

Thinking outside the big box

[Business](#), [Marketing](#)



The paper "Thinking Outside the Big Box" is a good example of a marketing article review. Some Wall Street analysts are critical of Costco, as they believe that the company is not totally focused on enhancing the value of its stock. They regret that making a profit for its shareholders is not the priority of the Company. A growth of 9% in same-store sales does not satisfy these critics, who feel that a higher growth could have been achieved if Costco put the profit of its shareholders above its concern for its customers and employees. Jim Sinegal justifies Costco's generosity to its workers, and low prices to its customers, on the grounds that, unlike the analysts, who are in the line of making quick money and think only in the short term, Costco's strategy is based on long-term consideration. Sinegal says, "We're trying to build a company that's going to be here 50 and 60 years from now" (130). In this scenario, Sinegal asserts that Costco's concern for its vast number of employees, suppliers, and customers, is reflected in its high wages and health benefits, and fair pricing. Sinegal sees this as a duty, which takes precedence over the profits made by the shareholders.

2. What do you think about Jim Sinegal's response? Sinegal's response shows that Costco's attitude towards its customers and employees is not just a matter of philanthropy, but is a well thought-out, sound business strategy, aimed toward the long-term consolidation of customer and employee loyalty. Sinegal acknowledges that Costco is "a tough competitor in the marketplace" (130). Obviously, Costco's generosity towards its employees and its low pricing for its customers is paying off. The greatest justification for Sinegal's response lies in the fact that Costco's "revenues have grown by 70% in the past five years, and its stock has doubled" (Chu and Rockwood,

130). Sinegal is aware that Costco is doing the right thing, in terms of long-term profit. I think Sinegal's response reflects his confidence that Costco is doing the right thing. When profitability comes hand-in-hand with fair pricing and employee benefits, what more can one ask for?