Supermarket Strategic Responses to Alternative Retail Formats:

The Case of Wholesale Club Stores

In New York and New Jersey

by

Gerard F. Hawkes
Extension Associate
Food Industry Management Program
Department of Agricultural Economics
Cornell University
Ithaca, New York

Edward W. McLaughlin
Associate Professor
Food Industry Management Program
Department of Agricultural Economics
Cornell University
Ithaca, New York

Introduction

Over the past decade several significant developments in U.S. food store formats--limited assortment stores, warehouse stores, super warehouse stores, hypermarkets, etc.--have threatened traditional supermarkets. In general, supermarkets responded to these competitors by adapting their operations to thwart the advantage each new format presented. These alternate formats initially followed strategies of appealing to limited segments of consumers but ultimately were victims of "the wheel of retailing." That is, by succumbing to the temptation to add more features, they diluted their original strategy, compromising, in the process much of their competitive advantage.

The end of the 1980s, however, marked the expansion of still another in the parade of retail store formats: the wholesale club store.[1] Wholesale clubs have been called "a revolution that is shaking traditional notions about the distribution of goods and blurring the distinction between wholesaling and retailing" (*Business Horizons*, March/April 1987). Although still representing a very small share (about 4%) of total food sales, wholesale clubs began experiencing explosive growth in the late 1980s and appeared by 1992 to be formidable and likely permanent competitors for supermarkets.[2]

The states of New York and New Jersey have recently become hotbeds for wholesale club expansion. Although the first club stores opened in the two state area over seven years ago, club store penetration of New York and New Jersey was very limited until aggressive, rapid expansion by the larger national firms in the past two years.

The strategic responses of New York and New Jersey supermarket operators to wholesale club expansion have major implications for the future economics and dynamics of the food distribution system in the region. Although supermarket operators in other parts of the country have had 15 years experience competing with wholesale club stores, there is no guarantee that strategies successful elsewhere will be as effective in the New York/New Jersey region, given the many unique aspects of the two state area.

Methodology

The research for this study consisted of the following distinct but interrelated phases:

1) A review of existing research, trade literature, consulting and newsletter publications.

2) A survey questionnaire was mailed to every retail company and every wholesale company serving independent supermarkets in New York and New Jersey. The purpose of the questionnaire was to gauge current and anticipated strategies adopted by retailers in response to the emergence and expansion of wholesale clubs in New York and New Jersey.

3) Personal interviews with New York and New Jersey supermarket industry executives were undertaken to assist in the interpretation of the written survey and trade information. This interaction served to reinforce and validate the trends, challenges and suggestions that emerged from other components of the study.

The Wholesale Club Industry: United States vs. New York/New Jersey

Nationwide, the largest number of wholesale club stores have been developed on the West Coast where the format was first developed in the 1970s (Table 1). The New England states experienced the highest growth rates in wholesale club stores and sales in 1991 (Table 2). Still, the 1991 growth rates in the Middle Atlantic states for both sales and stores were more than double the average rates for the other seven regions of the country. The Middle Atlantic states of New York, New Jersey, and Pennsylvania registered the second fastest growth rates in wholesale club stores (31%) and sales (35%) between 1990 and 1991. Even higher growth rates for both club stores and sales would result if figures for Pennsylvania were disaggregated from these calculations.

While still in its growth stage, the wholesale club industry has already experienced considerable consolidation. The industry is highly concentrated with four major firms controlling over 93 percent of industry sales (Table 3). As recently as 1985, there were at least 16 major players in the industry; by 1992, however, there were just seven (Progressive Grocer, May 92). Despite this very high level of "concentration," entry of new firms continues and appears to be constrained primarily by the availability of suitable store sites.

The share of market for New York/New Jersey is dramatically different than the national distribution, reflecting the recent expansion of the four largest wholesale club operators into the New York/New Jersey area. BJ's Wholesale Club, based in Massachusetts, has operated club stores in the two state area for over seven years and currently has the most stores and largest market share. It is likely though, given the expansion objectives of the other four major club operators, that the current market share picture for the New York/New Jersey area will resemble the national market share picture before the end of the decade.

Future Prospects

Considering their population base, the Middle Atlantic states appear to represent the greatest potential market area for further wholesale club expansion. When population per wholesale club is examined, for example, the Middle Atlantic states have by far the fewest wholesale clubs per capita of any region in the United States (Table 4). In 1991, Middle Atlantic states averaged over 1 million residents per wholesale club while Pacific states averaged just over 389,000 people per club location. In other words, the Pacific states had about three times as many wholesale clubs per capita in 1991 as did the Middle Atlantic states.

TABLE 1
Wholesale Club Growth by Region, 1988-1991

REGION	NO. OF STORES 1991	1990	1989	1988	SALES ($ BIL.) 1991	1990	1989	1988
New England	26	16	10	8	1.3	0.7	0.5	0.3
Middle Atlantic	38	29	20	17	2.0	1.5	0.9	0.7
East North Central	78	67	59	41	3.3	2.7	2.1	1.2
West North Central	27	23	24	16	1.2	1.0	0.9	0.5
South Atlantic	85	74	64	56	4.5	4.1	3.1	2.6
East South Central	21	19	18	19	1.0	0.8	0.7	0.7
West South Central	62	52	51	51	2.8	2.3	2.0	1.9
Mountain	33	30	25	26	2.0	1.9	1.5	1.4
Pacific	105	97	86	79	7.1	6.8	5.8	4.7

Source: The Discount Merchandiser, June 1992

TABLE 2
Wholesale Club Growth Rates by Region, 1991

REGION	NO. OF STORES	SALES	SQUARE FEET
	%	%	%
Total United States	+17	+16	+21
New England	+63	+84	+64
Middle Atlantic	+31	+35	+38
Average of other Regions	+14	+15	+19

Source: The Discount Merchandiser, June 1992

TABLE 3
Wholesale Club Total Sales and Market Share, United States vs. New York/New Jersey, 1991

	United States*	N.Y./N.J.**
TOTAL SALES (in billions)	$27.8	$ 1.6
Firms:	Percent	
Sam's (Wal-Mart)	34.1	17.1
Price Club	23.7	21.5
CostCo	20.1	12.5
Pace (K-Mart)	15.4	10.5
B.J.'s	5.3	37.1
Other	1.4	1.3
TOTAL	100.0%	100.0%

Source: *James M. Degan & Co., Inc., 1992 and **Cornell Study, 1992 (estimates).

TABLE 4

Population Per Wholesale Club (000s), by Region, 1991

REGION	POPULATION PER CLUB (000s)
West	392
South	586
North Central	601
Middle Atlantic	1,011
New England	514
TOTAL United States	**534**

Source: Discount Merchandiser, June 1992 and Progressive Grocer, April 1992.

*Projected

TABLE 5

Ten Year Growth Projections for Wholesale Clubs

	1991	2001*	% INCREASE
UNITED STATES	450	950	+ 111%
No. of Stores			
Grocery related sales	$11 bil.	$39 bil.	+ 255%
NEW YORK/NEW JERSEY			
No. of stores	30	152	+ 407%
Grocery related sales	$574 mil.	$5.9 bil.	+ 935%

Source: Food Marketing Institute, 1992 and Cornell University, 1992.

*Projected

In its recent report on alternative retail food formats, the Food Marketing Institute (FMI) projected approximately 950 wholesale clubs by the end of the decade (Table 5). While forecasting more than double the current number of clubs, the FMI report also predicts that grocery related sales will more than triple. These predictions reflect both anticipated increases in wholesale club sales and a greater emphasis on grocery related products in the wholesale club product mix.

FMI's projection of 950 wholesale clubs by the year 2001 is based on the assumption that wholesale club penetration across all major metro markets in the United States will reach the level of the current most saturated markets: about 1 club store for every 150,000 to 175,000 people. Applying this standard to the combined population of New York and New Jersey results in an estimated maximum of 152 club stores possible for the two state area. Compared with Cornell's estimate of 30 wholesale clubs in operating during 1991 in New York and New Jersey, 152 club stores by the year 2001 represents an increase of 407 percent.

Our estimate of 1991 New York/New Jersey grocery-related wholesale club sales is derived by multiplying the average sales per store times the number of stores for each company operating in the two states. Applying the ratio (from the FMI study) of wholesale club sales growth rate to store number growth rate to the New York/New Jersey club store growth rate, New York/New Jersey grocery related wholesale club sales in the year 2001 can be roughly estimated at $5.9 billion, an increase of 935 percent over the 1991 estimate of approximately $574 million.

Comparing the New York/New Jersey projections of sales and stores for the year 2001 with FMI's projections for the nation reveals that almost a quarter (24.4%) of the total growth in wholesale clubs projected for the United States will occur in New York and New Jersey.

New York/New Jersey Supermarkets Respond

When New York/New Jersey supermarket operators were asked to estimate the current share that wholesale clubs take away from supermarket food and grocery sales in their own trading areas responses ranged from a high of 10 percent of sales through club stores to a low of zero. This latter estimate came from retailers who felt their stores were not within the drawing radius of club stores. While the "zero impact" response was common among independent supermarket operators located in more remote small towns, when asked to project wholesale club food sales share in the year 2000, only one retailer responded "zero," while the high end of the range of responses increased to 20 percent.

The average estimate from supermarket executives of wholesale club share of current grocery sales in New York/New Jersey was 2.29 percent (Table 6). A national study published by the Food Marketing Institute estimated the wholesale club share of U.S. food sales was about 4 percent in 1992 (FMI, 1992). The lower estimate in New York/New Jersey may be explained by the low penetration level of club stores in the New York/New Jersey region relative to the rest of the United States.

By the turn of the century, the national forecast for wholesale club market share of grocery sales is considerably higher than that given by the New York/New Jersey retailers in this study (9.5% vs. 7.4%). Again, the lower projected share for New York/New Jersey may reflect the relatively late introduction of most of the major club operators into Northeast markets. Despite its lower magnitude, the New York/New Jersey estimate for the wholesale club share of food sales projects over twice the growth rate in New York/New Jersey during the next decade than is expected across the country (+222% vs. +100%).

Supermarket retailers were asked to evaluate themselves relative to wholesale clubs considering overall value to consumers across seven major departments present in both formats (Table 7). Retailer ratings were remarkably similar to those of consumers interviewed in a parallel study, with average ratings for each department varying very little between the two groups.[3] Both groups agreed that supermarkets offer the best overall value in the perishables and service departments: produce, meat, deli and bakery. Conversely, in the non-perishable and non-food categories--dry grocery, health and beauty care, and general merchandise--both groups agreed that wholesale clubs offer the best overall value.

Supermarket Operators Evaluate Competitive Strategies

Supermarket operators were asked to evaluate the effectiveness of a range of potential strategies that might be employed to respond to wholesale clubs. These strategies were classified into the following groups: pricing, operational, marketing, product and location. For each of the specific strategies presented, retailers were asked to indicate whether the strategy was ineffective, effective or very effective. "Very effective" strategies received a score of 3 and "ineffective" strategies received a score of 1.

Pricing Strategies

Lowering prices using manufacturers' funds, that is, with the financial support and cooperation of suppliers, was considered the most effective of the four pricing strategies (Table 8). Moving to everyday low pricing (EDLP) was

TABLE 6
Supermarketer Estimates of Wholesale Club Share of Grocery Sales, 1992 & 2000

	1992	2000
New York/New Jersey	2.3%	7.4%
United States	4.4%	9.5%

Source: Cornell University, 1992 and FMI, May 1992.

TABLE 7
Retailers Compare Supermarkets' Overall Value With Wholesale Clubs

DEPARTMENT	RATING*
Fresh produce	2.57
Fresh meat	2.38
Deli/prepared foods	2.43
Bakery	2.21
Dry grocery	2.00
Health & beauty care	1.73
General merchandise	1.40

Source: Cornell University, 1992.

*1=not competitive, 2=competitive, 3=very competitive

TABLE 8
Retailers' Evaluations of Pricing Strategies

STRATEGY	RATING*
Lower prices using manufacturers' $	2.12
Move to everyday low prices (EDLP)	2.06
Lower prices using own $	1.75
Maintain status quo	1.75

*1=not effective, 2=effective, 3-very effective.

ranked a close second in effectiveness although both strategies were considered far from "very effective" (i.e., a score of 3.0). Curiously, maintaining the status quo and lowering prices using retailers' own funds only were both considered somewhat less than effective. Although, apparently, retailers feel that something must be done to compete with wholesale clubs, they do not feel that any single pricing strategy will be particularly effective, essentially conceding the lower price advantage to wholesale clubs. However, one pricing strategy we did not specifically ask retailers to evaluate was using "multiple unit discount" pricing. This was suggested and considered "very effective" by one supermarket operator respondent. This strategy calls for discount prices whenever consumers purchase more than one package of an item in a given shopping trip. Other retailers use "caseload" sales--where special low prices for the shopper buying in full case quantities--to achieve the same effect. This strategy seems particularly effective for small supermarkets not having the physical space for club packs, warehouse shelving or wholesale club sections.

Operational Strategies

As a group, operational strategies were generally considered more effective by the supermarket executives in the Cornell survey than pricing strategies (Table 9). Reflecting the realization by supermarket operators that wholesale clubs have devised a truly low cost distribution system, reducing costs was considered the most effective and perhaps most inevitable of the various operational strategies.

However, better terms of trade from manufacturers and drop shipments of full pallets directly to stores were also seen as moderately effective by many retailers. Interestingly, use of warehouse racking in stores, a strategy currently employed by many retailers throughout the New York/New Jersey area and across the United States in general, was considered the least effective of these operational strategies.

Product Strategies

Product strategies, as a group, were considered the least effective of the five groups of strategies (Table 10). However, the product strategy rated most effective in this group was adding larger and/or "multi" package sizes to the current supermarket product selection.

There are many examples of large and multi-pack programs now being offered by New York/New Jersey supermarket operators. These programs are usually identified and promoted by names such as "Big Deals" (Pathmark), "Budget Values" Hannaford) or "Giant Values" (Wakefern). Typical "large size" programs offer an average of 100 to 300 SKUs. Supermarket companies are still experimenting with placement of club packs in their stores.

The most widely practiced approach is an entire dedicated aisle or group of aisles with warehouse-type shelving and pallet loads of club size packages. A few companies, such as Foodarama of Edison, New Jersey, have converted the back room area of their supermarkets into warehouse formats. Other supermarket operators have integrated club packs into the appropriate category's section within the standard shelving display. Some supermarket chains have dedicated a special section of normal (non-warehouse type) shelving which contains all their club pack items. Most larger supermarket chains are experimenting with a combination of some or all of these variations in an attempt to determine the optimal mix of package sizes and store placement.

Considered almost equally effective, however, was maintaining current product selection. Independent supermarket operators who belong to voluntary and affiliated wholesale groups or those who operate smaller "conventional" supermarkets often do not have the freedom to add enough club pack items to create a sufficient impression as a club alternative to consumers. Within voluntary and affiliated wholesale groups, where the size of individual stores often varies over a wider range than within a supermarket chain, the largest stores, that may have the capacity to add club packs, are often unable to do so because of joint advertising efforts covering small stores as well. Partly in response to this dilemma, several wholesalers are creating new banners to distinguish

TABLE 9
Retailers' Evaluations of Operational Strategies

STRATEGY	RATING*
Cost reductions in operations	2.33
Obtain better terms of trade from manufacturers	2.20
Drop shipments delivered to stores	2.20
More direct store delivery (DSD)	1.93
Warehouse racking in stores	1.86

Source: Cornell University, 1992.

*1=not effective, 2=effective, 3=very effective.

TABLE 10
Retailers' Evaluations of Product Strategies

STRATEGY	RATING*
Add larger/multi package sizes to current product line	2.24
Maintain current product selection	2.06
Maintain current package sizes	1.69
Increase product selection	1.65
Reduce product selection	1.29

Source: Cornell University, 1992.

*1=not effective, 2=effective, 3=very effective.

TABLE 11
Retailers' Evaluations of Location Strategies

STRATEGY	RATING*
Remodel existing stores	2.63
Maintain current strategy	2.13
Open stores farther from clubs	1.75
Open own club stores	1.57
Open stores closer to clubs	1.25

Source: Cornell University, 1992

*1=not effective, 2=effective, 3-very effective larger member stores from smaller. For example, Scrivner, one of the largest U.S. grocery wholesalers, recently announced its new "Jubilee Foods" banner under which its larger members will advertise and sell private label products. Scrivner's smaller member stores will continue to operate under the "Super Duper" banner.

Location Strategies

Retailers perceive the most effective location strategy by far to be remodeling current store locations (Table 11). Smaller supermarkets may consider this particularly critical since they may not currently have extensive service departments and/or product selection. The high effectiveness rating for this strategy could also be explained by the fact that in most New York and New Jersey market areas the best supermarket sites have already been developed. In fact, local zoning authorities have rejected several 1992 proposals for new wholesale club development in northern New Jersey and other metro New York sites.

The second most effective location option, to maintain current strategy, may well apply to those progressive supermarkets that already are meeting the service, selection and variety needs of their customers and therefore can clearly differentiate themselves from wholesale clubs. The location strategy rated least effective was to open new stores closer to wholesale clubs. In most cases where wholesale clubs and supermarkets operate in close proximity, often in the same strip shopping center, the club store has invaded a location where the supermarket was already established. In some cases, such supermarkets have been hurt badly. In other cases, supermarkets have had higher overall sales due to the tremendous drawing power of the club store, which, in effect, increases consumer traffic through the entire shopping center.

Perhaps in light of this phenomenon and despite its rating as least effective in our survey, there are notable examples in the New York/New Jersey region where supermarkets have opened new stores specifically located as close as possible to wholesale clubs. For example, soon after Sam's Wholesale Club opens in Niagara Falls, New York, in 1993, a new Tops Supermarket is scheduled to open directly across the street.

Marketing Strategies

Finally, marketing strategies as a group were rated the most effective of the five strategic groups. None of the marketing strategies were considered less than "effective" (score: 2.0) (Table 12).

Emphasizing unique features that differentiate supermarkets from wholesale clubs were the highest rated marketing strategies. Considered particularly effective was the strategy of emphasizing service departments in supermarkets. Wholesale clubs typically offer extremely limited services in efforts to maintain their lean cost structure. However, this is rapidly changing as wholesale clubs strive to differentiate themselves from each other by adding service delis, bakeries, meats, and even fresh pizzerias to existing club stores and to designs for new clubs. Custom meat cutting and bakery orders are typically offered in club stores at no additional cost.

Also considered quite effective was emphasizing the selection of products, brands, sizes and varieties offered by supermarkets. Wholesale clubs deliberately limit the number of stock keeping units (SKUs) to fast moving brands and sizes in order to maintain high stock turnover and minimize inventory investment. This supermarket advantage in product selection is not likely to diminish as clubs evolve, since limiting SKUs is key to the club store formula for profitability. However, supermarkets may be able to streamline the number of SKUs carried within many categories, without noticeably changing shoppers' perception of vast selection compared with clubs. Such a streamlining strategy would reduce supermarket inventory investment and handling costs as well as free up scarce shelf space for additional club pack offerings.

TABLE 12
Retailers' Evaluations of Marketing Strategies

STRATEGY	RATING*
Emphasize service departments at supermarket	2.88
Emphasize selection at supermarket	2.64
Emphasize location of supermarket	2.29
Compare prices of comparable products at each store	2.12
Maintain current strategy	2.00

Source: Cornell University, 1992.

*1 = not effective, 2 = effective, 3 = very effective.

TABLE 13
Most Effective Overall Strategies

STRATEGY	RATING*
Emphasize service departments at supermarket	2.88
Emphasize selection at supermarket	2.65
Remodel current stores	2.63
Cost reduction in operations	2.33
Emphasize location of supermarket	2.29
Add larger/multi package sizes to current product line	2.24
Obtain better terms of trade from manufacturers	2.20
Drop shipments delivered to stores	2.20

Source: Cornell University, 1992.

*1 = not effective, 2 = effective, 3 = very effective.

Overall Most Effective Strategies

Summarized across all strategy groups, the eight most effective single strategies, as evaluated by New York/New Jersey supermarket operators, are illustrated in Table 13. These "most effective response strategies" may offer a prescription for supermarket operators faced with the imminent entrance of a wholesale club into their trading areas. All of these strategies may not be effective for all supermarket operators nor for a given supermarket chain operating in a variety of communities where local conditions will dictate may dictate appropriate strategic responses.

Strategic Perspectives And Observations

- Wholesale clubs undermine supermarkets' basic premise--i.e., combination of a consistent supply of a wide variety of brands, private labels and high quality perishables. Yet, ironically, although wholesale club stores appeal to a limited segment of shoppers and account for a very small fraction of grocery industry sales, it is the supermarket industry that is mimicking the wholesale clubs.

- It appears increasingly likely that in the future wholesale clubs will be competing for each other's customers more intensely as saturation levels are reached in the major market areas.

- Historically, a common retail strategy to maintain financial performance under leaner sales prospects has been to control costs through more streamlined operations. However, considering the already exceedingly low cost structures that characterize wholesale clubs, it is doubtful that many club operators will be able to maintain momentum by becoming leaner still. The opposite is more likely.

- To differentiate themselves from the more intense competition, especially in major markets, wholesale clubs will be forced to offer new programs, services, and products. As clubs add such new features, their cost structures will shift, diminishing their cost advantage over supermarkets. The potential exists for wholesale clubs to fall victim, as have many earlier challengers to traditional supermarkets, to the "wheel of retailing"--essentially the addition of costly services and features, the absence of which initially formed the basis of the format's cost advantage.

- All projections for wholesale club growth incorporate the current limited appeal of the club shopping concept to a broad segment of consumers. One of the best growth prospects for wholesale clubs may lie in attracting a broader segment of individual and business consumers, especially since clubs are increasingly competing for the same customers within their current narrow band of consumer appeal.

- Until the late 1980s, the five major wholesale club firms did not directly compete with each other in the same market areas. That situation has now changed significantly, and is likely to continue to intensify as the remaining major markets are entered.

- New York/New Jersey has long way to go before it reaches the wholesale club penetration level of the west coast. However, New York/New Jersey's saturation level may be achieved at a higher "population per club store" ratio than the west coast due to higher rents, limited sites, zoning restrictions, different shopper preferences, and higher reliance on public transport especially in metro New York/New Jersey.

- However, if, in fact, the New York/New Jersey area is penetrated to the level of the current most saturated markets in the United States then almost a quarter of all projected U.S. wholesale club industry growth in the next decade will occur in New York and New Jersey.

- As saturation levels are (rapidly) approached for major New York/New Jersey markets, smaller club development (for example, 60,000 sq. ft. or less compared to over 100,000 sq. ft. typical of most current clubs) in smaller and rural markets is likely. Indeed, this is already occurring in New York and New Jersey as Wholesale Depot rapidly expands in small cities.

- Fears that adding large club size packages to supermarket inventories will take consumers "out of the market" by reducing frequency of shopping trips and exposure to higher margin impulse items may be unfounded. Most retailers have found that the limited number of club size items (SKUs) needed creates the consumer impression of value priced options while not reducing shopping frequency or spending on the non-club size items. In fact, many supermarket operators feel the club packs serve a previously unmet need and should have been part of the store's selection regardless of wholesale club store competition.

- One practical problem with club size packages: many New York supermarkets, especially independents and metro New York stores, are considerably smaller than the U.S. average[4] and, in many cases, are physically unable to expand: perhaps "multiple unit discount" pricing could offset allure of club packs in larger stores.

- Consumers rate the supermarket perishables departments as better overall values than the club store. Hence, continued attention to high quality fresh foods in the supermarket is one requisite of success in competing with wholesale clubs. Services must receive greater emphasis from supermarketers: fresh foods, friendly, knowledgeable personnel, one-stop shopping all serve to differentiate supermarkets in a way that club cost/margin structures can not duplicate.

- However, New York/New Jersey consumers rated the club store as representing a better value for general merchandise, health and beauty care items and, importantly, dry grocery. These consumer judgements should be of considerable concern to supermarket operators, considering that approximately 50 percent or more of supermarket sales come from grocery products. Yet retailers do not feel that price strategies are very effective in combatting wholesale clubs. There appears thus to be an opportunity to close the (perceived) price gap. Effective responses here are critical.

- Supermarkets might pursue a non-perishable *pricing* strategy that attempts to find the *price point* between supermarket prices and wholesale club prices at which consumers *equate* the value of the two stores' offerings considering the other important aspects of shopping: convenience of location, convenience of one-stop shopping, variety, selection, service, etc.

- Although still representing a small share of total food and grocery, the growth rate of wholesale club grocery-related sales will continue to be much greater than the growth of supermarket sales. The latter may even be flat in the near future due to falling food prices and low inflation.

- Similarly, in the same way that some supermarket companies have a number of store formats, some operators will not only develop "club store sections," but will open their own versions of club stores. Indeed, this is already occurring in New York (Big V ShopRite's new "PriceRite Wholesale Club") and elsewhere (Meijer's "Source Club" and H.E. Butt's "H-E-B Bodega").

Endnotes

[1]Wholesale clubs are also interchangeably referred to in retailing circles as "warehouse clubs" and "membership clubs." Throughout this paper we use the convention of "wholesale clubs."

[2]For a more rigorous discussion of evolution, expansion, and structure of the wholesale club industry see Reference #4, below.

[3]For details on the parallel consumer survey conducted in conjunction with this retailer survey see Reference #4, below.

[4]For a detailed discussion of the structure of the food retailing industry in New York State see Reference #5, below.

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