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- Costco Japan—7.
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WCF Visits Cost-U-Less in Grand Cayman, Cayman Islands

WCF visits warehouse clubs around the world to search for information that provides subscribers with a unique insight into their buying and operating strategies. These visits enable us to keep readers informed about current merchandising techniques, product changes and packaging at the warehouse club level. Our observations also provide manufacturers with ideas and strategies that they can use to improve their business with the warehouse clubs regionally, nationally and internationally.

On April 11, 2011, WCF visited the Cost-U-Less location on Grand Cayman in the Cayman Islands (see picture on the right). The location was opened in 2007. The Cayman Islands consists of three islands (Grand Cayman at 76 square miles, Cayman Brac at 14 square miles and Little Cayman at 10 square miles) approximately 480 miles south of Miami, Florida.



Cost-U-Less—Grand Cayman

As part of the visit, WCF met with five Cost-U-Less executives: Rex Wilhelm, president and chief operating officer of The North West Company's international division (Cost-U-Less was purchased by The North West Company, a Canadian-based public company, in December, 2007 and is part of the company's international division), Tom Kallio, vice president and general manager of Cost-U-Less, Christie Frazier-Coleman, vice president of procurement and marketing of The North West Company's international division, Guy Strickland, manager of Cost-U-Less Grand Cayman and Charlie Hyde, Cost-U-Less regional manager for the Caribbean. The following article includes two sections: a profile of Cost-U-Less and observations from Grand Cayman.

The retail prices that appear in any pictures in this article are in Cayman Island dollars (KYD). Retail prices mentioned within the text of this article are provided in U.S. dollars and KYD. The exchange rate used is KYD 1 to US \$1.19.

Cost-U-Less Profile

The North West Company (NWC) – NWC's roots date back to 1668, making it one of the world's oldest existing retail organizations. NWC's core strategy, according to its web site (www.northwest.ca), is to operate in "underserved rural communities and urban neighborhood markets" in northern Canada (126 Northern stores, 7 NorthMart stores and 17 Quickstop convenience stores), western Canada (34 Giant Tiger stores), rural Alaska (33 AC Value Center stores) and the South Pacific and the Caribbean (12 Cost-U-Less locations and one Island Fresh supermarket).

The figures in this paragraph are in Canadian dollars. In its 2010 fiscal year, ending January 31, 2011, NWC generated \$1.45 billion in annual sales from 230 locations. Of that total, 77% is concentrated in four banners: Northern stores at \$573 million, Cost-U-Less at \$261, AC Value Centers at \$177 million and NorthMart at \$108.

Cost-U-Less – Jim Rose, who represented manufacturers to warehouse club operators, founded Cost-U-Less and was president of the company until 1999. The company, which does not charge an annual membership fee, opened its first location on the Hawaiian island of Maui in 1989. At the time, a majority of its merchandise was purchased at Costco.

The company operated that single building until Guam and Hilo, Hawaii opened in 1992. Today, Cost-U-Less operates 12 locations in the Pacific and Caribbean including: two each in Hawaii, Guam, the United States Virgin Islands and Netherlands Antilles and one each in Fiji, Grand Cayman, American Samoa and California.

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