

Brief introduction of costco essay sample

[Business](#), [Company](#)



Good afternoon everyone, welcome to our presentation. We are Bravery and here are our group members...this is ...this is... and I am Steven. The company we are going to analyze today is Costco. Before our introduction, let's first watch a video. Firstly, we will introduce the overall background information of Costco. Secondly, the vision and mission of Costco will be analyzed. Thirdly, we will talk about how did they come up with their dreams. Fourthly, the analysis about the strategic objectives will be given. Lastly, we will identify the challenge Costco is facing and give our recommendations. Costco is a membership wholesale club based in the U. S., which is aim for bringing the quality products and service at the lowest possible price to customer. It was founded by James Sinegal & Jeffrey Brotman in 1983 and now it is the largest membership warehouse club chain in the United States, ranking 24th in the Fortune Top 500. Costco now has operated a chain of 622 warehouses around the world, with 448 in American, 85 in 9 Canadian provinces, 32 in Mexico, 13 in Japan, 9 in Korea, 9 in Taiwan, 3 in the Australia, and 23 in the United Kingdom.

The Company also operates Costco Online, the electronic commerce web sites at 3 different countries, and they also own a store-brand Kirkland Signature since 1995, Kirkland Signature is known for quality product and discounted prices. The business model of Costco is called price club model, which allows its members to purchase a limited selection of goods at relatively low prices. Actually Costco does not carry multiple brands or varieties items which are almost the same. They only provide about 4000 selection items. This result in a high volume of goods purchased from a single vendor, allowing further reductions in price and marketing costs.

Costco charges membership fees and in return provides quality goods at low price to members. In 2012 the company received \$3.8 billion dollar membership fee from more than 67 million members.

Apparently membership fee has become one of the most important income sources for Costco. One thing to mention here is that Costco enjoys very high membership renewal rate which is around 90 percent in the U. S., means a high member loyalty and satisfaction. Costco has well-defined target customers. Goods are usually targeted and marketed for small business owners and large families. Now let's look at some figures about the warehouse industry and Costco. In 2012 the total sales of the industry reached \$390 billion dollar with an increase of 137% compared with that in 2001. And then we can see in 2012, Costco has \$97 billion dollar sales, \$1.8 billion dollar net income, and \$3 billion dollar operating cash flow in hand. But what is the Costco's position in the warehouse industry? We can see from this diagram that Costco contributed \$97 billion dollar which is about one quarter of the whole industry sales, making the company the industry leader. BJ's club and Sam's Club are two main competitors in the warehouse industry, and with sales in 2012 \$11.3 billion dollar and \$53.8 billion dollar respectively. Then my groupmate sherry will introduce vision, mission and values of Costco in detail.