opportunities

#### Boost e-commerce

Figure 4: Method of shopping, March 2017

Figure 5: Online shopping interests and behaviors, by generation, March 2017

## Improve speed at checkout and product selection

Figure 6: TURF Analysis – Desired improvements, March 2017

# Tap into satisfied current members as brand ambassadors

Figure 7: Reasons for shopping the channel, March 2017

What it means

# The Market - What You Need to Know

Sales continue on an upward path

Increases in consumer confidence and household income bode well for the sector

Warehouse clubs not protected from outside competition

#### **Market Size and Forecast**

#### The future looks good

Figure 8: Total net sales and fan chart forecast of leading US warehouse club stores, at current prices, fiscal years 2012-22

Figure 9: Net sales at US warehouse club stores, at current prices, fiscal years 2012-22

# **Market Perspective**

#### Are warehouse clubs losing some exclusivity?

Figure 10: Big Bargain Buys selection at Mariano's, Chicago, May 2017

# **Market Factors**

# Consumer confidence and unemployment levels set records

Figure 11: Consumer confidence and unemployment, 2008-March 2017

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £3085.18 | \$3995.00 | €3666.43

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

#### Household income slowly climbs upward

Figure 12: Median household income, in inflation-adjusted dollars, 2005-15

Figure 13: Household income distribution by race and Hispanic origin of householder, 2015

#### Shopping incidence increases with household size

Figure 14: 2016 Households by percentage of members vs any warehouse club shoppers, by household size, March 2017

Figure 15: Average number of people per household, by race and Hispanic origin, 2016

#### Less space in the home presents an issue for bulk-sized products

#### Not all households are the same

Figure 16: Distribution of households, by type of household, 2016

# **Key Players - What You Need to Know**

#### Costco leads the category

BJ's reportedly for sale

Non-food categories such as beauty and apparel represent opportunity

E-commerce not a main priority

#### What's Working?

#### Category dominated by two major players

Figure 17: Net sales at US warehouse club stores, at current prices, by segment, fiscal years 2012-16

Figure 18: Global sales distribution by product category, fiscal year 2016

Figure 19: Costco bedding and jewelry inventory, Chicago, May 2017

Figure 20: Net sales at Costco, fiscal years 2011-16

Figure 21: Total global membership fees at Costco, fiscal years 2011-16

Figure 22: Global sales distribution by product category, FY 2015

Figure 23: Net sales at Sam's Club, fiscal years 2011-17

## What's Struggling?

## BJ's Wholesale Club reportedly for sale

Figure 24: Net sales at BJ's, fiscal years 2014-16

#### Opportunity for beauty and clothing improvements

Figure 25: Costco apparel department, Chicago, May 2017

Figure 26: Sam's Club apparel department, Chicago area, May 2017

#### **What's Next?**

# Where does e-commerce fit in?

E-sampling extends a beloved in-store experience online

# The Consumer – What You Need to Know

# Warehouse clubs gain traction

Core shoppers are young, affluent, and likely to be parents

Household memberships are the most common

Member satisfaction is high

Membership fees and bulk-sized packages main barriers

BUY THIS REPORT NOW

VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £3085.18 | \$3995.00 | €3666.43

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

#### Faster checkout and improved production selection key opportunities

#### **Changes in Shopping the Channel**

#### Nine out of 10 shopping more or the same

Figure 27: Changes in shopping the channel, March 2017

#### Men shopping more than women

Figure 28: Changes in shopping the channel, by age and gender, March 2017

## Those who shop more also have more income

Figure 29: Changes in shopping the channel, by household income, March 2017

#### Significant share of Hispanics shopping more

Figure 30: Changes in shopping the channel, by race and Hispanic origin, March 2017

#### **Retailers Shopped**

#### Costco maintains a competitive edge

Figure 31: Retailers shopped, March 2017

#### Demographic patterns emerge

Figure 32: Costco shoppers, by key demographics, March 2017

Figure 33: Sam's Club shoppers, by key demographics, March 2017

Figure 34: BJ's Wholesale Club shoppers, by key demographics, March 2017

# Shoppers look to warehouse clubs to stock up but also for fill-in needs

Figure 35: Shopping frequency, by retailers shopped, March 2017

## BJ's seeing higher shopping rates of late

Figure 36: Changes in shopping the channel, by retailers shopped, March 2017

# Types of Membership

## Household memberships most common

Figure 37: Types of membership, March 2017

Figure 38: Membership type repertoire, personal or business membership, March 2017

# **Reasons for Shopping the Channel**

# Price/value relationship in check for satisfied shoppers

Figure 39: Reasons for shopping the channel, March 2017

# Keep up the sampling

Figure 40: Percentage of consumers who like the samples warehouse clubs offer, by age, March 2017

# Multicultural segments appreciate the no-frills, one-stop shopping aspects

Figure 41: Reasons for shopping the channel, by race and Hispanic origin, March 2017

# **Reasons for Not Shopping the Channel**

# Membership fees remain the biggest barrier

Figure 42: Reasons for not shopping the channel, March 2017

# Bulk buying is not for everyone

Figure 43: Barriers related to shopping in bulk, by household size, March 2017

Figure 44: Costco, select bulk-sized packaged goods, Chicago, May 2017

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

EMAIL: reports@mintel.com



Report Price: £3085.18 | \$3995.00 | €3666.43

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

#### Some shoppers think warehouse clubs can't meet their shopping needs

Figure 45: Shopping barriers related to grocery and household goods selections, by age, March 2017

#### Half of non-shoppers are open to shopping the channel

Figure 46: Reasons for not shopping the channel, by openness to shopping the channel, March 2017

# **Shopping Behaviors**

#### Women browse aisles while men take more of a direct route

Figure 47: General shopping behaviors, by age and gender, March 2017

Figure 48: Costco Kirkland brand vs Nestle name brand product comparison, Chicago, May 2017

#### Food courts offer a nice treat

Figure 49: Store sections shopped, by gender and age, March 2017

Figure 50: Sam's Club food court, Chicago area, May 2017

#### Mobile app usage remains low

Figure 51: Other services used, by gender and age, March 2017

#### **Desired Improvements**

#### Biggest source of sales is also the biggest opportunity area for improvement

Figure 52: Desired improvements related to product selection, March 2017

#### The lines are too long

Figure 53: Desired improvements related to shopping efficiency, March 2017

Figure 54: Costco in-store layout, Chicago, May 2017

Figure 55: Sam's Club In-store signage, Chicago area, May 2017

# TURF analysis further explores areas of opportunity to maximize reach

Figure 56: TURF Analysis - Desired improvements, March 2017

# **Appendix - Data Sources and Abbreviations**

Data sources

Sales data

Fan chart forecast

Consumer survey data

Abbreviations and terms

Abbreviations

#### Appendix - The Market

Figure 57: Net sales at US warehouse club stores, at inflation-adjusted prices, 2012-22

Figure 58: Household income distribution, 2005-15

# Appendix - Key Players

# Category information

Figure 59: Net sales at US warehouse club stores, at current prices, by segment, 2012-16

# Costco information

#### Product category descriptions

Figure 60: Costco store count, fiscal year 2011-16

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £3085.18 | \$3995.00 | €3666.43

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Sam's Club information

Product category descriptions

Figure 61: Sam's Club store count, fiscal year 2011-16

**Appendix - The Consumer** 

Membership information

Costco

Figure 62: Costco membership types, 2017

Sam's Club

Figure 63: Sam's Club membership types, 2017

BJ's

Figure 64: BJ's membership types, 2017

Additional information

Figure 65: Items purchased at warehouse clubs, August 2016

Figure 66: Membership type repertoire, any primary membership,\* March 2017