

Report on costco wholesale

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



Recent analysis has shown that Costco Wholesale Corporation is facing a number of difficulties at the moment. They can be differentiated into threats of the external environment, and the weaknesses of the company's internal position.

The major current threats for Costco are the unstable situation in the market and the decreasing tendency of the customers to spend. The current consumer debts as well as the increase in taxes negatively affect the buying patterns of the Costco customers, thus decreasing the overall revenue.

Rising prices for commodities also pose a threat for the business of Costco Corporation. The pressure of the higher cost may force the company to raise the prices on their products, which would have a negative impact on their image of the wholesaler, which is able to provide high quality products at a lower price. Such measures may significantly reduce the customer base of the company, thus threatening the future of the Costco. The situation is further exacerbated by the increasing energy costs, which put an additional pressure on the ability of Costco to maintain its cost leadership.

However, it is important to pay attention not only to the threats of the external environment, but also to the internal weaknesses of the company. The increase in operation costs of Costco Wholesale squeezes profit margins and may force the company to raise prices for its products. Although this cost augmentation may be partially attributed to the overall increase in energy prices, which has been discussed above, the upward trend of the prices across the supply chain may indicate inefficiencies in the logistical operations. Therefore, it is necessary to examine closely the reason for the

operation cost increase and to take actions to make the supply chain more efficient and cost effective.

References

Costco Wholesale Corporation. (n. d.). Company profile. Retrieved from <http://phx.corporate-ir.net/phoenix.zhtml?c=83830&p=irol-homeprofile>