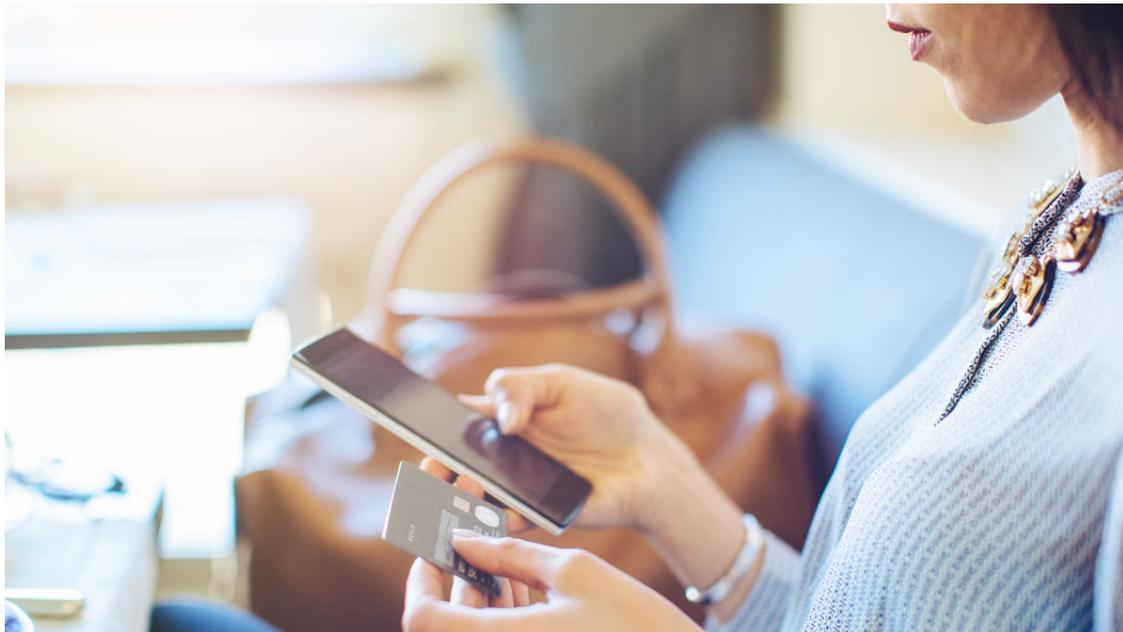


Pros and Cons of Retail Membership Programs

The benefits may sound great, but there's more to think about

By Beth Braverman
February 01, 2019



More retailers are now providing membership plans, betting that you'll pay a fee for the privilege of shopping with them.

They're probably on to something. Amazon charges \$119 per year for Amazon Prime and has more than 100 million members who make the e-commerce giant their first stop when they go shopping.

In exchange for that loyalty, Prime members get lots of benefits, including same-day and free one-day delivery on millions of items, free streaming movies and music, and discounts on groceries at Whole Foods Market.

At least a dozen other chain retailers now offer membership plans, and that's likely to grow.

MORE ON SHOPPING

[When Are Sales Too Good to Be True?](#)

[How to Spend the Last 50 Cents on Your Gift Card](#)

[How to Steer Clear of Online Shopping Scams](#)

[How to Avoid Buying Counterfeit Products Online](#)

[How to \(Really\) Stay Ahead of Your Credit Card Bills](#)

“We anticipate more paid loyalty programs will launch in the next few years, including programs at grocery stores and gas stations,” says Scott Robinson, vice president of design and strategy at [Bond Brand Loyalty](#), a marketing and consulting firm.

As more membership plans become available, consumers need to carefully weigh the pros and cons. In addition to the perks these plans offer, the cost of membership and the risk that you'll turn you into a spendthrift could outweigh any benefits.

“Once you make a financial commitment to being a loyal customer, you’ve got a conscious or unconscious goal to get your money’s worth out of that membership,” says Josh Lowitz, a partner and co-founder of Consumer Intelligence Research Partners. And that can quickly get expensive.

**We're Not Loyal to Brands.
We're Loyal to You.**

Ratings & reviews on over 8,000 products.

Become a Member

More Membership Plans

Among the membership plans that may now be vying for your business are Bed Bath & Beyond's Beyond +, which you can join for \$29 per year. For that, you get 20 percent off every time you make a purchase online or at the store. You also get free shipping.

Others, including Sephora, Newegg.com, Restoration Hardware, and Wayfair, have rolled out or are testing membership programs, charging fees up to \$100 per year.

Lululemon is reportedly piloting a membership program in Canada and plans to expand into other markets. CVS is offering CarePass, but membership is limited or unavailable in some states.

When you sign up, these retailers offer online and in-store discounts, deals on shipping, dedicated customer service, and financing deals with lower interest rates. Depending on the retailer, membership comes with other perks, too, such as access to exclusive events, discounts on furniture-assembly help (Wayfair), even free fitness classes (Lululemon).

What to Consider Before Signing Up

To help figure out whether a membership will be worth the cost, ask yourself these questions.

Will the discounts really save you money? One of the most appealing aspects of paid retail membership programs is the opportunity to pay less for your purchases. But weigh the size of those discounts against the cost of the membership, says Kit Yarrow, professor emerita of psychology at Golden Gate University and author of "Decoding the New Consumer Mind: How and Why We Shop and Buy."

A \$15 per year, the PowerUp Pro membership at GameStop, for example, will get you 10 percent off all pre-owned games, so you'd have to buy about six pre-owned games in a year to offset that cost. A \$100 membership to Restoration Hardware gets you 25 percent off any full-priced item, an amount you could likely offset with just a few pieces of furniture.

Will a membership cause you to spend more than you should? Buying things you don't need just to get rewards or a discount could end up costing you rather than saving you money. So could failing to shop around for the best price on products. Retailers are counting on you to do both, says Yarrow. Amazon Prime customers spend an average of \$1,400 per year on the site, compared with just \$600 spent on Amazon by non-Prime members, according to CIRP.

"Once you make the commitment with a membership, you become a little bit lazy about comparison shopping," says Yarrow.

Will you use the extra perks? Many retailers offer additional benefits beyond discounts. Restoration Hardware, for example, provides members with a complementary one-

on-one consultation with an interior designer, which may not be valuable to you if you're a do-it-yourselfer or you're already working with a design pro.

“It’s really no different than taking out a golf club or gym membership,” says Doug Stephens, author of the book "Re-Engineering Retail." “You have to ask yourself at the outset, what’s the likelihood that you’ll actually use these services? You may join with the best of intentions, and then after a while look back and see that you only went golfing twice.”

Do you know how the retailer might use your data? To become a member, you’ll likely have to share your name, address, phone number, and other information in exchange for membership. Some membership programs, such as the one offered by the hat seller Lids, ask for your date of birth with a promise to send you a “birthday present” when the day comes.

Retailers will likely also track what you’re buying and how often, and use that information to hone their business.

“If you feel that you’re getting a good deal with the membership, you’re probably giving up something,” Stephens says. “Often, that’s information about your habits, tendencies, and behavior.”

Stephens says to be sure to read through the terms of the membership agreement before signing up to find out how your data can be shared.

Is it simple to end a membership? Most membership programs auto-renew and many are nonrefundable. Still, the terms of each retailer are different. Newegg, for example, will

provide a full refund if you haven't used any benefits in the current annual membership term; Barnes & Noble allows members to opt-out of auto-renewal and will provide a refund within 30 days of a membership renewal if it hasn't been used.

To avoid cancellation problems, set a calendar reminder to evaluate your membership a few weeks before it renews, so that you can opt out if you choose. Also, before renewing check whether the terms of the membership program have changed or whether your needs have changed. A Restoration Hardware membership, for example, might be a great deal for a new homeowner but less worthwhile after you've finished decorating.

RETAILER	MEMBERSHIP COST	SELECT BENEFITS
Amazon Prime	\$119/year	<ul style="list-style-type: none">• Free same-day and one-day delivery in 10,000+ cities and towns on 3 million items; free two-day delivery on over 100 million items• Video streaming from Amazon Prime library• Prime music streaming• Unlimited photo storage• Access to the

		800,000-book Kindle Lending Library
AMC Stubs Premier	\$15/year	<ul style="list-style-type: none"> • 100 rewards points per \$1 spent (\$5 reward for every \$5,000 points) • Free upgrades on popcorn and fountain drinks; free large popcorn refill • Priority lanes at box office and concession stands • Waived online ticketing fees • Reduced prices on Tuesdays • Birthday gift
Barnes & Noble B&N Membership	\$25/year	<ul style="list-style-type: none"> • Bonus coupons for signing up • 40 percent off hardcover best sellers; 10 percent off most other items • Free express shipping in 1 to 3 days
Bed Bath & Beyond	\$29/year	<ul style="list-style-type: none"> • 20 percent off all purchases

Beyond +		<ul style="list-style-type: none"> • Free shipping
Boxed Up	\$49/year	<ul style="list-style-type: none"> • Free shipping on all orders • 2 percent cash back • 30-day free trial
CVS CarePass	\$5/month or \$48/year	<ul style="list-style-type: none"> • Free shipping from CVS.com where offered • Free 1-2 day prescription delivery on qualifying prescriptions • 24/7 pharmacist hotline • 20 percent off CVS Health brand products • \$10 monthly CarePass reward to use in-store
GameStop PowerUp Pro	\$14.99/year	<ul style="list-style-type: none"> • 20 rewards points for every dollar spent • Birthday offer • Buy 2 get 1 free pre-owned games welcome offer • 10 percent off pre-owned games

		<p>and accessories</p> <ul style="list-style-type: none"> • 10 percent extra trade credit on games, accessories, and tech • One-year subscription to Game Informer magazine • Access to exclusive sales
GNC Pro Access	\$39.99/year	<ul style="list-style-type: none"> • 1 reward point per \$1 spent; \$5 cash back for 150 rewards • Free birthday gift • Exclusive access to sales events, giveaways • Free expedited shipping • "Pro Boxes" of free samples twice a year
Lids AccessPass	\$5/year	<ul style="list-style-type: none"> • \$10 for \$100 spent • Birthday present • Early access to new products, special offers • 20 percent off

		<p>hats and embroidery</p> <ul style="list-style-type: none"> • 10 percent off apparel and novelties • Buy one, get one half off
Newegg Premier	\$19.99/3 months or \$29.99/six months or \$49.99/year	<ul style="list-style-type: none"> • Free 3-day shipping, and free returns • Friends & family membership for up to four people • No restocking fee on returned items • Dedicated customer-service line • Exclusive deals, early notice of events
REI Co-op membership	\$20 (lifetime membership)	<ul style="list-style-type: none"> • 10 percent "dividend" (cash back) each year based on eligible purchases • Exclusive offers on gently used and returned gear, events, and classes
Restoration Hardware	\$100/year	<ul style="list-style-type: none"> • 25 percent off all full-price items

RH Members		<ul style="list-style-type: none"> • 20 percent off sale items • Design consultation • Early access to clearance events
Sephora Flash	\$15/year	<ul style="list-style-type: none"> • Free two-day shipping
Wayfair MyWay	\$29.99/year	<ul style="list-style-type: none"> • Free shipping on all orders • 25 percent off assembly • Exclusive sales offers • Membership applies to sister companies AllModern, Joss & Main, Birch Lane.