Is Sam’s Club Worth It? : A Practical Analysis

**Meet The Bradford Family**:

The Bradford family makes monthly trips to Sam’s club that is 20 minutes away to buy produce, meat, cheese, baking ingredients, dairy products, and paper goods. Their alternative is to shop at Stop & Shop which is so close to their house they could walk. In fact they already shop at Stop & Shop for items they can’t purchase at Sam’s Club. It is time to renew their membership for $40 and they question whether their membership is actually saving them enough money to keep it. The wonder if they would be better off just buying everything from Stop & Shop.

Directions: Look through the Bradford’s 2011 receipts and determine what items they buy frequently to use in the cost savings analysis. They should have purchased it 3 times in the year for it to be considered a frequent purchase. Using Sam’s Club online, Peapod.com (Stop & Shop’s online grocery store) and Excel do the analysis for this family. A suggested excel format is below with one item done for you. Answer the critical thinking questions in complete sentences as well.

Hints: The prices fluctuate over the year on certain items. You can simply take the average price. With so many receipts it can be easy to double count things so place check marks or highlight each item as you go so you don’t double count.

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| **Categories** | **\*Products** | **Quantity** | **Sam's Price** | **Sam's Unit Price** | **Unit** | **Stop & Shop Qty** | **Stop & Shop Price** | **S&S Unit Price** | **Unit** | **Sam's Savings** | **S&S Savings** | **Number of times Purchased in 2011** | **Total Savings** |
| Dairy |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Half & Half | Quart | $1.68 | 1.68 | Per Qt | 1/2 gallon | $4.39 | 2.20 | per qt | $0.52 |  | 36 | $18.72 |
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| Meat |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Produce |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Paper |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Baking |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Other |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | | |  |  |  |  | **Total** | | $ - | $ - |  | 18.72 |
|  |  |  |  |  |  |  |  | **Cost of Membership** | | ($40.00) |  |  |  |
|  |  |  |  |  |  |  |  |  | **Savings** | ($40.00) |  |  |  |

**Critical Thinking Questions**

Directions: Answer on a separate piece of paper.

1. What tangible and intangible things are they giving up by shopping at Sam’s Club?
2. What are the Smith’s giving up if they stop shopping at Sam’s Club?
3. If the family shopped at Sam’s club for the same items 12 times a year and the price of a Sam’s Club membership is $40, how much would they have saved compared to not joining the club and purchasing solely from Stop & Shop?
4. Would every family save money by shopping at Sam’s Club? (Hint: are all families purchasing patterns the same as the Smith’s?
5. What are some “traps” or ways club stores get you to spend more money than you think you are?