

Name: Ronald Wilson Gilbert II

Date of Degree: May, 1988

Institution: Oklahoma State University

Location: Stillwater, Oklahoma

Title of Study: THE COMPETITIVE IMPACT OF WAREHOUSE
CLUBS ON RETAIL ENTITIES

Pages in Study: 78

Candidate for Degree the of
Master of Business Administration

Major Field: Business Administration

Scope and Method of Study: This study examines the factors that influence competition between wholesale clubs and other retail entities. The factors examined are purchase planning, specific customer demographics, buying patterns, and customer preferences. First, current literature is researched to see what analysts presently believe about the topic. Second, exit surveys are prepared and conducted as customers leave the warehouse club.

Findings and Conclusions: Some of the factors examined tend to influence who is the competitor. For example, females identified supermarkets and department stores as prime competitor groups, while males chose convenience stores and distributors. Also customer preferences towards the warehouse club are, not surprisingly, centered around price. The aspects of the warehouse club most disliked by the customer show areas the warehouse club industry can make improvements to reduce the influence of competitors on their customers.

Advisor's Approval: _____

Raymond W. LaFare

FACTORS INFLUENCING COMPETITION
BETWEEN WHOLESALE CLUBS AND
OTHER RETAIL ENTITIES

By

RONALD WILSON GILBERT, II

Bachelor of Science

Oklahoma State University

Stillwater, Oklahoma

1981

Submitted to the Faculty of the
Graduate College of the
Oklahoma State University
in partial fulfillment of
the requirements for
the Degree of
MASTER OF BUSINESS ADMINISTRATION
May 1988

Name: Ronald Wilson Gilbert II

Date of Degree: May, 1988

Institution: Oklahoma State University

Location: Stillwater, Oklahoma

Title of Study: THE COMPETITIVE IMPACT OF WAREHOUSE
CLUBS ON RETAIL ENTITIES

Pages in Study: 78

Candidate for Degree the of
Master of Business Administration

Major Field: Business Administration

Scope and Method of Study: This study examines the factors that influence competition between wholesale clubs and other retail entities. The factors examined are purchase planning, specific customer demographics, buying patterns, and customer preferences. First, current literature is researched to see what analysts presently believe about the topic. Second, exit surveys are prepared and conducted as customers leave the warehouse club.

Findings and Conclusions: Some of the factors examined tend to influence who is the competitor. For example, females identified supermarkets and department stores as prime competitor groups, while males chose convenience stores and distributors. Also customer preferences towards the warehouse club are, not surprisingly, centered around price. The aspects of the warehouse club most disliked by the customer show areas the warehouse club industry can make improvements to reduce the influence of competitors on their customers.

Advisor's Approval: _____

Raymond W. LaFarge

FACTORS INFLUENCING COMPETITION
BETWEEN WHOLESALE CLUBS AND
OTHER RETAIL ENTITIES

Thesis Approved:

Raymond W. Laforgue

Thesis Advisor

Ronald K. Miller

Stephen J. Miller

Dean of Graduate College

ACKNOWLEDGMENTS

I wish to express my sincere gratitude to the individuals who assisted me in this project and during my coursework at Oklahoma State University. In particular, I wish to thank my advisor, Dr. Buddy LaForge, for his aid in growing an idea into a workable research project.

I would especially like to thank the individuals who assisted me in obtaining the surveys: my mother, Ann, my sister, Kelley, my nephew, Robby, and my friend, Amy. Without their help, I could not have completed the project.

I would also like to thank Mr. Nick White of Sams Wholesale Club for allowing me to execute my survey, along with access to his extensive file of wholesale club information. Also, I want to thank the managers of the wholesale clubs who were more than accommodating in allowing me to accomplish my task.

Last, but certainly not least, I want to thank my wife, Jean Ann, for support, encouragement, patience, and understanding.

TABLE OF CONTENTS

Chapter	Page
I. INTRODUCTION.	9
II. SURVEY OF CURRENT LITERATURE.	11
Warehouse Club Operations	11
Competitive Forces.	14
Summary	19
III. THEORY/RESEARCH DESIGN.	21
IV. RESULTS AND ANALYSIS.	25
V. SUMMARY AND CONCLUSIONS	33
REFERENCES.	37
APPENDICES.	39
APPENDIX A - SURVEY INSTRUMENT	41
APPENDIX B - PLANNED/UNPLANNED PURCHASE BY COMPETITOR.	45
APPENDIX C - DEMOGRAPHIC INFORMATION BY COMPETITOR	49
APPENDIX D - BUYING PATTERN INFORMATION BY COMPETITOR.	55
APPENDIX E - LIKES AND DISLIKES OF THE CUSTOMER.	59

CHAPTER I

INTRODUCTION

From a single company - Price Club - the warehouse club industry has developed into a major and rapidly growing segment of the retail/wholesale distribution sector. Analysts from Goldman Sachs "see the warehouse club industry as being in only the early to middle stages of its development, with enormous potential ahead for its major participants."¹ Many key markets do not yet have their first warehouse club and a good deal of consolidation is likely as some of the smaller companies fall by the wayside and/or are merged into larger entities.

But as is so often seen as new industries emerge, an existing industry may be hurt. Warehouse clubs are drawing customers by the thousands, but from where? What factors influence a customer to shop at a warehouse club? With the average warehouse club's merchandise being 40% grocery, how are supermarkets affected? What about discount chains? Department stores?

The major thrust of this research is to decide if certain factors influence a customer's decision to shop at a warehouse club. If these factors do, then they can be manipulated to improve the competitive strength of the warehouse club industry. From this design, several investigative questions were proposed:

1. To what degree do wholesale club customers plan their purchases?
2. Does planning a purchase effect who the competition is?
3. Do demographic differences effect who the competition is?

¹ "The Warehouse Club Industry: An Update," GOLDMAN SACHS INVESTMENT RESEARCH, P. 1.

4. Do wholesale club buying patterns effect who the competition is?
5. What aspects of a wholesale club does the customer like? Dislike?

CHAPTER II

SURVEY OF CURRENT LITERATURE

Warehouse Club Operations

The warehouse club industry, as seen today, was founded in 1976 by Sol and Robert Price when they opened their first Price Club in San Diego, CA. As of September, 1987, there are 18 different companies operating 256 warehouse clubs with sales estimated at \$12 billion-plus by year-end 1987. Some analysts predict sales to reach at least \$20 billion before 1990.²

Basics of the Business

The concept underlying the warehouse club industry is simple: By offering wholesale and group members very low prices on a limited assortment of high quality, name brand merchandise in a wide range of categories, rapid inventory turnover and consequently high sales volume can be attained. Wholesale members, business owners who would typically purchase the merchandise from a traditional wholesaler, pay a membership fee (\$25-\$30) and pay posted prices. Group members, private individuals who purchase merchandise solely for personal consumption, pay from \$0-\$15 for a membership and pay 5% above the posted price. All purchases are cash-and-carry, and merchandise generally comes in institutional sizes. The units operate in bare-bones, 100,000-square-foot sites. The sites are typically industrial or second-use spaces and are leased for

² "Five Wholesale Clubs Discuss Their Options," DISCOUNT MERCHANDISER, November 1987, P. 24.

very low rentals by retail standards - \$2 to \$3 per square foot. Operating costs are minimal, generally about 8% of sales, and overall it is not a capital intensive business. But operating on 10% margins, these merchants require high inventory turnover to keep cash flowing and generate earnings.³

Merchandise

The mix of merchandise of a typical warehouse club is 60% general merchandise and 40% food. Overall margins average 11%, with 8.5% margins in groceries and 15% in general merchandise.⁴ Orders are usually placed directly with a supplier, who delivers in truckload quantities to the club's loading dock. Merchandise often comes palletized and pre-marked. This allows the club to move the merchandise directly from the truck to the floor or into overhead storage if no selling space is available.

The merchandise in a warehouse club can vary greatly from week to week. Since the warehouse club emphasis is strongly pointed towards price, the buying staff for a warehouse club will usually vary the merchandise depending on which product currently has the best price. Recently, this variety has been a concern to the industry. Wholesale customers need a reliable and consistent source for their purchases. Wholesale clubs that stabilize their assortment show the customer that he can consistently find the same merchandise week-in, week-out.

Touche Ross and Co. Industry Director for Retail Consulting Robert Bartlett believes assortment stability is a double-edged sword. On one hand, standard assortments in certain categories make the clubs a more reliable source of merchandise for the customer. However, in the long run, this traditional approach to merchandising could be detrimental. Bartlett reasons that the original concept of the clubs was to create a "buying frenzy" by having limited amounts of

³ "Membership retailing trend taking off," Chain store Age, November 1984, P. 17.

⁴ "Warehouse Clubs Might Be Approaching a Watershed," Mass Market Review, March 3, 1986, P. 16.

merchandise. As this frenzy and the consciousness of consumers erode, it may be necessary for the clubs to embrace traditional retailing services, which could further drain bottom lines. "Therein lie the seeds of their doom. The cost structure will eat them alive if they can't continue to grow," notes Bartlett.⁵

Computerization

Due to the reduced margins associated with warehouse club operations, the industry relies heavily on computers to maintain profitability. To be successful, a club must classify members into categories, and then apply sales tax and additional upcharges (group members) to the purchases based on the member classification. To eliminate any excess handling, due to repricing merchandise, the items will typically have only an item number attached to the product. When the item is brought to the register, the system must "look-up" the current prices of the item, hence the name Automatic Price Look-up, or PLU. Another advantage of PLU is the ability to know exactly how many of each item is sold daily; thus allowing a buyer to know the inventory status of a club at any given time. This is crucial because lost sales due to being out-of-stock could spell doom to a club. Associated with classifying members is the ability to identify bad check writers. The cost of recovering bad checks could quickly eat the profits of a company. Thus, the system must catch any members with outstanding overdrafts, giving the club a chance to identify this person before further damage is done. Other considerations for computerization are:

1. Customized displays and receipts
2. Communication and reports
3. Capturing information on the items a member purchases
4. Debit card processing
5. Laser scanning

⁵ "Warehouse Clubs Might Be Approaching a Watershed," Mass Market Review, March 3, 1986, P. 16.

The growing competition in the membership warehouse arena has been a major impetus for the development of in-store systems. As Kenneth Crawford, vp-MIS at The Wholesale Club states, "There's no doubt there will be a shakeout in the warehouse club industry in the next two years. The clubs who survive will be the ones with the best overall systems approach to servicing their members. The survivors will be experts at handling the transaction fast, and knowing exactly how much stock is out on the floor instantly. Even a day will be too late."⁶

Competitive Forces

Warehouse Club Competitors⁷

Price Club. The originator of the concept is still the bellwether of the industry. These units average around \$2 million in sales weekly, with sales approaching \$5 million during the Christmas season. Price Clubs are concentrated on both coasts, with the bulk of the units in California. Virtually every warehouse club company has adopted Price Club methods, with many relying on former Price Club employees to oversee the development of the business.

Sam's. Sam's Wholesale Club began operation in a former GEX discount store in Oklahoma City in April, 1983, and represents a major growth format for Wal-Mart as the company's discount store operation slows from its 30%-plus growth of the past decade. The units average about \$1 million in sales weekly, and are concentrated in the Midwest and Southeast. Sam's has the largest number of units with 85.

B.J.'s. B.J.'s Wholesale Club is Zayre Corporation's entrant in the wholesale club industry. The first unit for this company was opened September 12, 1984 in Medford, Massachusetts. Zayre

⁶ "The Wholesale Club: Solving MIS Problems," Chain store Age Executive, April 1987, P. 78.

⁷ "The Warehouse Club Industry: An Update," GOLDMAN SACHS INVESTMENT RESEARCH, P. 9-19.

owns another warehouse-type store, Home Depot, which specializes in home improvement merchandise. It has no membership requirements.

Pace. Pace Membership Warehouse opened its first unit in July 1983 in Denver. From the beginning, Pace has offered more SKUs than is typically offered in the prototype "Price Club" format, at times as much as 25% to 50% more of certain assortments. Chairman and founder, Henry W. Haimsohn, notes this as a business direction, a way to differentiate Pace from the other clubs. Pace has expanded its operations to the Southeast, in cities such as Atlanta and Tampa.

Costco. Based in Seattle, Costco operates clusters of warehouses in the Pacific Northwest, western Canada/Alaska, Florida, California, and the northern Midwest. Costco is one of the more heavily wholesale member oriented clubs.

Others. Several other operations exist, such as The Wholesale Club, Makro, and Price Savers (owned by Pay 'n Save). Most major cities have at least one club, and many have several different clubs, causing competition not only with other industries but within their own industry.

Non-Warehouse Club Competitors

"We probably affect the wholesaler the most," say Nick White, Exec. Vice-President of Wal-Mart stores Inc. and General Manager of Sam's Wholesale Clubs, "but our business affects everybody. Therefore, we don't hit one person too hard." Joseph H. Ellis of Goldman Sach agrees. "One of the advantages of the warehouse club is that it competes to some extent with many different retail and wholesale factors - local wholesalers, department stores, discount stores, and supermarkets - but not on a broad scale with any."⁸ The Goldman Sachs research goes on to show an example of the assumptions and conclusions a discount store may find when rationalizing its competitive stand with a warehouse club:

⁸ "The Warehouse Club Industry: An Update," GOLDMAN SACHS INVESTMENT RESEARCH, P. 26.

- Only a small portion of the warehouse club's volume is derived in competitive merchandise categories.
- The lack of brand and size assortment prevents the warehouse club from achieving broad penetration in such categories.
- A large portion of the discount stores' customer base, lacking membership, is not a "target" audience to the warehouse club.
- Because of the above, the discount store - if it were to lower prices on specifically competitive items to compete with the warehouse club price - would not gain back sufficient rewards in market share. Equally important, such action would throw its pricing on the target item out of kilter with its broader assortment.

Finally, an article in Chain store Age says that "While warehouses touched every segment of retailing in the markets they entered, the affect on local competition was slight."⁹

After studying the literature pertaining to direct competition created by the warehouse clubs, I find that the analysts do not feel that warehouse clubs cause any undue concern for any specific member of the retail distribution chain at this time. As far as the members in the chain, inherent expenses of broader assortment, handling smaller packs, and extended customer service do not allow the typical discount store, supermarket, or local distributor to be price competitive with the warehouse club industry without a significant profitability compromise. As far as customers go, analysts feel the basic nature of a warehouse club operation, with no in-store customer service, bulk packing, and membership requirements are obstacles most customers cannot or will not overcome.

⁹ "Membership retailing trend taking off," Chain store Age, November 1984, P. 17.

"Splintering" of the Industry

Due to the competitive nature of the industry, several players have sought a slightly different approach to acquiring customers and increasing sales. This has caused a "splintering" of the warehouse club industry into two distinct concepts:

1. The original concept of limited items and strict membership requirements
2. Broader and deeper merchandise and open memberships

This "splintering" the analysts see happening in the industry is that between the original concept created by Price Club and cloned, at least initially, by all other warehouse clubs, and one giving a more "retail" look, that of smaller packs, little or no membership requirement, and mass advertisings. Leonard Lewis says in Mass Market Review that "expanded and standardized merchandising may bring clubs in closer competition with supermarkets, drug chains, and discounters, who, depending upon the marketplace involved, may react violently to the prospect of yet another competitor threatening their share."¹⁰ Obviously, a warehouse club with low entrance barriers, smaller packs, mass advertising, and lower prices than discounters and supermarkets would immediately intensify local competition. To do this, though, could be disastrous to the warehouse club. Most analysts agree that a warehouse club moving to a more "retail" look is cutting its own throat:

"These operations (warehouse clubs), originally conceived of as a wholesale alternative for small businesses, are increasingly opening their doors to selected groups of retail customers. While this increases unit volume for operators, a greater consumer orientation could conceivably play havoc with already thin profit margins. Combined

¹⁰ "Warehouse Clubs Might Be Approaching a Watershed," Mass Market Review, March 3, 1986, P. 16.

with several other factors, this could increase the cost of operations, thereby negating the clubs greatest strength: low prices."¹¹

"Segmentation along either wholesale or retail lines will carry some risk: if the number of SKUs is excessively broadened to serve specific customer segments, the wholesale warehouse will begin to resemble conventional retailers. If an "open-door" policy is pursued, with a dramatic increase in smaller-purchase, "everyday" items, and funds are devoted to advertising to stimulate volume, markups will rise, and the advantage of the warehouse format will slowly die."¹²

Thus, the "splintering" of the industry, though certainly heating up the competitive climate, could spell doom for a warehouse club that chooses this route.

If such a risk is involved in warehouse clubs converting to a retail format, then why are any of them doing it? The answer seems to be the need to maintain high volume. Ellis states, "When several retailer wholesalers are competing in the individual markets, by the late 1980's, some or all of them will open to the public in a quest for volume."¹³ Thus, low-volume clubs could increase turns by dealing in faster moving retail-oriented items. Ellis notes that this swerve to retail comes as a club is desperately striving for retail volume in the face of inadequate sales under the current format. With the added expense of "retail" operation compounded by already poor sales, a warehouse club in this situation will slowly die.

¹¹ "Warehouse Clubs Might Be Approaching a Watershed," Mass Market Review, March 3, 1986, P. 16.

¹² "The Warehouse Club Industry: An Update," GOLDMAN SACHS INVESTMENT RESEARCH, P. 25.

¹³ "The Warehouse Club Industry: An Update," GOLDMAN SACHS INVESTMENT RESEARCH, P. 25.

Summary

The warehouse club industry, initiated by the Price Club, has moved into a major new phase of expansion. Price Club's enormous success has spawned many "clones" that are systematically staking out markets all over the country in an effort to be the first in each area. For the most part, these companies are imitating Price Club's concept and methods of execution; while merchandise assortments and wholesale/retail mix vary considerably, most of the newcomers have virtually adopted the warehouse layout and membership format of Price Club. Some of the new warehouse club ventures are divisions of large retailing chains seeking new avenues of growth, such as Sam's Wholesale Club (Wal-Mart), Price-Savers (Pay 'n Save), and B.J.'s Wholesale Club (Zayre). Others are companies founded quickly by individual entrepreneurs seeking to capitalize on this trend, in most cases managed by individuals with warehouse club or retail experience; these include Costco Wholesale Club, Pace Membership Warehouse, and The Wholesale Club.

Operating warehouse clubs requires highly specialized skills and knowledge, including an understanding of wholesale merchandise content, bulk merchandise handling, a price-lookup system, skills in buying both food and general merchandise categories, and the ability to be profitable on 10% margins.

If an organized attempt were made to identify the competitors of a warehouse club, then the limited marketing efforts warehouse clubs do could be geared towards highlighting the advantages the warehouse club has over these identified competitors. If the marketing efforts are successful, the customers would see these advantages and be drawn to the warehouse club. Therefore, a need exists for a coordinated study of the competition the typical warehouse club faces.

CHAPTER III

THEORY/RESEARCH DESIGN

Warehouse Club Competitive Theory

This study directed is at identifying the factors that influence competition between wholesale clubs and other retail entities. To identify these factors, I have chosen two aspects of the general retail industry I feel have a significant impact on warehouse club competition. The two aspects are:

1. Merchandise Assortment
2. Customer Attraction

First, an examination of the effect the merchandise assortment has on competition. Warehouse clubs are noted for having a variety of brand name items, but not always the same items or the same brands all the time. Thus, if a customer made a shopping list of items to purchase, does the ever-changing assortment deter them from shopping a warehouse club? Do warehouse club customers plan their purchases by making shopping lists? Does planning a purchase impact competition? What items, or categories, do most customer plan on purchasing? Are these the most competitive categories for the warehouse club? To what extent does the warehouse club create a "buying frenzy" by generating unplanned sales?

Second, an evaluation of the customer. Obviously, the reason competition exists between stores is that they are attempting to attract the same customer. It follows that to attract this customer, warehouse clubs must simply deliver the merchandise in a manner most attractive to the customer. What is the most attractive feature of the warehouse club according to the customer? Perhaps a

more telling question to answer would be to ask what is the most unattractive feature? Is there something about the customer the warehouse club can gather to develop a profile of a typical customer? What is the average age of a customer? Sex? How often does the average customer shop? What days?

Out of this examination, the following questions were generated:

1. To what degree do wholesale club customers plan their purchases?
2. Does planning a purchase effect who the competition is?
3. Do demographic differences effect who the competition is?
4. Do wholesale club buying patterns effect who the competition is?
5. What aspects of a wholesale club does the customer like? Dislike?

The approach chosen to gather information on this topic was an exit survey as people left the wholesale club. As people left the club, they were approached by an interviewer who asked if he may conduct an interview concerning their recent purchase. If allowed, the interviewer would follow this method of survey:

1. The interviewer would first survey and categorize the merchandise purchased by the customer.
2. After this categorization, the customer was asked the number of items in each category that were planned purchases vs. unplanned purchases.
3. The interviewer next asked if the merchandise was not available at the wholesale club, where would they have bought it.
4. Next, the interviewer would ask two buying pattern questions: The number of times a month a customer shops, and the days of the week the customer shops.
5. The next two questions ask what the customer likes and dislikes about the wholesale club operation. Only one response per question was recorded.
6. Finally, demographic information concerning the customer was gathered, along with the number of people in the shopping party and the total value of the purchase.

When the original survey was created, it was tested at a wholesale club in Springdale, AR. After rewording some questions and adding/combining some categories, the survey was finalized. The research was conducted in March 1988 in the following cities, as shown in Table 1:

TABLE 1
DISTRIBUTION OF SURVEYS

City Survey Conducted	Date Conducted	Time Conducted	No. of Surveys
Atlanta, GA	03/24/88	1:15 pm - 2:32 pm	13
	03/25/88	10:00 am - 1:50 pm	22
Dallas, TX	03/13/88	1:30 pm - 4:00 pm	8
	03/19/88	1:30 pm - 4:00 pm	10
	03/20/88	1:30 pm - 4:00 pm	12
Louisville, Ky	03/11/88	12:25 pm - 3:54 pm	50
Oklahoma City, OK	03/24/88	3:00 pm	1
	03/26/88	5:40 pm - 7:00 pm	33
Springdale, AR	01/31/88	2:55 pm - 3:30 pm	5
	03/19/88	1:15 pm - 3:35 pm	26
Tulsa, OK	03/25/88	5:30 pm	1
	03/27/88	2:15 pm	1
	03/29/88	2:15 pm - 7:30 pm	11
	03/30/88	1:20 pm - 3:30 pm	15
Totals			208

CHAPTER IV

RESULTS AND ANALYSIS

Survey Profile

Table 2 on page 21 shows the distribution of the demographic characteristics of the 208 respondents to the survey. From this tabulation is drawn a typical respondent:

- Between 26 and 55 years old
- Married
- Has children
- Shops the club from 0 to 5 times per month
- Spends around \$100 per trip

The sex of the respondents was almost evenly divided, with 108 male and 100 female respondents. The average number of persons in the shopping party was 1.9, and the average purchase of the respondents was \$101.60. A sample of the survey instrument is in Appendix A.

The remaining portion of this chapter compares the results of the survey with the five questions posed in Chapter III, Theory/Research Design.

TABLE 2

DISTRIBUTION OF DEMOGRAPHIC CHARACTERISTICS

	Female	Male	Total	
Number of Respondents	100	108	208	
Age Group	18-25	13	4	17
	26-35	26	34	60
	36-45	21	34	55
	46-55	29	14	43
	56-70	11	21	32
	71-	0	1	1
Marital Status	Married	80	82	162
	Single	15	19	34
	Divorced	5	7	12
Does Respondent Have Children?	Yes	82	82	164
	No	18	26	44
No. of Times Shopped Per Month	0-5	99	98	197
	6-10	1	8	9
	11/more	0	2	2
Dollar amount of the purchase	Range	2-300	10-1700	
	Average	94.85	107.85	

Question 1. To what degree do warehouse club customers plan their purchases?

Table 3 below shows the total number of items purchased by merchandise category and breaks this total down into planned vs. unplanned purchases. Of the 1857 items purchased, 1230, or 66%, were planned and 627, or 34%, were unplanned.

TABLE 3

SUMMARY OF MERCHANDISE
PURCHASED BY CATEGORY

Ranked by % Planned

Merchandise Category	No of Items Purchased	Number of Planned Items Purchased	Number of Unplanned items Purchased	Percent Planned vs. Percent Unplanned
Tobacco/Cigarettes	46	46	0	100 / 0
Appliances	8	8	0	100 / 0
Office Supplies	42	39	3	93 / 7
Automotive	80	66	14	83 / 17
Electronics	47	39	8	83 / 17
Jewelry	9	7	2	77 / 23
Paper Goods	100	77	23	77 / 23
Grocery	1192	816	376	68 / 32
HBA	40	27	13	68 / 32
Home Furnishings	11	7	4	64 / 36
Lawn & Garden	25	14	11	56 / 44
Sporting Goods	13	7	6	54 / 46
Seasonal	25	12	13	48 / 52
Housewares	55	26	29	47 / 53
Domestics	27	11	16	41 / 59
Books	25	9	16	36 / 64
Men's Clothing	28	8	20	29 / 71
Women's Clothing	80	11	69	14 / 86
Liquor/Beer	2	0	2	0 / 100
Luggage	2	0	2	0 / 100
Totals	1857	1230	627	66 / 34

The most striking aspect of this table is the total number of items attributed to the grocery merchandise category. This category represents 64% of the total items purchased, 66% of the items the customer planned to purchase, and 60% of the items the customer did not plan to purchase. This sheer number of items shows the significance of the category to this study, and potentially to the warehouse club industry in general.

Next, a detailed examination of the five categories showing the highest level of planned purchases. Below are these categories combined with additional demographic characteristics of the respondents:

Merchandise Category	% Purch Planned	Sex		Age Group						Purchase Amt	
		F	M	A	B	C	D	E	F	Range	Average
Tobacco/Cigarettes	100%	6	10	1	5	4	3	3	0	16-300	81.75
Appliances	100%	1	7	1	2	3	1	1	0	82-280	173.25
Office Supplies	93%	1	7	1	2	3	1	1	0	17-225	106.12
Electronics	83%	11	17	3	10	8	4	3	0	14-451	149.46
Automotive	83%	1	7	1	2	3	1	1	0	82-280	172.25
Total		25	52	7	27	23	11	9	0	14-451	138.51

Note: Age Groups - (A) 18-25 (D) 46-55
 (B) 26-35 (E) 56-70
 (C) 36-45 (F) 71-

The total number of items purchased in these five categories is 177, or 9.5% of the total items purchased. The total number of items in these five categories the customer planned to purchase, 160, represents 13% of the total number of planned purchases. These numbers are notable, since only a third of the items in this survey are outside the grocery merchandise category.

The appliance merchandise category is interesting. The table above shows that the customers who purchased these items spent more money on their total purchase than in any of the other four categories. You would expect this, since the price of a typical appliance would tend to drive up the total bill. However, the number of occurrences from Table 3 show the items in this category do not move as fast as in the other four. Thus, we need to differentiate between categories with a large amount of planned purchases and a significant amount of total items purchased vs. categories with

a large amount of planned purchases and an insignificant amount of total items purchased. If an item does not move fast in a warehouse club, its importance wanes, and it potentially could be eliminated from the assortment.

Now, a detailed examination of the four categories showing the highest level of unplanned purchases:

Merchandise Category	% Purch Unplan'd	Sex		Age Group						Purchase Amt	
		F	M	A	B	C	D	E	F	Range	Average
Luggage	100%	2	0	2	0	0	0	0	0	75-268	221.50
Liquor/Beer	100%	1	1	0	0	2	0	0	0	19-255	137.00
Women's Clothing	86%	28	7	5	15	7	7	1	0	18-291	133.34
Men's Clothing	71%	6	13	0	9	8	2	0	0	10-300	111.53
Total		37	21	7	24	17	9	1	0	14-451	138.51

Note: Age Groups - (A) 18-25 (D) 46-55
 (B) 26-35 (E) 56-70
 (C) 36-45 (F) 71-

The top two categories in unplanned purchases, Luggage and Liquor/Beer, show very little total item sales for the survey. This is another example where even though the categories are on the edge of the planned/unplanned purchase scale, their miniscule item sales render the categories unimportant to the survey in general.

The total number of items purchased in these four categories is 112, or 6% of the total items purchased. The total number of items in these four categories the customer did not plan to purchase, 93, represents 15% of the total number of unplanned purchases. In comparing these percent to total figures against the categories with the highest amount of planned purchase, the numbers are not significantly different.

Further, we can combine these nine categories and show that 15.5% of the total items purchased can be attributed to the categories on the edge of the planned/unplanned purchase scale. When we separate the grocery category from the total, these nine categories represent 50% of the total of 665 items (1857 total items less 1192 in the grocery category), and three of these categories represent very few purchases: Appliances (8), Liquor/Beer (2), Luggage (2). Thus, when excluding the

grocery category, we see that 50% of the items purchased are in the nine categories on the edge of the planned/unplanned purchase scale, and the other 50% is in the remaining ten categories in the middle. Thus, about half of the purchases reported in this study were in categories where there was somewhat of a balance between planned and unplanned purchases.

Another interesting note on the categories at the extremes of the planned/unplanned purchase scale is that each category (except for perhaps Tobacco/Cigarettes and Luggage) has specialty operations designed to market items solely in their categories, such as office supply stores, electronics retailers, liquor stores and clothing boutiques. Although these categories are major departments of your typical discount store or supermarket, they are not the grocery or HBA categories typically associated with discount stores and supermarkets. Though grocery and HBA showed more planned purchases than unplanned (both 68%), this is further evidence that there is a significant amount of sales in categories showing a balance between planned and unplanned purchases.

We cannot conclude this section without addressing grocery, the most important category to the survey, as far as total sales are concerned. Below the category is tabulated as were the categories on the edge of the planned/unplanned purchase scale earlier:

Merchandise Category	% Purch Planned	Sex		Age Group						Purchase Amt	
		F	M	A	B	C	D	E	F	Range	Average
Grocery	68%	92	72	16	44	42	35	26	1	2-451	95.04

Note: Age Groups - (A) 18-25 (D) 46-55
 (B) 26-35 (E) 56-70
 (C) 36-45 (F) 71-

To summarize the grocery merchandise category:

- 79% of the respondents in this survey had purchased at least one grocery item.
- 64% of the total items purchased were in the grocery category
- 66% of the items planned for purchase were in the grocery category
- 60% of the items not planned for purchase were in the grocery category

- 68% of the items purchased in the grocery category were planned

The significance of the category cannot be overstated. I believe the overwhelming numbers attributed to this category are the result of two things:

1. Grocery items are probably the most purchased items across the entire retail chain. They are totally consumable.
2. The survey does breakdown the hardlines area of the warehouse club industry into distinct categories. It does not do this in the grocery area. What portions of grocery purchases were frozen foods? What portion was candy and snacks? What about bread? Are these questions important? I say yes. The survey shows that two-thirds of the warehouse club business is in grocery. Effective warehouse club operators would want to know what parts of the category are most important.

Question 2. Does planning a purchase effect who the competition is?

Table 4 in Appendix B compares the number of times each competitor was identified as an alternative source of the merchandise vs. the number of planned items purchased and the number of unplanned items purchased. For example, in the books merchandise category, the specialty store competitive group was identified as an alternative source for eleven items. Five of these eleven items were planned purchases, with the remaining six items unplanned purchases. Subsets of that table are included in the text for reference. Shown below is a key to the competitor groups listed at the top of each table subset:

(CV) Convenience Store	(VY) Variety Store
(DC) Discount Store	(WC) Other Warehouse Club
(DP) Department Store	(OT) Other
(DS) Distributor	(NP) Not Purchased
(SM) Supermarket	(DK) Don't Know
(SP) Specialty Store	(TL) Row Total

The grocery merchandise category is again quite notable due to the volume of items, and the most common competitor group for the grocery items, the supermarket, is positively impacted. Over 49% of planned purchases and 46% of unplanned purchases are grocery items that the customer has identified the supermarket as the prime alternative source. Based on the previous findings, this is significant but not surprising. It follows that due to the volume of items in the grocery category the supermarket, the obvious alternative source, would receive the largest portion of customer selections.

Now an investigation in Table 4 of the categories found to have the highest level of planned purchases as identified in the previous section.

Tobacco/Cigarettes. The largest alternative source for this category (59%) was another warehouse club. In most cities, there are not many warehouse clubs and often they are several miles apart. Therefore, another factor besides convenience or location is at work here. After doing further digging into the specific responses associated with this category, I found 94% of the responses were from Atlanta or Louisville. In both these cities, Sam's and Pace are in strong competition for the market

and are not located very far apart. I also found 16 of the 46 item purchased were by one customer who noted another warehouse club

		C o m p e t i t o r											
		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Tobacco/ Cigarettes	Planned	1	0	0	4	13	0	0	27	0	1	0	46
	Unplanned	0	0	0	0	0	0	0	0	0	0	0	0

Appliances. The appliance category has a small amount of total item sales and will not be discussed in this section.

Office Supplies. 36% of the purchases in this category were planned with the alternative source being a distributor. 21% of the purchases identified a specialty store as the alternative source. I would conclude from these findings that the majority of these purchasers were business customers buying merchandise for their businesses. However, not all of the purchases were made by business members. Eight of the items in this category would otherwise have been bought in a discount store. Also, six of the purchases would not have been made at all if the merchandise was not available. Most business members do not have the option not to purchase needed supplies.

		C o m p e t i t o r											
		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Office Supplies	Planned	0	6	0	15	0	8	0	2	0	6	2	39
	Unplanned	0	2	0	0	0	1	0	0	0	0	0	3

Electronics. 57% of the purchases in this category alternatively would have been made in a discount store. Another 21% would have been made in a specialty store. I see this as a category oriented to the retail customer. Also, other retail businesses frequently promote this category to attract customers. I think the price of the merchandise and the multitude of competitors discourages a significant amount of unplanned sales.

		C o m p e t i t o r											
		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Electronics	Planned	0	21	1	0	0	9	0	0	0	4	4	39
	Unplanned	0	6	0	0	0	1	0	0	0	1	0	8

Automotive. This category is somewhat similar to the electronics in that the majority of the items (81%) would have been purchased in either a discount or specialty store. What is different, though, from the electronics category is the specialty store was identified over 50% of the time as the alternative source. This shows the customer recognizes the auto part store and the tire center as the most effective alternative source of automotive merchandise.

		C o m p e t i t o r											
		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Automotive	Planned	0	17	0	0	0	40	0	0	6	2	1	66
	Unplanned	0	6	0	0	0	2	0	0	1	5	0	14

Next, an investigation in Table 4 of the categories found to have the highest level of unplanned purchases, as identified in the previous section.

Luggage. Since only two items were purchased in this category, I do not feel it has any impact in this section.

Liquor/beer. Again, only two items were purchased in this category. The category is insignificant in this section.

Women's Clothing. From the data we can see that the apparel categories show the most potential for generating unplanned purchases. If we exclude the the grocery category, women's clothing generated 27% of the total amount of unplanned sales. This category also accounted for 61% of the items that alternatively would have been bought in a department store. The customer, though, only identified the discount store 1% of the time as an alternative source. From this we can draw

that the merchandise in this category is not available, or at least not perceived to be available, in a discount store, but is only available in a higher priced department store.

		Competitor											
		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Women's Clothing	Male	0	0	7	0	0	0	0	0	0	0	0	7
	Female	0	1	16	0	2	0	0	0	0	6	3	28

Men's Clothing. This apparel category also shows a significant amount of unplanned sales, but it is not so heavily concentrated in the department store group. In fact, the discount store was identified more than any other competitor as the alternative source. I would attribute this to the fact that designer labels, though important in men's apparel, are not as big a factor as they are in women's apparel. Thus, the discount store has access to many of the popular brands and styles the department store does.

		Competitor											
		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Men's Clothing	Planned	0	7	0	0	0	0	0	0	0	0	1	8
	Unplanned	0	3	7	0	0	2	0	0	0	8	0	28

Finally, a discussion on any other category with significant findings in this section.

Grocery. This category was mentioned at the beginning of this section as it effects the supermarket group, but I found it also has significant impact on other groups. The category accounted for 84% of the planned purchases and 91% of the unplanned purchases in the distributor group. It accounted for 51% of the planned purchases and 93% of the unplanned purchases of the other warehouse club group. I would associate both of these competitor groups with business customers, showing that the grocery category has a large impact on both retail and business oriented competitors.

C o m p e t i t o r

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Grocery	Planned	0	2	0	128	602	2	0	55	0	7	20	816
	Unplanned	0	4	0	21	287	0	0	26	0	17	21	376

HBA, Housewares, and Paper Goods. I combined these categories to point out the impact of general purpose items on the supermarket and discount store groups. Each of these categories would have 70% of their alternative purchases made in either a supermarket or a discount store. These merchandise categories are towards the middle of the planned/unplanned scale, and account for 29% of the total items sold, excluding grocery. This is important to note because these are highly consumable, inexpensive items that customers generally plan to purchase. These are the items that draw the customers to the warehouse club.

C o m p e t i t o r

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
HBA	Planned	0	7	0	0	19	0	0	0	0	1	0	27
	Unplanned	0	1	0	2	8	0	0	2	0	0	0	13
Housewares	Planned	0	7	0	0	15	0	0	1	0	0	3	26
	Unplanned	0	4	6	0	13	0	0	0	4	1	1	29
Paper Goods	Planned	0	16	0	4	33	0	0	17	2	0	5	77
	Unplanned	0	8	0	0	12	0	0	0	0	1	2	23

Question 3. Do demographic differences effect who the competition is?

Tables 5, 6, and 7 in Appendix C shows the distribution of specific demographic traits by competitor group and merchandise category. Below is summary of these results and subsets of these tables showing the significant findings.

Age

Automotive. Two-thirds of the purchases in this category were made by people between the ages of 26 and 45, and four out of five of these purchases were made in a discount store or specialty shop. Combine this with the findings from the previous section, and we can paint the image of the typical automotive customer as a purchase-planning, young male.

HBA. 41% of the purchases in this category were made by people between the ages 26 and 35, and in all instances the discount store or supermarket was the alternative source. This supports the previous findings that the more general type of merchandise will alternatively be purchased in these two competitors. The implication by this age group, I feel, is that larger packs of this merchandise are more readily accepted by this age group.

Paper Goods. This category was relatively balanced in the different age groups. The aspect I found interesting is the 26 to 35 age group, who noted five of the nine competitors as alternative sources of the merchandise. This wide variety of competitors will make identifying what aspects of the category the warehouse club needs to improve upon more difficult, since each of these five have different advantages and disadvantages.

Women's Clothing. As one would expect, the younger customer makes a strong impact in this category, with 54% of the sales to people under 35. I also found this category tied for the highest number of customers in the 46 to 55 age group, excluding grocery. This is interesting, since the typical warehouse club has no dressing rooms and little customer assistance, which is very different than the department stores this age group grew up shopping.

Grocery. The volume of items causes this category to be mentioned. It is relatively balanced, with most of the items sold to people in the 26 to 45 range, those with larger families and growing children.

		Competitor											
		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Automotive	18-25	0	0	0	0	0	2	0	0	0	0	0	2
	26-35	0	3	0	0	0	5	0	0	0	1	0	9
	36-45	0	7	0	0	0	4	0	0	1	1	0	13
	46-55	0	3	0	0	0	3	0	0	0	0	0	6
	56-70	0	2	0	0	0	0	0	0	0	0	1	3
	71-	0	0	0	0	0	0	0	0	0	0	0	0
HBA	18-25	0	1	0	0	1	0	0	0	0	0	0	2
	26-35	0	3	0	0	4	0	0	0	0	0	0	7
	36-45	0	0	0	1	0	0	0	1	0	1	0	3
	46-55	0	0	0	0	4	0	0	0	0	0	0	4
	56-70	0	0	0	0	1	0	0	0	0	0	0	1
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Paper Goods	18-25	0	2	0	0	2	0	0	0	0	0	0	4
	26-35	0	2	0	1	6	0	0	1	1	0	1	12
	36-45	0	3	0	0	7	0	0	0	0	0	0	10
	46-55	0	1	0	0	3	0	0	2	0	1	2	9
	56-70	0	0	0	0	5	0	0	1	0	0	0	6
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Women's Clothing	18-25	0	0	4	0	0	0	0	0	0	1	0	5
	26-35	0	0	11	0	2	0	0	0	0	1	1	15
	36-45	0	1	5	0	0	0	0	0	0	1	0	7
	46-55	0	0	3	0	0	0	0	0	0	2	2	5
	56-70	0	0	0	0	0	0	0	0	0	1	0	1
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Grocery	18-25	0	1	0	0	13	0	0	0	0	2	0	16
	26-35	0	1	0	3	37	0	0	2	0	0	1	44
	36-45	0	3	0	3	31	0	0	1	0	3	1	42
	46-55	0	0	0	0	30	1	0	2	0	1	1	35
	56-70	0	0	0	0	20	0	0	3	0	2	1	26
	71-	0	1	0	0	0	0	0	0	0	0	0	1

Sex

Automotive. This category is strongly male oriented, with 76% of the purchases made by men.

The men made the purchases in the discount store and specialty store groups, which support the findings in the previous section that these two are the most significant competitors to this category.

Electronics. Men tend to vary the alternative source for this category, noting the discount store, department store, and specialty store as sources. Women tend to concentrate in the discount store group, stating that 73% of the alternative purchases would be in a discount store.

Grocery. Again, men tend to vary the alternative source for this category much more than the women. 96% of the purchases made by women would have alternatively been made in a supermarket or other warehouse club. A male would shop these two 78% of the time and would also shop either a discount store or distributor about 14% of the time.

Paper Goods. As noted before, the male varies his alternative source, with the female concentrating on a few groups. Females would alternatively purchase items in these categories in either a discount store or supermarket 85% of the time. Men wouldn't shop the discount store, but would shop a distributor, supermarket, or other warehouse club.

Women's Clothing. The most notable finding in this category is that both male and female agree that best alternative source for this merchandise is at the department store.

		C o m p e t i t o r											
		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Automotive	Male	0	10	0	0	0	11	0	0	1	2	1	25
	Female	0	5	0	0	0	3	0	0	0	0	0	8
Electronics	Male	0	6	1	0	0	5	0	0	0	4	1	17
	Female	0	8	0	0	0	2	0	0	0	0	1	11
Grocery	Male	0	5	0	5	50	0	0	6	0	4	2	72
	Female	0	1	0	1	81	1	0	26	0	4	2	117
Paper Goods	Male	0	0	0	1	8	0	0	4	1	0	0	14
	Female	0	8	0	0	15	0	0	0	0	1	3	27
Women's Clothing	Male	0	0	7	0	0	0	0	0	0	0	0	7
	Female	0	1	16	0	2	0	0	0	0	6	3	28

Marital Status

The marital status of the respondents was 75% married, 20% single, and 5% divorced. In two competitor groups, other and variety store, the number of married and single respondents was equal, but the number of respondents in these groups, seven and two respectively, makes this insignificant. In all of the remaining competitor groups, the ratio of married respondents to single and divorced respondents was at least two to one.

Electronics. This category had the second highest number of single customers, excluding grocery, with 34% of the sales. This is not surprising, since electronics are marketed towards young, often-single, customers.

Housewares. This was one of the strongest categories for married people, garnering 81% of the sales in the category. The merchandise in this category, in comparison to the electronics category, is marketed towards the homemaker.

Lawn and Garden This category was 100% purchased by married people, but the marginal amount of sales, 13 items, does not allow this finding to be conclusive. It seems this category contains items marketed similarly to the housewares category, and thus would be most attractive to married people.

Women's Clothing This category had the largest amount of sales to singles, excluding grocery. This is from the influx of young customers purchasing these items.

		C o m p e t i t o r											
		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Electronics	Married	0	11	0	0	0	3	0	0	0	2	1	17
	Single	0	3	0	0	0	3	0	0	0	2	1	10
	Divorced	0	0	1	0	0	1	0	0	0	0	0	2
Housewares	Married	0	5	2	0	11	0	0	1	1	0	2	22
	Single	0	1	0	0	0	0	0	0	1	1	0	3
	Divorced	0	1	0	0	1	0	0	0	0	0	0	2

Competitor

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Lawn and Garden	Married	0	6	0	0	0	3	1	0	1	2	0	13
	Single	0	0	0	0	0	0	0	0	0	0	0	0
	Divorced	0	0	0	0	0	0	0	0	0	0	0	0
Women's Clothing	Married	0	1	17	0	1	0	0	0	0	4	3	26
	Single	0	0	17	0	1	0	0	0	0	2	0	20
	Divorced	0	0	0	0	0	0	0	0	0	0	0	0

Question 4. Do warehouse club buying patterns effect who the competition is?

Times Shopped per Month

Table 8 in Appendix D shows the distribution of times shopped per month by competitor group. The total line from that table is shown below. As can be seen, the number of times shopped is heavily skewed towards the zero to five category, with 96% of the respondents stating they shop the warehouse club from zero to five times per month.

I feel incorrectly scaling this question caused the answers to be so heavily one-sided. I don't feel the warehouse club wants retail customers to shop more than once per week; the more he shops, the lower his average total purchase, but the costs the warehouse club incurs to check him out will remain the same. In retrospect, a better method would be to scale the responses in multiples of two instead of five. This would identify a more conclusive pattern of retail customer patronage.

	00-05	06-11	11-
Totals	463	14	4

Day of the Week

Table 9 in Appendix D shows the distribution of the day of the week shopped responses by competitor group and merchandise category. The results show that the day of the week shopped also shows a tendency towards one area of the scale, that of the weekend. Though the number of responses was greater for the weekdays vs. the weekend days (827 to 676), dividing the number of weekday responses by five gives an average of 165.4 responses per weekday. Dividing the number of weekend responses by two gives an average of 338 responses per weekend day. This means that an individual is twice as likely to specify a weekend day as a day he shops as he would a weekday. Listed below are some specific merchandise categories with notable results. A subset of Table 9 is included for these categories at the end of the section.

Office Supplies. Every category that showed significant sales showed greater potential sales activity on the weekend days, except one. The office supplies category showed four times as many responses for a weekday vs. a weekend day. This supports the previous findings that showed most purchases in this category are to business customers who will shop during the week to avoid the crowds on the weekends.

Department Stores. This competitor group showed significantly more weekend responses vs. weekday responses than any other category with measurable sales. Both the individual Saturday and Sunday totals are greater than the entire number of weekday responses. This is further evidence of the retail nature of the category.

Other Warehouse Clubs. This is the one competitor group that showed more weekday responses vs. weekend day responses. Though the total number of responses in this group is relatively small, it is interesting that the customers noting another warehouse club as a competitor would rather shop on a weekday than a weekend day. I would say these customers are business customers who have access to another club in the vicinity, as noted earlier in Atlanta and Louisville.

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Office Supplies	Monday	0	1	0	1	0	2	0	1	0	1	0	6
	Tuesday	0	2	0	4	0	3	0	1	0	1	0	11
	Wednesday	0	3	0	2	0	2	0	1	0	1	0	9
	Thursday	0	2	0	4	0	2	0	1	0	1	0	10
	Friday	0	2	0	3	0	2	0	1	0	2	0	10
	Saturday	0	1	0	0	0	2	0	0	0	1	1	5
	Sunday	0	1	0	1	0	2	0	0	0	1	0	5
Total	Monday	1	27	5	4	59	11	0	13	0	24	7	151
	Tuesday	1	35	7	7	67	14	0	18	0	2	7	158
	Wednesday	1	29	5	6	61	12	0	14	0	26	8	162
	Thursday	1	29	6	10	67	13	0	14	0	24	7	171
	Friday	2	33	7	11	67	14	0	18	0	26	7	185
	Saturday	2	64	39	2	156	32	2	11	6	35	13	362
	Sunday	2	56	36	1	131	28	2	10	5	34	9	314

Question 5. What aspects of a warehouse club does the customer like? Dislike?

Advantages

All of the responses to Question 5 are included in Appendix E in Table 10.

Listed below are the four advantages noted most often by the respondents in the survey. The biggest advantage, by a large margin, is price. This is significant, since the primary goal of the warehouse club is to maintain extremely low overhead and pass the savings on to the customer in better prices. Also of significance is the customer noting convenience and quantity (merchandise packaging) as positive aspects of the warehouse club. These two are commonly noted as barrier to warehouse club customers.

By adding additional demographic information to the picture, some of the previously noted trends appear. More women feel that merchandise variety is an advantage, while more men feel convenience is an advantage. Over 75% of the customers in this study were married, and as you can see in the table, most of these people selected price as the primary advantage. As far as the age groups are concerned, no real trends in this area are evident.

**BIGGEST ADVANTAGES OF
A WAREHOUSE CLUB**

Description	Times Noted	Sex		Marital Status			Age Group					
		F	M	M	S	D	A	B	C	D	E	F
Price	151	74	77	116	23	11	13	46	39	33	20	0
Convenience	14	5	9	13	1	0	0	6	5	2	1	0
Quantity Packs	12	6	6	7	5	0	2	5	1	3	1	0
Mdse Variety	12	8	4	12	0	0	1	1	4	1	5	0

Note: Age Groups - (A) 18-25 (D) 46-55
 (B) 26-35 (E) 56-70
 (C) 36-45 (F) 71-

Disadvantages

While it is a positive note that the most noted disadvantage of the warehouse club is nothing, we don't know how much of this can be attributed to complete customer satisfaction and how much can be attributed to the customer not thinking of a disadvantage in the short amount of time allotted to the survey. In any case, what is more relevant to the industry is the four disadvantages that followed. The next disadvantage found in this survey is the double check-out process. I found most customers did not understand why, when their purchase was rung up and boxed seconds earlier, is there someone at the door to further delay their departure? I feel this is a significant disadvantage to address. Perhaps another method can be developed to accomplish the same goal, or if another method cannot be developed, customer education can answer some of the questions. It is also interesting, when comparing this disadvantage with the demographic information in the following table, to see the 26 to 35 age group most vocal about this disadvantage. This group is accustomed to a fast pace and an additional delay at the exit door would probably cause them to complain. As far as the crowds/lines problem, this is an inherent problem in a successful operation. The retail industry continually tests new methods to effectively handle a large number of customers. The final two disadvantages are situations that exist in the warehouse club industry. Larger packs are maintained for the business customer and to increase the average total purchase. No sales help is due to extreme expense control. Changing the business to eliminate these disadvantages would reduce the biggest benefit of the club, that of lower prices.

BIGGEST DISADVANTAGES OF
A WAREHOUSE CLUB

Description	Times Noted	Sex		Marital Status			Age Group					
		F	M	M	S	D	A	B	C	D	E	F
Nothing	58	24	34	41	15	2	5	17	15	8	12	1
Check-Out	36	14	22	28	6	2	0	14	8	7	7	0
Crowds/Lines	35	15	20	26	7	2	5	11	8	6	5	0
Qtys too big	11	7	4	10	1	0	1	2	4	2	2	0
No Sales help	11	7	4	10	0	1	0	2	5	2	2	0

Note: Age Groups - (A) 18-25 (D) 46-55
 (B) 26-35 (E) 56-70
 (C) 36-45 (F) 71-

CHAPTER V

SUMMARY AND CONCLUSIONS

Just who are the competitors of the warehouse club industry? The research conducted in this study attempted to answer this question by surveying actual purchasers of warehouse club merchandise as they left the club. The questions asked were aimed at determining:

1. What level of predetermined planning was involved in the purchase? Does this planning relate to whether the customer will shop at a competitor of the warehouse club?
2. Do demographic and buying pattern variables effect who the competitor is?
3. What are specific issues the customer likes and dislikes about shopping a warehouse club?

Conclusions

Question 1. To what degree do warehouse club customers plan their purchases?

When considering the total items purchased in this study, planned purchases were made two-thirds of the time. Further, twelve of the twenty merchandise categories in this study showed planned purchases greater than unplanned purchases. These twelve categories incurred 87% of the total purchases made. From this I conclude that although there are categories where customers make a majority of unplanned purchases, the bulk of the total shopping at a warehouse club is in categories where customers plan the majority of their purchases.

Based on these findings, the first thought would be to identify the categories with strong planned sales and maintain a consistent in-stock position in these items. But isn't this what the analysts

believe could hinder the growth of a warehouse club, perhaps even cause its demise? In Chapter II Robert Bartlett states that he believes assortment stability is a double-edged sword. On one hand, customers would see the warehouse club as a more reliable source of merchandise, but on the other hand, the inherent additional costs of maintaining a constant supply can be detrimental. Simply because a category shows strong planned sales does not mean the warehouse club should immediately maintain a constant inventory of every item in that category. Further analysis must be made into each category to determine the additional expense incurred by guaranteeing a certain item or category will always be available.

This analysis should hinge on the following things:

- Is there evidence of strong planned sales in the category?

This study asks that specific question. It has identified merchandise categories that show a significant amount of planned purchases.

- Does the total sales in the category merit investigation?

As noted earlier, some categories showed strong planned purchases but few items sold.

Therefore, the actual movement of the merchandise in the category must be considered.

- Does the entire category show strong planned purchases, or are there specific items skewing the results?

The grocery category could be an example of this. The category is very broad and needs further segmentation to identify the specific items or groups of items that show strong planned purchases. To open the entire category and its vast amount of items to a guaranteed inventory program would probably cause inefficient and expensive use of warehouse club space.

The warehouse club's management team should investigate the categories identified by this study, especially grocery, that show strong planned purchases to determine the benefit and costs associated with maintaining a consistent level of inventory in specific items.

Question 2. Does planning a purchase effect who the competition is?

It appears the type of merchandise sought by the customer has a significant impact on whether the purchase is planned or unplanned. An example is the distributor competitor group. A distributor typically maintains an inventory of supplies used by the small business owner to operate his business. Purchases which alternatively would have been made with a distributor were 87% planned. This shows that the type of merchandise offered by a distributor is also the type of merchandise business owners plan to purchase.

The distributor, though, is not usually available to the retail customer and therefore is not the prime thrust of this study. The following competitors are typically available to the retail customer and show a significant amount of planned or unplanned purchases, and therefore will be discussed further:

1. Supermarkets
2. Discount Stores
3. Specialty Stores
4. Department Stores

Supermarkets. The sheer number of items in this competitor group will cause any warehouse club manager to take note. As noted earlier, two-thirds of the items in this study are grocery items, and the supermarket was identified 75% of the time as the alternative source for this merchandise category. Does this mean the supermarket is a prime competitor of the warehouse club? Yes. True, the packaging in a warehouse club is different from a supermarket and the supermarket does contain a much wider breadth of merchandise. But more customers are accepting the larger packaging to save money. I foresee more and more food stores selling larger packages to reduce expenses and to give the customer the best value available.

Discount Stores. The discount store is not as big a competitor as the supermarket. I feel this is because of the depth and breadth of merchandise in a discount store, and the price point typically maintained on general purpose merchandise in a warehouse club. General purpose merchandise in

warehouse clubs is generally not overpriced; it often is priced to show the customer true value.

Warehouse Clubs, though, want to generate a larger purchase per shopper than is typically done in a discount store. Thus, there are no individual 35¢ candy bars; they are sold only in cases. What about a bottle of household cleaner? They are often banded together in packages of three or six. What about clothes for your daughter's Barbie doll? Not often sold in a warehouse club. Thus, the lack of availability of acceptable substitutes for discount store merchandise permits the warehouse club and discount store not to compete as aggressively as does the warehouse club and the supermarket.

Specialty Stores. The specialty store attracts customers who are looking for a specific type of merchandise, such as a stereo, and want several options to choose from. What is interesting is the warehouse club typically will not have many options. What I see happening is the customer shopping several businesses for a specific item, and that item, when in the warehouse club, is available at the most economical price. This would work for any of the categories who have specialty operations: automotive, electronics, and apparel. To take full advantage of this phenomena, the warehouse club management must be attuned to the current trends or latest technology available. Only fast moving, high quality, merchandise is needed in these categories.

Department Stores. This was the one significant competitor that showed a majority of unplanned sales. Women's clothing was the merchandise category most often associated with this competitor. The competitive strategy here is similar to the specialty store: keep abreast of current trends and stay in stock with fast moving, high quality merchandise. Don't be lured into highly fashionable or seasonal merchandise. Department stores have built-in markdown systems to guard against excessive out of season merchandise. The warehouse club has no system, nor has the margin to build one.

Question 3. Do demographic differences effect who the competition is?

Age. 58% of the items purchased were by people between the ages of 26 and 45. This shows over half of a warehouse club's customers are in the prime family building years. Also, 52% of the grocery items purchased were by people between 26 and 45. This is further evidence that a major

portion of the warehouse club's business is with customers who probably have spouses and children at home. Therefore, it is very important for the warehouse club management to consider this age group when viewing new items to add to the assortment. If the item is geared to a very young or old customer, it could become a liability to the warehouse club due to the 26 to 45 age group not purchasing the item.

Sex. The information gathered by the study shows a tendency for the male customer to spread his purchases across several competitors groups, while the female concentrates on a few. Also, the study shows the male customer tends to plan more purchases than the female. From this we can further develop the business strategy to include the following:

- When reviewing merchandise categories for guaranteed availability, as noted in Question 1 in this section, it would be helpful to identify the sex of the typical customer. For example, the automotive category is strongly male with a high degree of planned purchases. Since the tendency is for male customers to consider several competitor groups and to plan purchases, the warehouse club would benefit by:
 1. Identifying the top selling automotive items
 2. Guaranteeing availability of these items in the club By doing this, the male automotive customer could depend on the warehouse club as a continuous supplier of his needs. The attractiveness is that the customer can consistently find the items he needs without shopping several different competitors.

Marital Status. Although 75% of the respondents to the survey were married, there are implications for the single customers of a warehouse club. The electronics group was the most significant for the single customer, and therefore warehouse club management should consider this when acquiring merchandise for the category. They should be name brand items. They should not be the extreme top of the line items, since the price would exclude too many customers. They should not be the low end of the line, since these type of items are typically promoted in discount stores. The items should be slightly above midrange. These items are priced within the range of most customers, and contain many features attractive to the single customer. Further, I don't feel the warehouse club

needs to carry a wide breadth of electronics, but warehouse club management needs to be aware of current styles, shapes, and colors of the merchandise. The single customer is drawn to the latest styles much stronger than is the married, often older customer.

Question 4. Do warehouse club buying patterns effect who the competition is?

As stated in the previous chapter, the scaling of the responses to the number of times shopped per month was not narrow enough to develop any significant business recommendations. I feel another study such as this one could be conducted, with the responses to this question scaled in two day increments instead of five, to discover the impact of the once-a-month shopper vs. the once-a-week shopper on planned and unplanned purchases.

The day of the week shopped responses did generate results that recommend business action. First, the weekend is the primary retail customer shopping period in the warehouse club. It is also the peak selling for the more common retail establishments, such as discount stores and department stores. Thus, all competitors of the warehouse club will gear their promotional efforts to attracting the retail customer on the weekend. It is important to note that the business member of the warehouse club has alternative hours that are designated for his shopping, thus he does not have to endure the crowds associated with weekend shopping. The business implication here is to ensure adequate quantities of prime business member merchandise during the week, with the concentration on the more retail oriented merchandise over the weekend. For example, it is more important to ensure an adequate supply of copy paper during the week than on the weekend, and conversely it is more important to ensure an adequate supply of women's clothing during the weekend than during the week. I am not suggesting that the warehouse club postpone replenishing women's clothing until Friday. What I am saying is that priorities, as in all business ventures, must be set to attack the most important tasks at hand. Thus, it would be a higher priority for the the warehouse club to replenish copy paper instead of women's clothing on Tuesday. Obviously, the best solution would be to replenish both.

Question 5. What aspects of a warehouse club does the customer like? Dislike?

Often, retailers ask customers what they deem are the best and worst portions of their operation. The most successful operations listen and act upon the response. The biggest advantage of the warehouse club is not surprising. Low prices have always been the major drawing card to the units. It is what the business is based on. The warehouse club must never lose sight of this advantage. The unit's management must continually check prices at competitors. Newspaper ads must be watched for upcoming promotions by competitors. If a competitor promotes a warehouse club item, the warehouse club must show the same value or remove the item from the selling floor until the promotion ends. If the promotion price is below the warehouse club cost, the warehouse club should consider buying all the stock the competitor has.

On the disadvantage side, I feel the most significant issue for the warehouse club industry is to understand the customer's dissatisfaction with the check-out process. I conclude that this negative issue can become counter-productive to the convenience and simplicity the customers noted positively about the warehouse club. The warehouse club needs to determine what goals the current check-out process is to address, and to measure the effectiveness of the process in reaching those goals. Whatever the goals are, the industry needs to develop different methods to reach them without irritating the customer.

REFERENCES

- Brauer, Molly (1984), Membership retailing trend taking off. Chain Store Age Executive, November, 17-20.
- Ellis, Joseph H. (1986), Costco Wholesale Club. Investment Research, November 26, 2-23.
- Ellis, Joseph H. (1984), The Warehouse Club Industry: An Update. Investment Research, January 17, 1-38.
- Ellis, Joseph H. (1986), Wal-Mart Stores. Investment Research, December 23, 6-9.
- Johnson, Jay L. (1987), Five Wholesale Clubs Discuss Their Operations. Discount Merchandiser, November, 24-43.
- Johnson, Jay L. (1986), Pace Seeks Difference. Discount Merchandiser, November, 20-30.
- Lewis, Leonard (1986), Warehouse Clubs Might Be Approaching a Watershed. Mass Market Retailers, March 3, 16.
- (1987), The Wholesale Club: Solving MIS Problems. Chain Store Age Executive, April, 77-80.

APPENDIX A
SURVEY INSTRUMENT

Survey Conducted at: _____

Date: ___/___/___

Time: ___:___

Merchandise Purchased Categories:

Category	Number Purchased	Planned/Unplanned		Where bought if not here?
		P	U	
Appliances				
Automotive				
Books				
Domestics (Sheets, Towels)				
Electronics				
Grocery				
HBA				
Home Furnishings				
Housewares				
Jewelry				
Lawn & Garden				
Liquor/Beer				
Luggage				
Men's Clothing				
Office Supplies				
Paper Goods				
Seasonal				
Sporting Goods				
Tobacco/Cigarettes				
Women's Clothing				

No. of times you shop here per month: 0-5 6-10 11 or more

Day(s) of the week you shop here: Mo Tu We Th Fr Sa Su

What do you like most about shopping here? _____

What do you like least about shopping here? _____

Sex: M F Age: 18-25 26-35 36-45 46-55 56-70 71-

Location: _____ Occupation: _____ Marital Status: M S D

Children: Y N No.: ___ No. in Shopping Party: _____ Total Purchase: \$ _____

APPENDIX B
PLANNED/UNPLANNED PURCHASE
BY COMPETITOR GROUP AND
MERCHANDISE CATEGORY

TABLE 4

PLANNED/UNPLANNED PURCHASE
BY COMPETITOR GROUP AND
MERCHANDISE CATEGORY

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Appliances	Planned	0	4	1	0	0	0	0	0	0	3	0	8
	Unplanned	0	0	0	0	0	0	0	0	0	0	0	0
Automotive	Planned	0	17	0	0	0	40	0	0	6	2	1	66
	Unplanned	0	6	0	0	0	2	0	0	1	5	0	14
Books	Planned	0	0	0	0	0	5	0	0	0	4	0	9
	Unplanned	0	1	1	0	0	6	0	0	0	6	2	16
Domestics	Planned	0	2	6	0	3	0	0	0	0	0	0	11
	Unplanned	0	0	13	0	0	0	0	0	0	3	0	16
Electronics	Planned	0	21	1	0	0	9	0	0	0	4	4	39
	Unplanned	0	6	0	0	0	1	0	0	0	1	0	8
Grocery	Planned	0	2	0	128	602	2	0	55	0	7	20	816
	Unplanned	0	4	0	21	287	0	0	26	0	17	21	376
HBA	Planned	0	7	0	0	19	0	0	0	0	1	0	27
	Unplanned	0	1	0	2	8	0	0	2	0	0	0	13
Home Furnishings	Planned	0	3	0	0	0	1	0	1	2	0	0	7
	Unplanned	0	1	1	0	0	1	1	0	0	0	0	4
Housewares	Planned	0	7	0	0	15	0	0	1	0	0	3	26
	Unplanned	0	4	6	0	13	0	0	0	4	1	1	29
Jewelry	Planned	0	6	1	0	0	0	0	0	0	0	0	7
	Unplanned	0	2	0	0	0	0	0	0	0	0	0	2
Lawn and Garden	Planned	0	10	0	0	0	0	2	0	2	0	0	14
	Unplanned	0	4	0	0	0	4	0	0	1	2	0	11
Liquor/ Beer	Planned	0	0	0	0	0	0	0	0	0	0	0	0
	Unplanned	1	0	0	0	1	0	0	0	0	0	0	2
Luggage	Planned	0	0	0	0	0	0	0	0	0	0	0	0
	Unplanned	0	0	0	0	0	0	0	0	0	2	0	2
Men's Clothing	Planned	0	7	0	0	0	0	0	0	0	0	1	8
	Unplanned	0	3	7	0	0	2	0	0	0	8	0	28
Office Supplies	Planned	0	6	0	15	0	8	0	2	0	6	2	39
	Unplanned	0	2	0	0	0	1	0	0	0	0	0	3
Paper Goods	Planned	0	16	0	4	33	0	0	17	2	0	5	77
	Unplanned	0	8	0	0	12	0	0	0	0	1	2	23
Seasonal	Planned	0	0	0	1	3	0	0	4	1	3	0	12
	Unplanned	0	8	0	0	2	0	0	0	0	3	0	13

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TOT
Sporting Goods	Planned	0	2	0	0	0	4	0	0	0	0	1	7
	Unplanned	0	0	0	0	0	1	0	0	0	4	1	6
Tobacco/ Cigarettes	Planned	1	0	0	4	13	0	0	27	0	1	0	46
	Unplanned	0	0	0	0	0	0	0	0	0	0	0	0
Women's Clothing	Planned	0	0	5	0	2	0	0	0	0	2	2	11
	Unplanned	0	2	53	0	2	0	0	0	0	8	4	69
Total	Planned	1	110	14	152	690	69	2	107	13	33	39	1230
	Unplanned	1	52	81	23	325	18	1	28	6	61	31	627

Note: Competitor Groups (CV) Convenience Store (VY) Variety Store
(DC) Discount Store (WC) Other Warehouse Club
(DP) Department Store (OT) Other
(DS) Distributor (NP) Not Purchased
(SM) Supermarket (DK) Don't Know
(SP) Specialty Store (TL) Row Total

APPENDIX C
DEMOGRAPHIC INFORMATION
BY COMPETITOR GROUP AND
MERCHANDISE CATEGORY

TABLE 5

DEMOGRAPHIC INFORMATION
BY COMPETITOR GROUP AND
MERCHANDISE CATEGORY

Age

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Appliances	18-25	0	1	0	0	0	0	0	0	0	0	0	1
	26-35	0	0	0	0	0	0	0	0	0	2	0	2
	36-45	0	2	1	0	0	0	0	0	0	0	0	3
	46-55	0	1	0	0	0	0	0	0	0	0	0	1
	56-70	0	0	0	0	0	0	0	0	0	1	0	1
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Automotive	18-25	0	0	0	0	0	2	0	0	0	0	0	2
	26-35	0	3	0	0	0	5	0	0	0	1	0	9
	36-45	0	7	0	0	0	4	0	0	1	1	0	13
	46-55	0	3	0	0	0	3	0	0	0	0	0	6
	56-70	0	2	0	0	0	0	0	0	0	0	1	3
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Books	18-25	0	0	0	0	0	0	0	0	0	0	0	0
	26-35	0	0	1	0	0	1	0	0	0	2	0	4
	36-45	0	0	0	0	0	0	0	0	0	0	1	1
	46-55	0	1	0	0	0	4	0	0	0	0	1	6
	56-70	0	0	0	0	0	0	0	0	0	1	0	1
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Domestics	18-25	0	0	2	0	0	0	0	0	0	0	0	2
	26-35	0	0	2	0	0	0	0	0	0	2	0	4
	36-45	0	2	1	0	1	0	0	0	0	0	0	4
	46-55	0	0	3	0	0	0	0	0	0	0	0	3
	56-70	0	0	0	0	0	0	0	0	0	0	0	0
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Electronics	18-25	0	1	0	0	0	2	0	0	0	0	0	3
	26-35	0	6	0	0	0	2	0	0	0	1	1	10
	36-45	0	2	1	0	0	1	0	0	0	3	1	8
	46-55	0	2	0	0	2	0	0	0	0	0	0	4
	56-70	0	3	0	0	0	0	0	0	0	0	0	3
	71-	0	0	0	0	0	0	0	0	0	0	0	0

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Grocery	18-25	0	1	0	0	13	0	0	0	0	2	0	16
	26-35	0	1	0	3	37	0	0	2	0	0	1	44
	36-45	0	3	0	3	31	0	0	1	0	3	1	42
	46-55	0	0	0	0	30	1	0	2	0	1	1	35
	56-70	0	0	0	0	20	0	0	3	0	2	1	26
	71-	0	1	0	0	0	0	0	0	0	0	0	1
HBA	18-25	0	1	0	0	1	0	0	0	0	0	0	2
	26-35	0	3	0	0	4	0	0	0	0	0	0	7
	36-45	0	0	0	1	0	0	0	1	0	1	0	3
	46-55	0	0	0	0	4	0	0	0	0	0	0	4
	56-70	0	0	0	0	1	0	0	0	0	0	0	1
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Home Furnishings	18-25	0	0	0	0	0	0	1	0	0	0	0	1
	26-35	0	1	1	0	0	0	0	0	0	0	0	2
	36-45	0	1	0	0	0	2	0	0	1	0	0	4
	46-55	0	0	0	0	0	0	0	0	0	0	0	0
	56-70	0	0	0	0	0	0	0	1	0	0	0	1
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Housewares	18-25	0	2	0	0	3	0	0	0	1	0	0	6
	26-35	0	2	2	0	3	0	0	0	0	0	1	8
	36-45	0	1	0	0	3	0	0	0	0	0	0	4
	46-55	0	2	0	0	1	0	0	1	1	1	1	7
	56-70	0	0	0	0	2	0	0	0	0	0	0	2
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Jewelry	18-25	0	0	0	0	0	0	0	0	0	0	0	0
	26-35	0	1	0	0	0	0	0	0	0	0	0	1
	36-45	0	0	1	0	0	0	0	0	0	0	0	1
	46-55	0	1	0	0	0	0	0	0	0	0	0	1
	56-70	0	0	0	0	0	0	0	0	0	0	0	0
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Lawn and Garden	18-25	0	0	0	0	0	0	0	0	0	0	0	0
	26-35	0	1	0	0	0	0	0	0	0	0	0	1
	36-45	0	1	0	0	0	1	1	0	0	2	0	5
	46-55	0	3	0	0	0	1	0	0	1	0	0	5
	56-70	0	1	0	0	0	0	0	0	0	0	0	1
	71-	0	0	0	0	0	1	0	0	0	0	0	1

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Liquor/ Beer	18-25	1	0	0	0	0	0	0	0	0	0	0	1
	26-35	0	0	0	0	0	0	0	0	0	0	0	0
	36-45	1	0	0	0	1	0	0	0	0	0	0	2
	46-55	0	0	0	0	0	0	0	0	0	0	0	0
	56-70	0	0	0	0	0	0	0	0	0	0	0	0
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Luggage	18-25	0	0	0	0	0	0	0	0	0	2	0	2
	26-35	0	0	0	0	0	0	0	0	0	0	0	0
	36-45	0	0	0	0	0	0	0	0	0	0	0	0
	46-55	0	0	0	0	0	0	0	0	0	0	0	0
	56-70	0	0	0	0	0	0	0	0	0	0	0	0
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Men's Clothing	18-25	0	0	0	0	0	0	0	0	0	0	0	0
	26-35	0	5	1	0	0	1	0	0	0	1	1	9
	36-45	0	0	5	0	0	0	0	0	0	0	0	5
	46-55	0	1	1	0	0	0	0	0	0	0	0	2
	56-70	0	0	0	0	0	0	0	0	0	0	0	0
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Office Supplies	18-25	0	0	0	0	0	0	0	0	0	0	0	0
	26-35	0	2	0	1	0	0	0	0	0	1	1	5
	36-45	0	1	0	3	0	1	0	1	0	1	0	7
	46-55	0	0	0	2	0	1	0	0	0	0	0	3
	56-70	0	0	0	1	0	1	0	0	0	0	0	2
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Paper Goods	18-25	0	2	0	0	2	0	0	0	0	0	0	4
	26-35	0	2	0	1	6	0	0	1	1	0	1	12
	36-45	0	3	0	0	7	0	0	0	0	0	0	10
	46-55	0	1	0	0	3	0	0	2	0	1	2	9
	56-70	0	0	0	0	5	0	0	1	0	0	0	6
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Seasonal	18-25	0	0	0	0	0	0	0	0	0	0	0	0
	26-35	0	1	0	0	1	0	0	1	1	2	0	6
	36-45	0	1	0	1	2	0	0	0	0	0	0	4
	46-55	0	1	0	0	1	0	0	1	0	1	0	4
	56-70	0	0	0	0	0	0	0	0	0	0	0	0
	71-	0	0	0	0	0	0	0	0	0	0	0	0

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Sporting Goods	18-25	0	0	0	0	0	0	0	0	0	0	0	0
	26-35	0	1	0	0	0	3	0	0	0	1	0	5
	36-45	0	1	0	0	0	1	0	0	0	0	0	2
	46-55	0	0	0	0	0	0	0	0	0	0	0	0
	56-70	0	0	0	0	0	0	0	0	0	1	1	2
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Tobacco/Cigarettes	18-25	0	0	0	0	0	0	0	0	0	1	0	1
	26-35	1	0	0	1	2	0	0	1	0	0	0	5
	36-45	0	0	0	1	2	0	0	1	0	0	0	4
	46-55	0	0	0	0	2	0	0	1	0	0	0	3
	56-70	0	0	0	0	2	0	0	1	0	0	0	3
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Women's Clothing	18-25	0	0	4	0	0	0	0	0	0	1	0	5
	26-35	0	0	11	0	2	0	0	0	0	1	1	15
	36-45	0	1	5	0	0	0	0	0	0	1	0	7
	46-55	0	0	3	0	0	0	0	0	0	2	2	5
	56-70	0	0	0	0	0	0	0	0	0	1	0	1
	71-	0	0	0	0	0	0	0	0	0	0	0	0
Total	18-25	0	8	6	0	19	4	1	0	1	6	0	45
	26-35	1	29	18	6	55	12	0	5	2	14	7	149
	36-45	1	26	14	9	47	10	1	4	2	16	3	133
	46-55	0	15	7	2	41	12	0	7	2	6	7	99
	56-70	0	6	0	1	30	1	0	6	0	6	3	53
	71-	0	1	0	0	0	1	0	0	0	0	0	2

Note: Competitor Groups (CV) Convenience Store (DC) Discount Store (DP) Department Store (DS) Distributor (SM) Supermarket (SP) Specialty Store (VY) Variety Store (WC) Other Warehouse Club (OT) Other (NP) Not Purchased (DK) Don't Know (TL) Row Total

TABLE 6

DEMOGRAPHIC INFORMATION
BY COMPETITOR GROUP AND
MERCHANDISE CATEGORY

Sex

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Appliances	Male	0	3	1	0	0	0	0	0	0	3	0	7
	Female	0	1	0	0	0	0	0	0	0	0	0	1
Automotive	Male	0	10	0	0	0	11	0	0	1	2	1	25
	Female	0	5	0	0	0	3	0	0	0	0	0	8
Books	Male	0	0	0	0	0	3	0	0	0	1	0	4
	Female	0	1	1	0	0	2	0	0	0	3	2	9
Domestics	Male	0	1	3	0	0	0	0	0	0	0	0	4
	Female	0	1	5	0	1	0	0	0	0	2	0	9
Electronics	Male	0	6	1	0	0	5	0	0	0	4	1	17
	Female	0	8	0	0	0	2	0	0	0	0	1	11
Grocery	Male	0	5	0	5	50	0	0	6	0	4	2	72
	Female	0	1	0	1	81	1	0	26	0	4	2	117
HBA	Male	0	1	0	1	5	0	0	1	0	1	0	9
	Female	0	3	0	0	5	0	0	0	0	0	0	8
Home Furnishings	Male	0	1	0	0	0	1	0	1	1	0	0	4
	Female	0	1	1	0	0	1	1	0	0	0	0	4
Housewares	Male	0	2	0	0	6	0	0	1	0	0	0	9
	Female	0	5	2	0	6	0	0	0	2	1	2	18
Jewelry	Male	0	0	1	0	0	0	0	0	0	0	0	1
	Female	0	1	0	0	0	0	0	0	0	0	0	1
Lawn and Garden	Male	0	5	0	0	0	2	1	0	1	1	0	10
	Female	0	1	0	0	0	1	0	0	0	1	0	3
Liquor/ Beer	Male	1	0	0	0	0	0	0	0	0	0	0	1
	Female	0	0	0	0	1	0	0	0	0	0	0	1
Luggage	Male	0	0	0	0	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0	0	2	0	2
Men's Clothing	Male	0	5	4	0	0	1	0	0	0	3	0	13
	Female	0	1	3	0	0	0	0	0	0	1	1	6
Office Supplies	Male	0	2	0	4	0	3	0	1	0	1	0	11
	Female	0	1	0	3	0	0	0	0	0	1	1	6

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Paper Goods	Male	0	0	0	1	8	0	0	4	1	0	0	14
	Female	0	8	0	0	15	0	0	0	0	1	3	27
Seasonal	Male	0	1	0	1	2	0	0	2	0	1	0	7
	Female	0	2	0	0	2	0	0	0	1	2	0	7
Sporting Goods	Male	0	2	0	0	0	2	0	0	0	2	1	7
	Female	0	0	0	0	0	2	0	0	0	0	0	2
Tobacco/ Cigarettes	Male	1	0	0	1	3	0	0	4	0	1	0	10
	Female	0	0	0	1	5	0	0	0	0	0	0	6
Women's Clothing	Male	0	0	7	0	0	0	0	0	0	0	0	7
	Female	0	1	16	0	2	0	0	0	0	6	3	28
Total	Male	2	44	17	13	74	28	1	20	4	24	5	232
	Female	0	41	28	5	118	12	1	2	3	24	15	249

Note: Competitor Groups

(CV) Convenience Store	(VY) Variety Store
(DC) Discount Store	(WC) Other Warehouse Club
(DP) Department Store	(OT) Other
(DS) Distributor	(NP) Not Purchased
(SM) Supermarket	(DK) Don't Know
(SP) Specialty Store	(TL) Row Total

TABLE 7

DEMOGRAPHIC INFORMATION
BY COMPETITOR GROUP AND
MERCHANDISE CATEGORY

Marital Status

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Appliances	Married	0	3	1	0	0	0	0	0	0	2	0	6
	Single	0	0	0	0	0	0	0	0	0	1	0	1
	Divorced	0	1	0	0	0	0	0	0	0	0	0	1
Automotive	Married	0	10	0	0	0	11	0	0	1	1	1	24
	Single	0	2	0	0	0	3	0	0	0	1	0	6
	Divorced	0	3	0	0	0	0	0	0	0	0	0	3
Books	Married	0	1	1	0	0	4	0	0	0	4	2	12
	Single	0	0	0	0	0	1	0	0	0	0	0	1
	Divorced	0	0	0	0	0	0	0	0	0	0	0	0
Domestics	Married	0	2	4	0	1	0	0	0	0	2	0	9
	Single	0	0	3	0	0	0	0	0	0	0	0	3
	Divorced	0	0	1	0	0	0	0	0	0	0	0	1
Electronics	Married	0	11	0	0	0	3	0	0	0	2	1	17
	Single	0	3	0	0	0	3	0	0	0	2	1	10
	Divorced	0	0	1	0	0	1	0	0	0	0	0	2
Grocery	Married	0	5	0	5	103	1	0	6	0	4	3	127
	Single	0	1	0	0	22	0	0	2	0	4	1	30
	Divorced	0	0	1	6	0	0	0	0	0	0	0	7
HBA	Married	0	3	0	0	6	0	0	1	0	1	0	11
	Single	0	1	0	0	3	0	0	0	0	0	0	4
	Divorced	0	0	0	1	1	0	0	0	0	0	0	2
Home Furnishings	Married	0	2	1	0	0	2	0	1	0	0	0	6
	Single	0	0	0	0	0	0	1	0	0	0	0	1
	Divorced	0	0	0	0	0	0	0	0	1	0	0	1
Housewares	Married	0	5	2	0	11	0	0	1	1	0	2	22
	Single	0	1	0	0	0	0	0	0	1	1	0	3
	Divorced	0	1	0	0	1	0	0	0	0	0	0	2

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Jewelry	Married	0	0	1	0	0	0	0	0	0	0	0	1
	Single	0	0	0	0	0	0	0	0	0	0	0	0
	Divorced	0	1	0	0	0	0	0	0	0	0	0	1
Lawn and Garden	Married	0	6	0	0	0	3	1	0	1	2	0	13
	Single	0	0	0	0	0	0	0	0	0	0	0	0
	Divorced	0	0	0	0	0	0	0	0	0	0	0	0
Liquor/ Beer	Married	1	0	0	0	1	0	0	0	0	0	0	2
	Single	0	0	0	0	0	0	0	0	0	0	0	0
	Divorced	0	0	0	0	0	0	0	0	0	0	0	0
Luggage	Married	0	0	0	0	0	0	0	0	0	1	0	1
	Single	0	0	0	0	0	0	0	0	0	1	0	1
	Divorced	0	0	0	0	0	0	0	0	0	0	0	0
Men's Clothing	Married	0	2	5	0	0	1	0	0	0	3	1	12
	Single	0	3	1	0	0	0	0	0	0	0	0	4
	Divorced	0	1	1	0	0	0	0	0	0	0	0	2
Office Supplies	Married	0	2	0	4	0	3	0	1	0	2	1	13
	Single	0	0	0	2	0	0	0	0	0	0	0	2
	Divorced	0	1	0	1	0	0	0	0	0	0	0	2
Paper Goods	Married	0	8	0	1	19	0	0	3	0	0	1	32
	Single	0	0	0	0	19	0	0	1	1	1	1	5
	Divorced	0	0	0	0	3	0	0	0	0	0	1	4
Seasonal	Married	0	3	0	1	3	0	0	1	0	2	0	10
	Single	0	0	0	0	0	0	0	1	1	1	0	3
	Divorced	0	0	0	0	1	0	0	0	0	0	0	1
Sporting Goods	Married	0	1	0	0	0	4	0	0	0	2	1	8
	Single	0	1	0	0	0	3	0	0	0	1	0	5
	Divorced	0	1	0	0	0	0	0	0	0	0	0	1
Tobacco/ Cigarettes	Married	1	0	0	2	7	0	0	3	0	0	0	13
	Single	0	0	0	0	1	0	0	1	0	1	0	3
	Divorced	0	0	0	0	0	0	0	0	0	0	0	0
Women's Clothing	Married	0	1	17	0	1	0	0	0	0	4	3	26
	Single	0	0	17	0	1	0	0	0	0	2	0	20
	Divorced	0	0	0	0	0	0	0	0	0	0	0	0
Total	Married	2	65	32	13	152	32	1	17	3	32	16	365
	Single	0	11	10	2	28	7	1	5	3	15	3	85
	Divorced	0	9	3	3	12	1	0	0	1	1	1	31

Note: Competitor Groups (CV) Convenience Store (VY) Variety Store
(DC) Discount Store (WC) Other Warehouse Club
(DP) Department Store (OT) Other

(DS) Distributor
(SM) Supermarket
(SP) Specialty Store

(NP) Not Purchased
(DK) Don't Know
(TL) Row Total

APPENDIX D
BUYING PATTERN INFORMATION
BY COMPETITOR GROUP

TABLE 8

BUYING PATTERN INFORMATION
BY COMPETITOR GROUP

Times Shopped Per Month

Competitor	00-05	06-11	11-
Convenience Store	2	0	0
Department Store	45	0	0
Discount Store	81	2	2
Distributor	15	3	0
Other Whse Club	22	0	0
Specialty Store	38	2	0
Supermarket	190	3	0
Variety Store	2	0	0
Other	6	0	0
Not Purchased	45	1	2
Don't Know	17	3	0
Totals	463	14	4

TABLE 9

BUYING PATTERN INFORMATION
BY COMPETITOR GROUP AND
MERCHANDISE CATEGORY

Day of the Week

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Appliances	Monday	0	1	0	0	0	0	0	0	0	1	0	2
	Tuesday	0	1	1	0	0	0	0	0	0	1	0	3
	Wednesday	0	1	0	0	0	0	0	0	0	2	0	3
	Thursday	0	1	1	0	0	0	0	0	0	1	0	3
	Friday	0	1	0	0	0	0	0	0	0	1	0	2
	Saturday	0	3	0	0	0	0	0	0	0	3	0	6
	Sunday	0	4	0	0	0	0	0	0	0	3	0	7
Automotive	Monday	0	5	0	0	0	3	0	0	0	2	0	10
	Tuesday	0	5	0	0	0	3	0	0	0	2	0	10
	Wednesday	0	4	0	0	0	3	0	0	0	2	0	9
	Thursday	0	5	0	0	0	2	0	0	0	2	0	10
	Friday	0	5	0	0	0	4	0	0	0	2	0	11
	Saturday	0	11	0	0	0	11	0	0	1	2	0	25
	Sunday	0	9	0	0	0	8	0	0	1	2	1	21
Books	Monday	0	1	0	0	0	1	0	0	0	1	1	4
	Tuesday	0	1	0	0	0	3	0	0	0	1	1	6
	Wednesday	0	1	0	0	0	1	0	0	0	1	1	4
	Thursday	0	1	0	0	0	4	0	0	0	1	1	7
	Friday	0	1	0	0	0	1	0	0	0	1	1	4
	Saturday	0	1	1	0	0	3	0	0	0	4	2	11
	Sunday	0	1	1	0	0	3	0	0	0	3	2	10
Domestics	Monday	0	0	0	0	0	0	0	0	0	1	0	1
	Tuesday	0	1	0	0	0	0	0	0	0	1	0	2
	Wednesday	0	0	0	0	0	0	0	0	0	1	0	1
	Thursday	0	1	0	0	0	0	0	0	0	1	0	2
	Friday	0	0	0	0	0	0	0	0	0	1	0	1
	Saturday	0	1	7	0	1	0	0	0	0	2	0	11
	Sunday	0	1	7	0	1	0	0	0	0	2	0	11

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Electronics	Monday	0	7	0	0	0	1	0	0	0	1	1	10
	Tuesday	0	8	0	0	0	1	0	0	0	1	1	11
	Wednesday	0	8	0	0	0	1	0	0	0	1	1	11
	Thursday	0	7	0	0	0	1	0	0	0	1	1	10
	Friday	0	8	1	0	0	1	0	0	0	2	1	13
	Saturday	0	10	0	0	0	7	0	0	0	4	2	23
	Sunday	0	9	0	0	0	6	0	0	0	4	2	21
Grocery	Monday	0	1	0	1	36	0	0	4	0	5	3	50
	Tuesday	0	2	0	2	41	0	0	5	0	5	3	58
	Wednesday	0	1	0	2	37	0	0	5	0	6	3	54
	Thursday	0	1	0	3	39	0	0	4	0	5	3	55
	Friday	0	2	0	4	42	0	0	6	0	5	3	62
	Saturday	0	4	0	1	108	1	0	4	0	4	2	124
	Sunday	0	3	0	0	93	1	0	3	0	3	3	106
HBA	Monday	0	2	0	0	2	0	0	1	0	1	0	6
	Tuesday	0	1	0	1	2	0	0	1	0	1	0	6
	Wednesday	0	1	0	0	2	0	0	1	0	1	0	5
	Thursday	0	1	0	1	2	0	0	1	0	1	0	6
	Friday	0	1	0	0	2	0	0	1	0	1	0	5
	Saturday	0	3	0	0	9	0	0	0	0	0	0	12
	Sunday	0	2	0	0	10	0	0	0	0	0	0	12
Home Furnishings	Monday	0	1	1	0	0	1	0	0	0	0	0	3
	Tuesday	0	1	1	0	0	1	0	0	0	0	0	3
	Wednesday	0	1	1	0	0	2	0	0	0	0	0	4
	Thursday	0	1	1	0	0	1	0	0	0	0	0	3
	Friday	0	1	1	0	0	2	0	1	0	0	0	5
	Saturday	0	2	1	0	0	1	1	0	1	0	0	6
	Sunday	0	2	1	0	0	1	1	0	1	0	0	6
Housewares	Monday	0	0	0	0	5	0	0	1	0	1	1	8
	Tuesday	0	0	0	0	6	0	0	1	0	1	1	9
	Wednesday	0	0	0	0	5	0	0	1	0	1	1	8
	Thursday	0	0	0	0	7	0	0	1	0	1	1	10
	Friday	0	0	0	0	6	0	0	1	0	1	1	9
	Saturday	0	7	2	0	9	0	0	1	2	0	1	22
	Sunday	0	5	2	0	6	0	0	1	1	0	0	15

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Jewelry	Monday	0	0	1	0	0	0	0	0	0	0	0	1
	Tuesday	0	1	1	0	0	0	0	0	0	0	0	2
	Wednesday	0	1	1	0	0	0	0	0	0	0	0	2
	Thursday	0	1	1	0	0	0	0	0	0	0	0	2
	Friday	0	0	1	0	0	0	0	0	0	0	0	1
	Saturday	0	0	1	0	0	0	0	0	0	0	0	1
	Sunday	0	0	1	0	0	0	0	0	0	0	0	1
Lawn and Garden	Monday	0	2	0	0	0	2	0	0	0	0	0	4
	Tuesday	0	2	0	0	0	2	0	0	0	0	0	4
	Wednesday	0	2	0	0	0	2	0	0	0	0	0	4
	Thursday	0	2	0	0	0	2	0	0	0	0	0	4
	Friday	0	2	0	0	0	3	0	0	0	0	0	5
	Saturday	0	6	0	0	0	2	1	0	1	2	0	12
	Sunday	0	6	0	0	0	2	1	0	0	2	0	11
Liquor/ Beer	Monday	0	0	0	0	1	0	0	0	0	0	0	1
	Tuesday	0	0	0	0	1	0	0	0	0	0	0	1
	Wednesday	0	0	0	0	1	0	0	0	0	0	0	1
	Thursday	0	0	0	0	1	0	0	0	0	0	0	1
	Friday	1	0	0	0	1	0	0	0	0	0	0	2
	Saturday	1	0	0	0	1	0	0	0	0	0	0	2
	Sunday	1	0	0	0	1	0	0	0	0	0	0	2
Luggage	Monday	0	0	0	0	0	0	0	0	0	0	0	0
	Tuesday	0	0	0	0	0	0	0	0	0	0	0	0
	Wednesday	0	0	0	0	0	0	0	0	0	0	0	0
	Thursday	0	0	0	0	0	0	0	0	0	0	0	0
	Friday	0	0	0	0	0	0	0	0	0	0	0	0
	Saturday	0	0	0	0	0	0	0	0	0	2	0	2
	Sunday	0	0	0	0	0	0	0	0	0	2	0	2
Men's Clothing	Monday	0	2	1	0	0	1	0	0	0	2	0	6
	Tuesday	0	5	1	0	0	1	0	0	0	2	0	9
	Wednesday	0	2	1	0	0	1	0	0	0	2	0	6
	Thursday	0	2	1	0	0	1	0	0	0	2	0	6
	Friday	0	3	1	0	0	1	0	0	0	2	0	7
	Saturday	0	3	6	0	0	1	0	0	0	3	1	14
	Sunday	0	3	7	0	0	1	0	0	0	3	0	14

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Office Supplies	Monday	0	1	0	1	0	2	0	1	0	1	0	6
	Tuesday	0	2	0	4	0	3	0	1	0	1	0	11
	Wednesday	0	3	0	2	0	2	0	1	0	1	0	9
	Thursday	0	2	0	4	0	2	0	1	0	1	0	10
	Friday	0	2	0	3	0	2	0	1	0	2	0	10
	Saturday	0	1	0	0	0	2	0	0	0	1	1	5
	Sunday	0	1	0	1	0	2	0	0	0	1	0	5
Paper Goods	Monday	0	3	0	1	10	0	0	2	0	1	0	17
	Tuesday	0	4	0	0	13	0	0	4	0	1	0	22
	Wednesday	0	3	0	1	11	0	0	2	0	1	1	19
	Thursday	0	3	0	1	13	0	0	3	0	1	0	21
	Friday	0	3	0	1	11	0	0	3	0	1	0	19
	Saturday	0	7	0	0	17	0	0	2	0	0	2	28
	Sunday	0	6	0	0	11	0	0	2	1	0	0	20
Seasonal	Monday	0	1	0	0	0	0	0	1	0	3	0	5
	Tuesday	0	1	0	0	0	0	0	2	0	3	0	6
	Wednesday	0	1	0	0	1	0	0	1	0	3	0	6
	Thursday	0	1	0	0	0	0	0	1	0	3	0	5
	Friday	0	1	0	1	1	0	0	2	0	3	0	8
	Saturday	0	3	0	0	2	0	0	1	1	2	0	9
	Sunday	0	2	0	0	2	0	0	1	1	2	0	8
Sporting Goods	Monday	0	0	0	0	0	0	0	0	0	1	0	1
	Tuesday	0	0	0	0	0	0	0	0	0	1	0	1
	Wednesday	0	0	0	0	0	0	0	0	0	1	0	1
	Thursday	0	0	0	0	0	0	0	0	0	1	0	1
	Friday	0	2	0	0	0	0	0	0	0	1	0	3
	Saturday	0	1	0	0	0	4	0	0	0	1	0	6
	Sunday	0	1	0	0	0	4	0	0	0	2	1	8
Tobacco/ Cigarettes	Monday	1	0	0	1	4	0	0	3	0	0	0	9
	Tuesday	1	0	0	0	4	0	0	4	0	0	0	9
	Wednesday	1	0	0	1	4	0	0	3	0	0	0	9
	Thursday	1	0	0	1	4	0	0	3	0	0	0	9
	Friday	1	0	0	2	4	0	0	4	0	0	0	11
	Saturday	1	0	0	1	8	0	0	3	0	1	0	14
	Sunday	1	0	0	0	6	0	0	3	0	1	0	11

		CV	DC	DP	DS	SM	SP	VY	WC	OT	NP	DK	TL
Women's Clothing	Monday	0	0	2	0	1	0	0	0	0	3	1	7
	Tuesday	0	0	3	0	0	0	0	0	0	3	1	7
	Wednesday	0	0	2	0	0	0	0	0	0	3	1	6
	Thursday	0	0	2	0	1	0	0	0	0	3	1	7
	Friday	0	1	3	0	0	0	0	0	0	3	1	8
	Saturday	0	1	21	0	1	0	0	0	0	4	2	29
	Sunday	0	1	17	0	1	0	0	0	0	4	0	23
Total	Monday	1	27	5	4	59	11	0	13	0	24	7	151
	Tuesday	1	35	7	7	67	14	0	18	0	2	7	158
	Wednesday	1	29	5	6	61	12	0	14	0	26	8	162
	Thursday	1	29	6	10	67	13	0	14	0	24	7	171
	Friday	2	33	7	11	67	14	0	18	0	26	7	185
	Saturday	2	64	39	2	156	32	2	11	6	35	13	362
	Sunday	2	56	36	1	131	28	2	10	5	34	9	314

Note: Competitor Groups (CV) Convenience Store (DC) Discount Store (DP) Department Store (DS) Distributor (SM) Supermarket (SP) Specialty Store (VY) Variety Store (WC) Other Warehouse Club (OT) Other (NP) Not Purchased (DK) Don't Know (TL) Row Total

APPENDIX E
LIKES AND DISLIKES
OF THE CUSTOMER

TABLE 10
LIKES AND DISLIKES
OF THE CUSTOMER

Likes

Observations	Description
151	Price
14	Convenience
12	Quantity (Merchandise Packaging)
12	Variety of Merchandise
6	Location
3	Nothing
2	Food and Clothes
2	Not having to go
1	Products American made
1	Wide Aisles
1	No salespeople bothering you
1	Friendly people
1	Organization of Store
1	Don't Know

Dislikes

Observations	Description
58	Nothing
36	Check-out Process as leaving club
35	Crowds/Lines
11	Quantities too big
11	No salespeople
6	Hard to find certain things
5	Not enough of boxes
5	Lack of Selection
4	Inconvenient
4	No Signs
4	Irregular hours
3	Cement Floor
3	Inconsistent merchandise
2	No dressing room
2	Going out of business
2	Push own cart to car
2	Too many good prices
2	Dirty/too much clutter
2	Size of club
1	Price
1	Forklift beeping
1	Don't carry all name brands
1	Confusion/Rush
1	Membership fee
1	Parking
1	Everything
1	Changing prices

1 No replacement parts
1 Electronics
1 Don't Know

VITA

Ronald Wilson Gilbert II

Candidate for the Degree of

Master of Business Administration

Report: THE COMPETITIVE IMPACT OF WHOLESALE CLUBS

Major Field: Business Administration

Biographical

Personal Data: Born in Kingsport, Tennessee, December 22, 1958,
the son of Dr. Ron and Ann Gilbert.

Education: Graduated from Miami High School, Miami, Oklahoma May 1977; received the
Bachelor of Science degree from Oklahoma State University with a major in
Management Science, May, 1981, completed requirements for the Master of Business
Administration degree at Oklahoma State University, May 1988.

Professional Experience: Programmer/Analyst, Phillips Petroleum Co, Bartlesville,
1981-1985; Sr. Programmer/Analyst, TG & Y Stores, Oklahoma City, 1985-1986;
Systems Analyst, Wal-Mart Stores Inc., 1986.