

# MERGER OPPORTUNITIES AMONG CLUB SHOPPING STORES

**Terrance Jalbert, University of Hawaii Hilo**

## CASE DESCRIPTION

*The primary subject matter of this case concerns mergers and divestitures in the club shopping retail space. The case has a difficulty level of four to seven corresponding to upper level undergraduate students through Ph.D. students. The case is designed to be taught in one to two class hours and is expected to require approximately six hours of outside preparation by students. The case is suitable for an individual or group assignment.*

## CASE SYNOPSIS

*The club shopping concept has made significant inroads, both in U.S. and International markets, since the 1970's. This case requires students to examine the prospect for mergers and divestitures among club shopping stores. The case considers four club stores, and one similar non-club store. Case information provides a discussion of each store's history, management issues and related financial information. Students must analyze the data and provide specific recommendations. Students may seek external information to refine their recommendations.*

## CASE BODY

The club shopping retail approach has taken the U.S. and other parts of the world by storm. Club stores did not exist prior to 1954 and included a single firm until 1976. Over the past 40 years club stores increased in popularity dramatically. From their humble beginnings, club-based stores, or their parent firms, grew to occupy the first, second and 80<sup>th</sup> rankings on the 2016 World's Biggest Retail Chains List (Farfan, 2017).

Club shopping requires customers to purchase an annual membership for the privilege of shopping in the store. Memberships range in price from about \$25 to \$120. Some memberships offer cash back bonuses based on the amount purchased. Stores typically offer bulk items for sale, requiring consumers to purchase large quantities to realize significant savings. Several large and small firms occupy roles in the club shopping arena. The discussion begins with an introduction to the operations of firms under consideration. Provided materials also include financial statements and other financial information for each firm.

### **Pricesmart, Inc.**

Sol Price revolutionized the club shopping concept with his FedMart stores, a variant on an earlier club shopping firm, Fedco. In the beginning, FedMart sold discounted products exclusively to federal government employees. Later Mr. Price expanded to sell to the general public. FedMart pioneered innovations in retail including selling gasoline at wholesale prices, in store optical departments, in-store pharmacy departments, and incorporating food into a retail operation. Mr. Price operated the business from 1954 through 1975 at which time the firm operated 40 stores. In 1975, Mr. Price sold controlling interest in the firm to Hugo Mann, a

German retail company. Sol Price and his son Robert Price remained on as executives. Hugo Mann fired Sol Price within a year and his family members left the firm shortly thereafter. Under new management, FedMart faltered and closed in 1983. (Price, 2010 and Wikipedia, FedMart, 2018).

Sol and Robert Price moved on to start Price Club in 1976. Price Club originally sold goods and services exclusively to small businesses. Their initial store, located in San Diego, produced \$16 million in sales the first year of operations, but lost \$750,000. After this result, the firm opened membership to a broader audience and subsequently experienced considerable success (Reference for Business 2018).

The company went public in 1980 (Reference for Business, 2018). Price Club dominated the club-shopping sector. By the late 1980's the firm operated 50 stores, and by 1993 the firm grew to 94 stores with \$6 billion in annual revenues (American National Business Hall of Fame, 2018).

Price Club declined an offer to merge with Walmart in 1993 and instead merged with the third-place competitor, Costco. Robert Price served as the chairperson of the newly formed PriceCostco. The combined PriceCostco had about 206 stores and \$16 billion in annual sales (Wikipedia, Costco, 2018, and Costco, 2018). The arrangement was not successful, leading to a split in 1994, at which time Sol and Robert Price left the company. In the split, PriceCostco retained all the stores and later changed their name to Costco. Sol and Robert Price obtained control of PriceCostco's commercial real estate operation and controlling interests in opportunities in select international markets including Central America, Australia and New Zealand. These assets became part of their new venture named PriceSmart. PriceSmart became publicly traded and opened their first store in Panama in 1997. After the initial public offering, Sol and Robert Price together owned a 58 percent stake in the company (Reference for Business 2018). The Price family, through various individual and trust arrangements, apparently continues to hold a large and potentially controlling interest in the company (PriceSmart Inc, 2017b).

PriceSmart (NASDAQ: PSMT) currently operates club membership stores in Central America, Columbia and the Caribbean. The firm, commonly referred to as the Costco of Central America and the Caribbean, operates 39 club stores. PriceSmart operated stores in Mexico for several years but arrived after its competitors were well established. PriceSmart found the environment to be excessively competitive and sold its interest in the Mexican stores in the mid 2000's. In addition, PriceSmart licenses, or previously licensed, its name to operations in Saipan, Northern Mariana Islands, Guam, China and the Philippines. These stores experienced limited success, but PriceSmart earns royalties from these licensee arrangements. PriceSmart also operates an online shopping platform. (Reference for Business 2018 and Wikipedia, PriceSmart 2018).

Pricesmart employs about 7,900 individuals. The stores resemble a Costco in many ways, with similar membership fees and products. Indeed, PriceSmart sells some Costco signature products. PriceSmart stores occupy less physical space than their Costco counterparts averaging 75,000 square feet and stocking about 2,500 items ((PriceSmart, 2017 and The Costa Rica News, 2018). The stores are generally located in high-population-density urban areas. The firm operates distribution centers in Florida and Costa Rica. Noteworthy PriceSmart products include high-quality fried chicken, bakery items and Member's Selection brand products.

PriceSmart utilizes \$1.17 billion in assets, financed by \$708 million in equity and \$468 million in liabilities. The company has market capitalization of \$2.5 billion. The firm's

revenues exceeded \$2.9 billion in 2017 (PriceSmart Inc., 2017). The closing stock price on June 18, 2018 equaled \$89.75 per share implying a price to earnings ratio of 36.3, a price to book ratio of 3.54 and a price to sales ratio of 0.81. In 2017, revenue growth equaled 3.15 percent and earnings growth equaled 2.05% (CNN Money 2018b).

### **Costco Wholesale Corporation**

Costco (NASDAQ: COST), started by James Sinegal and Jeffrey Brotman, opened its first store in Seattle in 1983. Sinegal obtained experience in the industry working for Sol Price at FedMart (Wikipedia, Costco, 2018). The firm met with substantial success and currently ranks as the second largest U.S. retailer behind only Walmart. Costco stores average 145,000 square feet and stock about 4,000 products (Wikipedia, Costco, 2018 and Costco Wholesale Corporation, 2017).

As of 2018, Costco operates 568 stores in 44 United States and Washington, DC. In addition, it runs 227 stores internationally in ten countries. Its largest international operations exist in Canada, Mexico, Japan and the United Kingdom. Costco also operates a significant online sales platform. Costco employs more than 230,000 individuals. The firm produced sales of \$126.2 billion in 2017. The company functions with total assets of \$36.3 billion and market capitalization of \$86 billion. The capital structure includes \$25.3 billion of debt and \$11.1 billion of equity (Costco Wholesale Corporation, 2017). On June 18, 2018, the firm's stock price closed at \$206.21 per share implying a price to earnings ratio of 30.2, a price to book ratio of 7.95 and a price to sales ratio of 0.54. The firm's revenue growth in 2017 equaled 17.7 percent and earnings growth equaled 14.07 percent (CNN Money, 2018a).

Costco compensates its employees well with hourly workers earning an average wage of more than \$20 per hour (Stone, 2013). It is famous for a multitude of products including its Kirkland branded products, wine, spirits, roasted chicken and gasoline.

### **Sam's Club**

Sam Walton opened the first Walmart in Rogers, Arkansas in 1962 and expanded to 24 stores by 1967. The company went public in 1970 with continuous expansion making it the largest retailer in the U.S. Walmart currently employs 2.3 million workers globally including 1.5 million in the U.S. In total, Walmart operates 5,358 U.S. stores located in all 50 states, Puerto Rico and Washington D.C. It also operates 6,360 operations in more than 15 non-U.S. countries (Walmart, 2018).

The first Sam's Club opened in Midwest City, Oklahoma in 1983. Sam's Club stores average 136,000 square feet and stock an average of 4,900 items (Oleinic 2017 and Walmart, 2018). Sam's Club operates exclusively in the U.S. with 597 stores (Walmart 2018). However, in 2018 Walmart announced plans to close 63 Sam's club stores, some of which will be converted to internet fulfillment centers (Wikipedia, Walmart, 2018 and Wikipedia Sam's Club, 2018). Walmart operates a significant and growing online sales platform that may ultimately provide stiff competition for Amazon.com.

Walmart (NYSE: WMT) operates with \$204.5 billion in assets. Financing involves \$123.7 billion of liabilities and \$80.1 billion of equity. Annual revenues exceed \$500 billion producing operating income of \$20.4 billion and net income of \$9.8 billion (Walmart, 2018). As of June 18, 2018, Walmart's stock price equaled \$83.00 per share, resulting in a market capitalization of \$249.2 billion. At this price the company sports a price to earnings ratio of 27.7, a price to sales ratio of 0.64 and a price to book ratio of 3.20. Earnings growth year to date

for 2018 equaled 10.6 percent, but 2017 earnings growth equaled -25.11 percent (CNN Money 2018c).

Some stock analysts argue that Walmart should spin off Sam's Club operations into a separate company. Analysts argue that, as of 2015, an independent Sam's club would produce sales of about \$58 billion on total assets of \$14 billion. The company would produce \$2 billion of operating income and \$2.6 billion of earnings before interest taxes depreciation and amortization (EBITDA). Analysts estimate the market value of Sam's Club to equal about \$31 billion, just over 10 percent of Walmart's entire value of \$229 billion (Collings, 2015).

Sam's club recently consolidated its brand names under a single brand called Member's Mark. Walmart sometimes faces criticism for paying employees poorly. In response, in recent years, Walmart increased the starting pay for employees and improved employee access to several benefits.

### **BJ's Wholesale Club, Inc.**

BJ's Wholesale operates 221 stores in sixteen east-coast United States. The firm employs more than 25,000 workers. The stores average about 113,000 square feet and stock about 7,200 items, giving it the largest product selection among club stores (Oleinic 2017). In addition, the firm operates a substantial online sales platform. BJ's utilizes two brand names, Berkley Jensen and Wellsey Farms (Chief Packaging Officer, 2015). Unlike other club stores, BJ's accepts manufacturer coupons.

BJ's Wholesale Club was founded in 1984 by the discount department store Zayre. BJ's started with one store in Medford, MA. In a series of corporate sales and acquisitions, BJ's became an independent publicly-traded company in 1997. In 2011, two private equity firms purchased BJ's Wholesale at a price of \$51.25 per share, resulting in a total valuation of about \$2.8 Billion. Before, going private, BJ's rejected an offer from Walmart for \$3 billion (Kosman, 2011).

Current owners reportedly put the company up for sale in 2017 for a price exceeding \$4 billion but did not find a buyer (The Associated Press, 2018). The company filed for an Initial Public Offering on May 17, 2018. The company reported sales of \$12.8 billion for fiscal year 2018 making it the 80<sup>th</sup> largest retail outlet in the U.S. It produced net income of \$50 Million. Earnings growth is apparent as in fiscal year 2017, the firm produced \$12.4 billion in sales and \$44 million in net income. The firm lists \$3.3 billion in total assets financed with \$4.3 billion in liabilities and an equity deficit of \$1.0 billion (BJ's Wholesale, 2018 and Fournier, 2018). On January 13, 2017, the firm paid \$58.15 per share dividend totaling to \$735.5 million. The firm also paid a \$33.06 per share dividend in 2014 (BJ's Wholesale 2018).

### **Cost-U-Less**

In 1989, Jim Rose, formed a group of 35 Investors to start Cost-U-Less. Previously, Mr. Rose owned Rose-Chamberlin, the in-house buyer for Costco. The idea was for Cost-U-Less to offer club shopping type services in smaller markets which lack appeal to larger club operations like Costco and Sam's. Specifically, the company concentrated on island markets. Cost-U-Less further differentiated itself by not charging a membership fee. Cost-U-Less stores utilize less space than their club shopping counterparts with an average store size of just 31,000 square feet. The stores do not offer restaurant, bakery or service products common to club stores. Cost-U-Less opened its first store in Maui, Hawaii in 1989. In its first year of operations, Cost-U-Less purchased 90 percent of its inventory from Costco. The company continues to offer some Costco

products, but has increased direct-from-manufacturer purchasing. The firm does not have an online sales platform (Company-Histories.com, 2018).

Since inception, Cost-U-Less steadily expanded but faced unsuccessful experiences in the U.S. Mainland and in New Zealand. These experiences caused the firm to refocus on island markets. Cost-U-Less has been successful in many ways. However, as of 2018, it operates just 11 stores. A 12<sup>th</sup> store is currently closed due to damage from hurricane activity in St. Thomas. Recently, Cost-U-Less closed a store on Kauai, Hawaii after Costco opened a competing store on the same island. Nevertheless, Cost-U-Less identified 30 potential store sites in the Pacific and Caribbean and a total of 90 sites that met its minimum location criteria (Company-Histories.com, 2018). Cost-U-Less employs approximately 600 individuals (Bloomberg, 2018).

Cost-U-Less (NASDAQ: CULS) went public in 1998 with an initial offering of 1.5 million shares at \$7.00 per share. The company operated as a public firm from 1998-2007. In 2007 the North West Company, a Canadian grocer, took the company private. North West purchased Cost-U-Less for about \$52.2 million and currently operates the firm privately (Business Wire, 2007). Financial data on Cost-U-Less were last available on December 21, 2006. At that time, the company reported total assets of \$54 million financed with \$27 million of equity and \$27 million of debt. The company achieved \$222 million in revenues and produced \$2.7 million of net income. Cost-U-Less never paid a dividend to shareholders (Cost-U-Less, 2007).

## **Financials**

Tables 1-4 provide financial data for the five firms under consideration. Some cautionary notes bear mention. First, Walmart and Costco financial statements are presented in millions of dollars while PriceSmart, BJ's Wholesale and Cost-U-Less financial statements are reported in thousands. Readers should also note that Cost-U-Less financial data covers the period 2006. Historical data for Cost-U-Less is presented from 2002-2006. Data after 2006 is not available as the company was taken private. Table 5 shows the number of stores per state for each company. Table 6 shows international stores and total combined stores. Data in Tables 5 and 6 includes separate information for Walmart in its entirety and Sam's Club individually.

**Table 1**  
**BALANCE SHEET DATA**

	Walmart	Costco	BJs Wholesale	PriceSmart	Cost U Less
	1/31/2018	9/3/2017	5/5/2018	1/3/2018	12/31/2006
	in millions	in millions	in thousands	in thousands	in thousands
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	6,756	4,546	304,714	162,434	7,420
Short-Term Investments		1,233		460	
Receivables, net	5,614	1,462	168,719	6,460	1,133
Merchandise Inventories	43,783	9,834	1,055,234	310,946	22,829
Other Current Assets	3,511	272	830,414	30,070	1,049
Total Current Assets	59,664	17,317	1,337,465	510,370	32,431
Net Property Plant and Equipment	106,675	18,161	749,670	557,829	20,881
Goodwill	18,242		924,134	35,642	
Intangibles			218,645		
Other Non-Current Assets				44,678	723
Other Assets		869	31,352	28,995	
<b>TOTAL ASSETS</b>	<b>204,522</b>	<b>36,347</b>	<b>3,261,266</b>	<b>1,177,514</b>	<b>54,035</b>
<b>LIABILITIES AND EQUITY</b>					
Current Liabilities					
Accounts Payable	46,092	9,608	799,524	272,248	15,831
Current Portion of Long-Term Debt	3,738	86	179,250	18,358	267
Accrued Salaries, benefits and other Current Liab.	22,122	2,703	459,079	19,151	5,337
Income Taxes Payable	645			5,044	369
Other Current Liabilities	5924	5,098	2,122	48,883	311
Total Current Liabilities	78,521	17,495	1,439,975	363,384	22,115
Deferred Tax Liability	8,354		52,531	2,721	899
Long-Term Debt, excluding Current Portion	30,045	6,753	2,507,960	87,939	1,744
Other Liabilities	6,780	1,200	285,405	14,703	2,281
<b>TOTAL LIABILITIES</b>	<b>123,700</b>	<b>25,268</b>	<b>4,285,871</b>	<b>468,747</b>	<b>27,039</b>
<b>EQUITY</b>					
Preferred Stock					14,712
Common Stock	295	4	124	3	
Additional Paid-in Capital	2,648	5,800	360	422,762	
Accumulated other Comprehensive Loss	-100,181	-1,014	-1,025,089	-110,059	-770
Retained Earnings	85,107	5,988		420,499	13,594
Treasury Stock				-35,924	
Tax Benefit from Stock Based Compensation				11,486	
Total Stockholder's Equity	77,869	10,778	-1,024,605	708,767	26,996
Noncontrolling Interests	2,953	301			
<b>TOTAL EQUITY</b>	<b>80,822</b>	<b>11,079</b>	<b>-1,024,605</b>	<b>708,767</b>	<b>26,996</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>204,522</b>	<b>36,347</b>	<b>3,261,266</b>	<b>1,177,514</b>	<b>54,035</b>

*This table shows balance sheet data for each firm. Data for Costco and Walmart are reported in millions. Data for PriceSmart, BJ's Wholesale and Cost-U-Less are reported in thousands. Data from BJ's Wholesale (2018), Cost-U-Less (2007), Costco Wholesale Corporation (2017), PriceSmart (2018) and Walmart (2018).*

**Table 2**  
**INCOME STATEMENT DATA**

	Walmart Y.E. 01-31-2018 in millions	Costco Y.E. 09-30-2017 in millions	BJ's Wholesale Y.E. 02-03- 2018 in thousands	PriceSmart Y.E. 08-31-2017 in thousands	Cost-U-Less Y.E. 12-31-2006 in thousands
<b>REVENUE</b>					
Net Sales and other revenue		126,172	12,495,995	2,948,885	222,022
Membership Fees		2,853	258,594	47,743	
Total Revenue	500,343	129,025	12,754,589	2,996,628	222,022
<b>OPERATING EXPENSES</b>					
Merchandise Costs	373,396	111,882	10,513,492	2,519,752	180,347
Selling, General and Administrative	106,510	12,950	2,017,821	338,642	6,605
Preopening Expenses		82	3,004	44	415
Other Expenses					29,994
Operating Income	20,437	4,111	220,272	138,190	4,667
<b>OTHER INCOME (EXPENSES)</b>					
Interest Expense (net)	2,178	-134	196,724	-4,968	-405
Other Income (Expenses)	3,136	62		-479	
Income Before Income Taxes	15,123	4,039	23,548	132,743	4,268
Provision for Income Taxes	4,600	1,325	-28,472	42,018	1,600
Net Income Including Noncontrolling Interests		2,714			
Net Income Attributable to Noncontrolling Interests		-35		-1	
NET INCOME	9,862	2,679	51,975	90,724	2,668
<b>NET INCOME PER COMMON SHARE</b>					
Basic	3.29	6.11	4.12	2.98	0.66
Diluted	3.28	6.08	3.94	2.98	0.63
<b>Shares Used in Calculation</b>					
Basic	2,995,000	438,437	12,627	30,020	4,016
Diluted	3,010,000	440,937	13,181	30,023	4,243
Cash Dividends Declared Per Common Share	2.04	8.90	58.15	0.70	0.00
Total Dividend	6,124	3,904	735,500	21,285	0.0

*This table shows fiscal year end (Y.E.) income statement data for each firm. Data for Costco and Walmart are reported in millions. Data for PriceSmart, BJ's Wholesale and Cost-U-Less are reported in thousands. Shares used in calculations are in thousands for all firms. Data from BJ's Wholesale (2018), Cost-U-Less (2007), Costco Wholesale Corporation (2017), PriceSmart (2018) and Walmart (2018).*

**Table 3**  
**CASH FLOW DATA**

	Walmart Y.E. 01-31-2018 in millions	Costco Y.E. 09-30-2017 in millions	BJ's Wholesale Y.E. 02-3-2018 in thousands	PriceSmart Y.E. 08-31-2017 in thousands	Cost-U-Less Y.E. 12-31-2006 in thousands
Net Cash Flow from Operating Activities	28,337	3,726	210,085	122,856	6,553
Net Cash Flow from Investing Activities	-9,060	-2,366	-137,466	-135,217	-4,796
Net Cash Flow from Financing Activities	-19,875	-3,218	89,199	-21,805	332
Effect of Exchange Rate Changes on Cash	487	25		-2,838	27
Net Change in Cash and Cash Equivalents	-111	1,167	2,990	-37,004	2,116
Beginning of Year Cash and Cash Equivalents	6,867	3,379		202,716	5,304
End of Year Cash and Cash Equivalents	6,756	4,546		165,712	7,420

*This table shows cash flow data for each firm. Data for Costco and Walmart are reported in millions. Data for PriceSmart, BJ's Wholesale and Cost-U-Less are reported in thousands. Data from BJ's Wholesale (2018), Cost-U-Less (2007), Costco Wholesale Corporation (2017), PriceSmart (2018) and Walmart (2018).*

**Table 4**  
**SELECTED FINANCIAL DATA**

	2018	2017	2016	2015	2014
<b>Time Series Comparison</b>					
<b>Walmart (in millions except per share data)</b>					
Total Revenues	500,343	485,873	482,130	476,294	
Gross Profit Margin	24.70%	24.90%	24.6	24.3	
Operating Income	20,437	22,764	24,105	26,872	
Net Income	10,523	14,293	15,080		
Diluted Income per Common Share from Continuing Operations	3.28	4.38	4.57	4.85	
Dividends Per Share	2.04	2	1.96	1.88	
Total Dividend	6,124	6,216	6,294	.	
Total Assets	204,522	198,825	199,581	204,541	
Stores in Operation	11,121	11,035	10,873	10,806	10,250
<b>Costco (in millions except per share data)</b>					
Total Revenues		126,172	116,073	110,212	102,870
Gross Profit Margin		11.33%	11.35%	10.66%	10.62%
Operating Income		4,111	3,672	3,220	3,053
Net Income		2,679	2,350	2,377	
Diluted Income per Common Share from Continuing Operations		6.08	5.33	4.65	4.63
Dividends Per Share		8.9	1.7	1.33	8.17
Total Assets		36,347	33,163	32,662	29,936
Stores in Operation		741	715	663	634
Members (000)		49,400	47,600	42,000	39,000
<b>BJ's Wholesale (in thousands except per share data)</b>					
Total Revenues	12,754,589	12,350,537	12,437,553		
Gross Profit Margin					
Operating Income	220,272	216,019	186,796		
Net Income	50,301	44,224	24,104		
Diluted Income per Common Share from Continuing Operations	3.94	3.45	1.91		
Dividends Per Share	58.15	0	0		
Total Dividend	735,500	0	0		
Total Assets	3,261,266	.	.		
Stores in Operation	221	.	.		
<b>PriceSmart (in thousands except per share data)</b>					
Total Revenues		2,996,628	2,905,176	2,517,567	2,299,812
Gross Profit Margin		14.50%	14.30%		
Operating Income		136,229	136,723	136,707	127,046
Net Income		90,724	88,723	89,124	
Diluted Income per Common Share from Continuing Operations		2.98	2.92	3	
Dividends Per Share		0.7	0.7	1	
Total Assets		1,177,514	1,096,735	937,338	826,039
Stores in Operation		39	38		
Members (000)		1,542,839	1,490,424		
Total Dividends		21,285	21,274	21,144	18,133
<b>Cost-U-Less (in thousands except per share data)</b>					
Total Revenues	2006	2005	2004	2003	2002
Total Revenues	222,022	219,414	209,390	177,066	176,190
Gross Profit Margin	18.80%	18.60%	18.40%		
Operating Income	4,667	4,990	4,825	2,059	1,086
Net Income	2,668	3,015	2,688	1,381	285
Diluted Income per Common Share from Continuing Operations	0.63	0.77	0.72		
Dividends Per Share	0	0	0	0	0
Total Assets	54,035	49,632	46,202	40,940	40,190
Stores in Operation	11	11	11	11	10
Total Dividends	0	0	0	0	0

*This table shows selected historical financial data for each firm. Data for Costco and Walmart are reported in millions. Data for PriceSmart, BJ's Wholesale and Cost-U-Less are reported in thousands. Data from BJ's Wholesale (2018), Cost-U-Less (2007), Costco Wholesale Corporation (2017), PriceSmart (2018) and WalMart (2018). CNN Money (2018a, 2018b and 2018c).*



**Table 5**  
**UNITED STATES STORE LOCATIONS**

Store Locations	Total Walmart	Sam's Club	Costco	BJ's Wholesale*	PriceSmart	Cost-U-Less
Alabama	145	13	4			
Alaska	9		3			
Arizona	128	12	20			
Arkansas	128	9				
California	320	29	141			1
Colorado	109	17	14			
Connecticut	35	1	6	11		
Delaware	10	1	1	3		
Florida	380	46	28	29		
Georgia	215	24	14	8		
Hawaii	12	2	7			2
Idaho	27	1	5			
Illinois	192	25	22			
Indiana	128	13	6			
Iowa	69	9	2			
Kansas	85	9	3			
Kentucky	107	9	4			
Louisiana	139	14	3			
Maine	25	3		2		
Maryland	61	11	13	9		
Massachusetts	52		6	20		
Michigan	126	23	17			
Minnesota	82	12	10			
Mississippi	85	7				
Missouri	158	19	6			
Montana	16	2	5			
Nebraska	47	5	3			
Nevada	50	7	7			
New Hampshire	29	2	1	6		
New Jersey	70	7	22	20		
New Mexico	53	7	3			
New York	117	12	19	37		
North Carolina	217	22	8	8		
North Dakota	17	3	1			
Ohio	172	27	12	6		
Oklahoma	136	13	1			
Oregon	45		13			
Pennsylvania	164	24	11	15		
Puerto Rico	42	7				
Rhode Island	9			3		
South Carolina	124	13	5			
South Dakota	17	2	1			
Tennessee	154	14	5			
Texas	601	81	34			
Utah	61	8	13			
Vermont	6		1			
Virginia	154	15	17	10		
Washington	68		41			
Washington DC	5		1			
West Virginia	44	5				
Wisconsin	99	10	9			
Wyoming	14	2				
<b>U.S. Total</b>	<b>5,358</b>	<b>597</b>	<b>568</b>	<b>187</b>	<b>0</b>	<b>3</b>

*This table shows store locations by state for each firm. \* BJ's Wholesale figures reflect 2010 data. Data from BJ's Wholesale (2018), Cost-U-Less (2007), Costco Wholesale Corporation (2017), PriceSmart (2018) and WalMart (2018). Data were also obtained from the firm's website.*

**Table 6**  
**INTERNATIONAL STORE LOCATIONS**

	Walmart	Sam's Club	Costco	BJ's Wholesale	PriceSmart	Cost-U-Less
International Operations						
South Africa	382					
Other African Continent	42					
Brazil	465					
Canada	410		97			
Costa Rica	247				6	
Columbia					7	
El Salvador	95				2	
Guatemala	238				3	
Honduras	103				3	
Nicaragua	95				2	
Panama					5	
Dominican Republic					3	
Trinidad					4	
Aruba					1	
Barbados					1	1
Curacao						1
Cayman Islands						1
U.S. Virgin Islands					1	1
Jamaica	378				1	
St. Croix						1
St. Thomas						1
China	443					
India	20					
Japan	336		26			
Korea			13			
Taiwan			13			
Mexico	2,358		37			
United Kingdom	642		28			
Australia			9			
Spain			2			
Iceland			1			
France			1			
American Samoa						1
Guam						2
Fiji						1
<b>International Total</b>	<b>6,360</b>		<b>227</b>	<b>0</b>	<b>39</b>	<b>10</b>
<b>Combined Total</b>	<b>11,718</b>	<b>597</b>	<b>795</b>	<b>187</b>	<b>39</b>	<b>13</b>
As of April 5, 2018				221		12

*This table shows international store locations for each firm. \* BJ's Wholesale combined total figures reflect 2010 data. Data from BJ's Wholesale (2018), Cost-U-Less (2007), Costco Wholesale Corporation (2017), PriceSmart (2018) and WalMart (2018). Data were also obtained from the firm's website.*

## REFERENCES

- American Business National Hall of Fame (2018) "Sol Price: Founder of Costco," downloaded June 14, 2018 from: [http://anbhf.org/pdf/Sol\\_Price\\_Bio.pdf](http://anbhf.org/pdf/Sol_Price_Bio.pdf)
- Bloomberg.com (2018) "Multiline Retail: Company Overview of Cost-U-Less, Inc.," downloaded July 5, 2018 from: <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=388052>
- BusinessWire (2007) "North West Company Fund to Acquire Cost-U-Less," August 27, 2007. Downloaded June 14, 2018 from: <https://www.businesswire.com/news/home/20070827006007/en/North-West-Company-Fund-Acquire-Cost-U-Less>
- BJ's Wholesale (2018) Form S-1 filed with the U.S. Securities and Exchange Commission June 1, 2018

- Chief Packaging Officer (2015) “BJ’s Wholesale Club Overhauls Private Label Packaging with New Photography, Logos and More,” downloaded June 27, 2018 from: <https://www.chiefpackagingofficer.com/private-label-bjs-wholesale-club/>
- CNN Money (2018a), Costco Stock Quotation: downloaded July 9, 2018 from: <http://money.cnn.com/quote/quote.html?symb=WMT>
- CNN Money (2018b), PriceSmart Stock Quotation: downloaded July 9, 2018 from: <http://money.cnn.com/quote/quote.html?symb=WMT>
- CNN Money (2018c), Walmart Stock Quotation: downloaded July 9, 2018 from: <http://money.cnn.com/quote/quote.html?symb=WMT>
- Collings, R. “Should Walmart Spin Off Its Sam’s Club Stores? *TheStreet.com*, downloaded, June 12, 2017 from: <https://www.thestreet.com/story/13357090/1/should-walmart-spin-off-its-sam-s-club-stores.html>
- Company-Histories (2018), Cost-U-Less Inc. downloaded June 13, 2018 from <http://www.company-histories.com/CostULess-Inc-Company-History.html>
- Costco Wholesale Corporation (2017), Form 10-K filed with the Securities and Exchange Commission for Fiscal Year Ended September 3, 2017
- Costco Wholesale Corporate (2018) Costco Website About Us. Downloaded July 9, 2018 from: <https://www.costco.com/about.html>
- Cost-U-Less Inc (2007) Form 10-K filed with the Securities and Exchange Commission for year ended December 31, 2006
- Farfan, B. (2017) “The World’s Biggest Retail Chains: Ranking the Retailers by Revenue: Walmart, Costco, Kroger, Home Depot, Target,” *The Balance Small Business*, Downloaded June 11, 2018 from: <https://www.thebalancesmb.com/largest-us-retailers-4045123>
- Fournier, E. (2018) “BJ’s Wholesale Club Plans Public Market Return with IPO Filing,” *Bloomberg*, Accessed June 12, 2018 from: <https://www.bloomberg.com/news/articles/2018-05-17/cvc-backed-bj-s-wholesale-club-files-for-u-s-public-offering>
- Kosman, H. (2011) “Walmart Made Bid to Acquire BH’s Wholesale Club,” *New York Post*, August 8, downloaded June 27, 2018 from: <https://nypost.com/2011/08/08/walmart-made-bid-to-acquire-bjs-wholesale-club/>
- Oleinic, A. (2017) “Sam’s Club vs Costco vs BJ’s: Which is Best?” *Insider Monkey*, downloaded June 18, 2018 from: <https://www.insidermonkey.com/blog/sams-club-vs-costco-vs-bjs-which-is-the-best-542154/>
- Price, R.E. (2010), “Sol Price: Retail Revolutionary The FedMart Years—1954-1975,” *The Journal of San Diego History*, vol. 56(4), p. 185-202
- PriceSmart Inc. (2017) Form 10K filed with the Securities and Exchange Commission for year ended August 31, 2017
- PriceSmart Inc. (2017b) Form DEF 14A filed with the Securities and Exchange Commission December 14, 2017.
- Reference for Business (2018), PriceSmart, downloaded June 13, 2018 from: <http://www.referenceforbusiness.com/history/Pa-QI/PriceSmart-Inc.html>
- Stone, B. (2013) “Costco CEO Craig Jelinek Leads the Cheapest, Happiest Company in the World,” *Bloomberg*, downloaded June 27, 2018 from: <https://www.bloomberg.com/news/articles/2013-06-06/costco-ceo-craig-jelinek-leads-the-cheapest-happiest-company-in-the-world>
- The Associate Press (2018), “BJs Wholesale Club is Going Public, Looking to Raise \$100M with IPO Later This Year,” *USAToday*, Downloaded June 12, 2018, from: <https://www.usatoday.com/story/money/markets/2018/05/17/bjs-wholesale-club-going-public-again-ipo-later-year/619819002/>
- The Costa Rica News (2018) “PriceSmart: Costa Rica is Our Largest Market and We Will Continue to Grow,” downloaded June 13, 2018 from: <https://thecostaricanews.com/pricesmart-costa-rica-largest-market-will-continue-grow/>
- Walmart Inc. (2018) Form 10K, filed with the Securities and Exchange Commission for Year Ended January 31, 2018
- Wikipedia (2018), Costco, downloaded June 13, 2018 from: <https://en.wikipedia.org/wiki/Costco>
- Wikipedia (2018), FedMart, Downloaded June 19, 2018 from: <https://en.wikipedia.org/wiki/FedMart>
- Wikipedia (2018), PriceSmart, downloaded June 20, 2018 from: <https://en.wikipedia.org/wiki/PriceSmart>
- Wikipedia (2018) Sam’s Club, Downloaded June 19, 2018 from: [https://en.wikipedia.org/wiki/Sam%27s\\_Club](https://en.wikipedia.org/wiki/Sam%27s_Club)
- Wikipedia (2018) Walmart, Downloaded July 9, 2018 from: <https://en.wikipedia.org/wiki/Walmart>

## **AUTHOR DISCLOSURE**

The author of this case holds equity stakes in Costco Wholesale Corporation and PriceSmart, Inc.