

Comparative Analysis: Sam's Club vs. Costco

By: Ymani Bennett



The background is a dark blue, almost black, space filled with a glowing, intricate grid of light blue lines. The grid is composed of many small, interconnected lines that form a complex, mesh-like structure. The lines are brighter in some areas and dimmer in others, creating a sense of depth and movement. There are also some faint, glowing points scattered throughout the grid, resembling stars or data points. The overall effect is a futuristic, digital landscape.

Membership and Pricing Structures

	 \$100 Select Plus	 \$45 Select Club
Earn Cash Rewards Get 2% back on qualifying purchases - up to \$500/year! See terms.	✓	
Free shipping Every day. No minimum purchase. Exclusions apply. See details.	✓	
Early shopping hours Get in and out faster without the crowds starting at 7AM Monday - Friday (not available at all clubs)	✓	
Instant Savings Extra offers on top of already low members-only prices. See terms.	✓	✓
Sam's Club Mastercard Eligible to earn 5% back on gas, 2% on dining and travel and 1% on other purchases - up to \$5,000 per year. See terms.	✓	✓
Pay less at the pump Get member-exclusive prices on fuel. Available in select locations.	✓	✓
Free select prescriptions Plus over 800 more for \$10 or less and up to 30% off select name brands. See terms.	✓	
Discounts on glasses Get 20% off a complete pair of eyeglasses and enjoy free shipping on contact lenses. See terms.	✓	

Overview of Membership Fees

Membership Fee Comparison

Sam's Club and Costco present distinct membership fee structures, with Sam's Club offering lower entry costs but Costco providing enhanced benefits, making the choice dependent on individual shopping habits and preferences for product quality.

Comparison of Membership Benefits

Product Quality and Selection

Costco is renowned for its high-quality organic products and exclusive private-label items, enhancing perceived value for health-conscious consumers.

Return Policy Advantages

Costco's flexible return policy allows for hassle-free returns at any time, providing peace of mind for members compared to Sam's Club's more limited options.

Unique Shopping Features

Sam's Club's Scan & Go technology streamlines the shopping experience, appealing to consumers who prioritize efficiency and convenience in their purchasing process.

Cost Analysis of Membership Tiers

Initial Cost vs. Long-term Savings



Sam's Club offers lower initial fees, but Costco's cashback rewards can provide significant long-term savings for frequent shoppers, making it essential to evaluate spending habits.

Break-even Analysis Importance



Understanding the break-even point for each membership tier helps consumers assess which option delivers better value based on their annual spending and cashback potential.

Product Variety and Pricing



Sam's Club may provide immediate savings on specific products, while Costco's focus on quality and service can justify higher membership costs for discerning consumers seeking premium offerings.

Value Proposition for Consumers

Membership Cost Considerations

Evaluating the initial membership fees against potential savings is crucial for consumers to determine the best financial fit for their shopping habits.

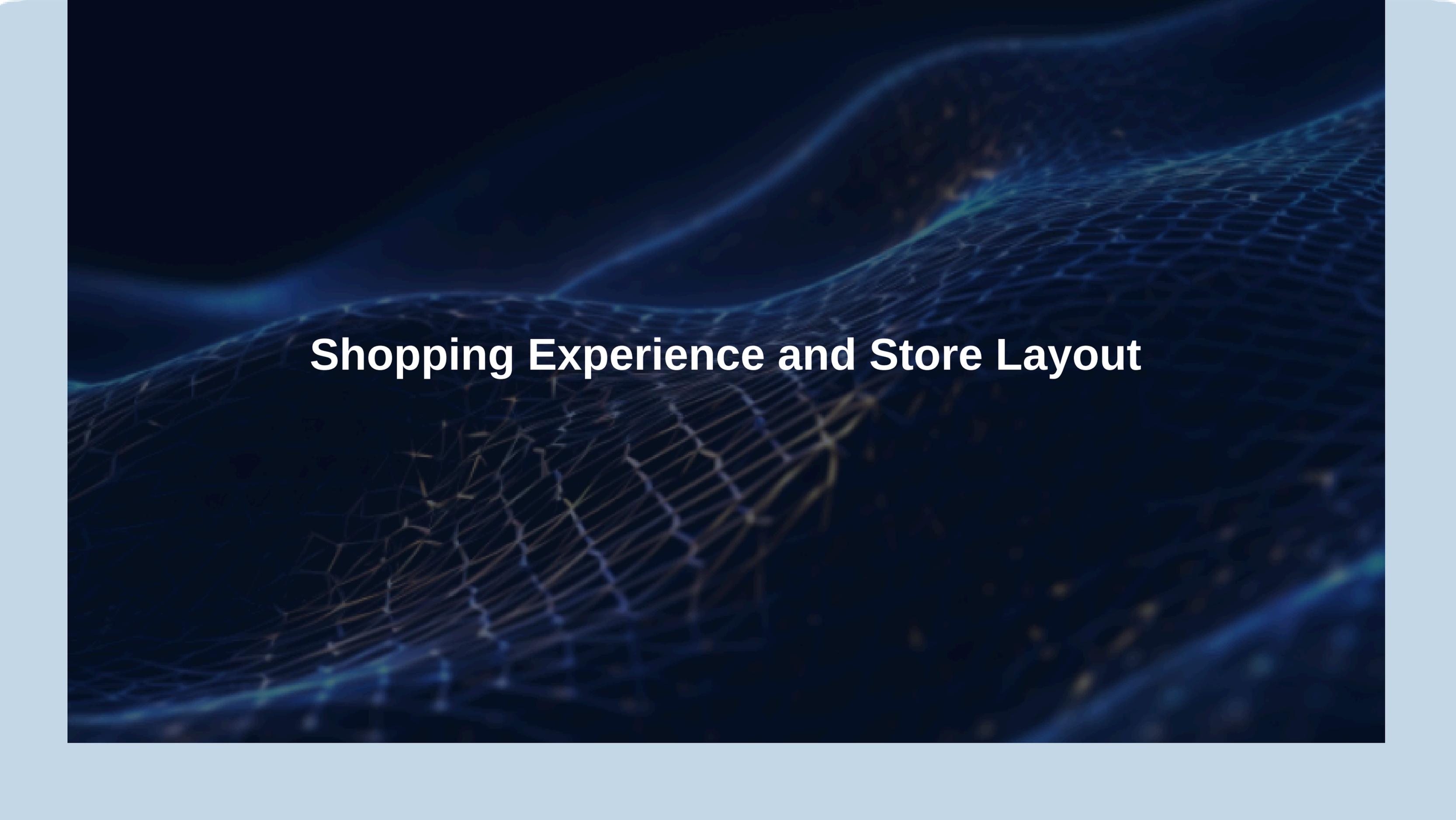
Exclusive Member Benefits

Both retailers offer unique perks, such as Costco's cashback rewards and Sam's Club's Scan & Go, enhancing the overall shopping experience for members.

Consumer Preferences and Needs

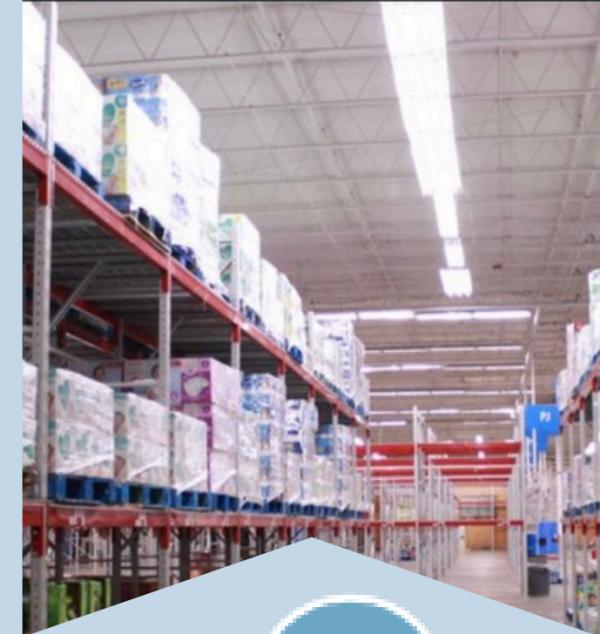
Understanding individual priorities, such as product quality versus convenience, helps consumers select the retailer that aligns best with their lifestyle and purchasing behavior.



The background is a dark blue, almost black, space filled with a glowing, intricate grid of light blue lines. The grid is composed of many small, interconnected lines that form a complex, organic pattern. There are also several bright, glowing trails of light that curve and flow across the scene, adding a sense of movement and depth. The overall effect is futuristic and high-tech.

Shopping Experience and Store Layout

Store Layout Differences



01

Traditional vs. Warehouse Layout

Sam's Club utilizes a traditional supermarket layout with organized aisles and clear signage, enhancing navigation for consumers, while Costco's warehouse layout promotes exploration through open spaces and bulk displays.

02

Impact on Shopping Behavior

The structured layout at Sam's Club caters to efficiency-focused shoppers, reducing search time, whereas Costco's minimalistic design encourages impulse buying and product discovery, appealing to adventurous consumers.

Technology Integration in Shopping

Enhanced Customer Experience

Both Sam's Club and Costco utilize technology to streamline shopping processes, with features like mobile apps and real-time inventory tracking, ultimately improving customer satisfaction and operational efficiency in the retail environment.

	Club \$45/year Select Club	Plus \$100/year Select Plus
Cash Rewards Get 2% back on qualifying purchases - up to \$500/year. See terms	✗	✓
Free Shipping Get what you need, right to your door. Exclusions apply. See details	✗	✓
Early Shopping Get in before the crowds.	✗	✓
Pharmacy Get free select prescriptions and 600 more for \$10 or less. See terms	✗	✓
Optical Get 20% off a complete pair of eyeglasses and enjoy free shipping on contact lenses. See terms	✗	✓
Instant Savings Extra offers on top of already low members-only prices. See terms	✓	✓
Sam's Club Mastercard® Earn cash back on Sam's Club purchases, plus 5% cash back on gas (on first \$6,000 per year, then 1% after), 3% cash back on dining and 1% cash back on	✓ 1% cash back at Sam's Club	✓ 3% cash back at Sam's Club

How Does Costco Win Customer Satisfaction: A Case Study of the South of Taiwan

Shiau Pei Shih, Szuchiang Yu, and Feng Ju Yen

Abstract—This study aimed to investigate how Costco can win consumers' supports and satisfactions in a such a competitive market today. As the economy has rapidly changed and developed, consumers' awareness are rising quickly, it is harder and harder to gain customers' satisfactions for wholesale stores. The purpose of this study is to find out if there is the positive relationship between the retail marketing strategies and the customers' satisfactions for Costco wholesale business. In this study, 120 questionnaires were distributed to Costco wholesale members in the southern areas of Taiwan, and 120 valid questionnaires were analyzed. According to the results of statistics analysis, Cronbach's $\alpha = .902$. The results show that act experiential marketing had a positive relationship with customers' satisfactions.

Keywords—Experiential marketing, customer satisfaction, retail stores, Costco.

I. INTRODUCTION

With economic development, Taiwan has been moving into a service and industry-based economy, which gradually changes people's living standards and quality, also changes consumption patterns. Since 1989, Makro, Carrefour, Giant, Geant, Costco and many other chain stores from abroad have entered the Taiwan retail and wholesale market.

Costco opened its first wholesale store in Kaohsiung in 1997; now there are a total of nine stores, located in Keelung (2 stores), Taoyuan (1 store), Hsinchu (1 store), Tainan (1 store), Keelung (1 store), Tainan (1 store) and Kaohsiung (2 stores), also Chiayi (1 store) was grand opening on this store in 2013. In fact, the number of Costco wholesale stores has been established increasing in Taiwan, and the market has been relatively improving, the average annual sales of a single store is \$ 5 billion in 2012.

Linbong and Hung Wei-liang (2007) claimed that the retail store with a "one-stop shopping, leisure, entertainment, information, a big parking lot" as the primary competitive situations in the market. After many years of wholesale business development, customer is not only satisfied to receive the information provided by the store, but also need to go through the way of experiential shopping first, then they can do comparison and purchasing decision later [1].

Oliver (1965) proposed the concept of customer satisfaction, he considered the customer satisfaction

enhancement can increase customers' buying behavior. Woodruff and Robert (1993) and Schmitt (1999) believe that the value of experience and customer satisfaction are closely related. Kotler (2006) explained that customer satisfaction depends on if the goods or services can meet customers' expectations after purchasing or experiencing [3]-[5].

II. LITERATURE REVIEW

A. Act Experience

See Table 1, Pine and Gilmore (1998) mentioned that experience for consumers was to create an unforgettable service activities, companies must to serve the commodities around consumers and to create wonderful memories of activities to consumers as well in the "experience economy" [6].

Schmitt (1999) explained the definition of act experience was the experience usually occurs by direct observation or participation no matter the event was fantasy or a virtual which have a significant effect of positive experience value [4].

TABLE I: ACT EXPERIENCE

Year	Scholars	Definition
1998	Pine & Gilmore	To create a memorable and unforgettable experience [6].
1999	Schmitt	The experience usually occurs by direct observation or participation [4].
2006	Liu, Xindi	Related to consumer experience and situational factors such as the senses, emotions, thinking, and action [8].
2008	Hung, Kun-Chiao	Act experience was caused by the combination of memories and feelings of the body and soul at a particular time [7].
2010	Wen	The results showed that the senses, act, and customer satisfaction had a positive relationship [9].

According to Hung, Kun-Chiao (2008), the study shows that act experience was not spontaneous but induced by certain situations; individual operation experience caused by the combination of memories and feelings of the body and soul at a particular time. It's like a new product customers to try, even they do not know the product is good or bad, they still want to have a new experience [7].

Therefore, industry can take advantage of act experience to improve the customer satisfaction. Not only to focus on the moment of customer experience, but also to pay attention to customers' feeling before and after act experience. So he can utilize commercial advertising, product information

Customer Service Ratings

Costco's High Satisfaction

Costco consistently ranks high in customer satisfaction due to its friendly staff and favorable return policies, enhancing member trust and loyalty.

Sam's Club's Inconsistencies

Sam's Club experiences variable service quality, with member experiences differing significantly based on location and management, impacting overall satisfaction ratings.

Impact of Return Policies

Costco's no-questions-asked return policy fosters confidence in purchases, while Sam's Club's more restrictive policies can lead to mixed feelings among members regarding their shopping experience.

Food Court Offerings and Experiences

01

Consumer Experience Impact

The food court experience significantly enhances customer satisfaction, as it provides a convenient dining option that encourages longer shopping visits and fosters brand loyalty through enjoyable meals.

02

Menu Adaptation Strategies

Both retailers utilize menu adaptation strategies to cater to regional tastes, with Costco focusing on iconic items and Sam's Club offering diverse options to attract a broader customer base.

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Product Selection and Quality

Brand Name vs. Private Label Products

Consumer Trust Dynamics

Brand name products often benefit from established consumer trust, leading shoppers to perceive them as higher quality, while private labels must work harder to build similar confidence.

Pricing Strategies

Private label products typically offer lower prices compared to brand names, appealing to budget-conscious consumers, yet they must balance cost with perceived quality to attract buyers.

Market Trends Influence

The growing trend towards sustainability and health-conscious choices is pushing both retailers to enhance their private label offerings, aligning with consumer preferences for organic and ethically sourced products.



Quality Assessment of Private Labels

Strength in Brand Loyalty

Both Member's Mark and Kirkland Signature have cultivated strong consumer trust through consistent quality.

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Weakness in Perceived Quality

Member's Mark faces challenges in achieving consistent quality perception compared to Kirkland Signature.

Opportunity for Market Expansion

Increasing demand for private label products presents growth opportunities for both brands in new markets.

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Threat's from National Brands

Established national brands pose a competitive threat, influencing consumer choices and perceptions of private labels.

Role in Reducing Buyer's Remorse

Generous return policies mitigate buyer's remorse, allowing customers to feel secure in their purchases, which can lead to increased sales and customer retention.



01

Impact on Customer Loyalty

Flexible return policies enhance customer loyalty by instilling confidence in purchasing decisions, leading to repeat business and positive word-of-mouth referrals.

02



Consumer Perception of Value

Retailers with accommodating return policies are perceived as offering greater value, influencing consumer choices and enhancing overall satisfaction with their shopping experience.



03



Thank You