



Is Costco Worth It?

Dear Dr. Per Cap:

We're opening our food booth this summer now that pow wows and events are back. I think we save money on supplies shopping at Costco but my wife says we spend too much on gas driving two hours each way and going out to eat. Is Costco worth it?

Signed,

Hamburger Hank

Dear Hamburger Hank

You really need to figure out how much you save vs how much you spend. Your wife is right that four hours round trip burns a lot of gas. Tack on lunch or dinner at a nice restaurant and your shopping excursion could easily run an extra \$100.

However, I find the biggest challenge when shopping at membership clubs like Costco, Sam's Club, and Food4Less is maintaining control. Seriously, those warehouse stores kill more budgets than Amazon on Cyber Monday. Whenever I go to a membership club I almost always buy more stuff than I planned on. Who knew I wouldn't be able to resist a seven pound tub of Skippy peanut butter? That's more than enough sandwiches for an NBA pre game meal – home team and visitors.

And don't forget annual fees. Depending on the store they run about \$40 for a basic membership to more than \$100 for a high end pass. If you shop often you're able to spread that expense over many trips but if you only visit a store occasionally you're paying more for the privilege.

Here are a few easy steps to determine if you win or lose shopping at a membership club.

First add up how much you save on products you need when buying at a membership club vs how much you would spend at a regular supermarket. Quick tip - don't just assume membership clubs are always the cheapest option. Items such as fresh produce and some dairy products can be more expensive at membership clubs.

Next add up how much you spend on impulse purchases at membership clubs – like the mega tub of Skippy or that giant teddy bear for the kiddos. Also be realistic when buying in bulk because too much of a good thing can actually be bad.

That's because it's really easy to waste product when you have a large supply. If you don't believe me think about how much toothpaste you can squeeze out of that last tube of Crest in the bathroom. But when you've got a ten pack the stuff flows faster than Easy Cheese on crackers. I bet Costco sells a barrel of that too!

Also be mindful of storing those supersize containers and packages. If space is limited a pallet sized mountain of napkins and paper plates are probably more hassle than they're worth.

So there you have it. If you can save more than you spend at Costco you're shopping smart. If not, you might come out ahead by saving gas and shopping local.

It's burger time!

Ask Dr. Per Cap is a program funded by First Nations Development Institute with assistance from the FINRA Investor Education Foundation. For more information, visit www.firstnations.org. To send a question to Dr. Per Cap, email askdrpercap@firstnations.org.