

COSTCO USA's STORY IS AN IDEAL INSPIRATION TO THE RETAIL BUSINESS

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ABSTRACT

This article is a case study of Costco USA. This research paper investigates observations made during visits to Costco USA, courses on the company life cycle in brief, and customer interaction techniques. The study takes a qualitative method to analyse several characteristics of the organization. Costco's unique membership strategy and its effect on consumer loyalty and satisfaction. The insights reveal transformational leadership strategies that enable the organization accelerate culture change and foster a collaborative work environment. It also emphasizes the value-driven price choices of products and the retail purchasing experiences, which are the primary factors for increased consumer loyalty. The studies also highlight the usefulness of leadership style and solely customer-centric methods in defining Costco's overall applications. The findings underline the vitality of effective leadership and customer-centric practices in defining the overall effectiveness of retail operations, with important implications for future study and business uses.

KEYWORDS: Expansion, Growth Strategies, Retail Business, Effective Leadership, Customer-Centric Practices.

Introduction

In my current research study on the retail sector in the United States, I observed multiple aspects of marketing and the approaches that Costco USA implements to retain customers and stay a successful market leader in the retail industry. The present study, like every other one, addresses Costco USA's objective business life cycle.

Costco's history is marked by significant growth and innovation in the retail sector. Here's an overview of its key milestones:

- **Foundation:** Costco was founded in the year 1976 by James Sinegal and Jeffrey Brotman in San Diego, California. It is named then as "Price Club," which was designed as a wholesale store catering to small businesses with a membership model.
During 1983, the first Costco warehouse opened in Seattle, Washington, with the same feature of a similar membership model but targeting a broader consumer base by including individuals and families.
- **Strategies for Growth and Expansion:** In the year 1993 Costco merged with Price Club, expanding its footprint and customer base significantly. This merger created one of the largest membership warehouse chains in the entire world. Throughout the decade (1990s) Costco continued to expand by opening new locations across the United States and internationally, including Canada and the UK.

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- **Costco's International Growth:** with the help of public offerings during 1994 Costco went public trading on an American based Stock Exchange based on New York City called NASDAQ (National Association of Securities Dealers Automated Quotations) with the ticker symbol COST. IPO helped in the next stages for expansion and brand recognition. In the year 1995, the company entered the international market, opening its first location in Mexico City, followed by locations in Korea and Japan in the late 1990s.
- **Costco's Strategies and Creations:** in 2000, by expanding its private label brand (Kirkland Signature), adding e-commerce choices, and improving the range of goods, Costco focused on improving the shopping experience. In 2003, the business established its online store, enabling members to purchase a limited number of products.

Research Analysis

Costco's strategic approach to reaching customers is characterized by several key elements that contribute to its success in the retail industry. I wanted to share what I was thinking and experiencing about it. During my travel to the United States, I visited various stores and was stuck at the Costco warehouse. These are dispersed equally and made available to all clients in all parts of America. To my surprise, it is a really large godown, and the way the things are displayed inside is very appealing, and I am completely satisfied with how it is structured. We received early membership checks, and the products supplied vary slightly by geographical area owing to location-specific demands. As of October 2024, there are about 622 warehouses in the United States, with most of these facilities situated in California, where there are 140 stores (23%). The entire number of stores in the United States. I was eager to find whether Costco is a dominant retailer among others in the United States, and I learned from the people whom I have engaged and learned from their purchases that Costco is one of the other two retailers. Even while Walmart continues to dominate the retail sector in the United States, Costco's retail sales are steadily growing as are global sales. Besides, Amazon is quite close to it, but Costco still has an important lead in the entire United States market. Except for Hawaii and Alaska, essentially all of the rest of the United States has warehouses that benefit customers via wholesale prices.

Research Findings

During my visits to the warehouse and conversations with consumers, I noticed taped every way Costco communicated with them. Based on my observations and conversations, below are some of the main customer reflections:

- Costco can easily accommodate larger families' demands.
- Costco's policy of wholesale pricing.
- Costco offers greater amounts at less costs.
- Costco adheres to quality standards for a limited selection of goods.
- Despite the fact that the majority of its consumers are members, Costco offers membership advantages.
- Costco's seasonal and pertinent sales.
- Costco's policies on travel packages, gas sales, car tire repairs, and gift cards (similar to those offered by Starbucks, etc.)
- Costco is the best option for middle-class and upper-middle-class homes.
- The setting, altitude, and product arrangement of Costco's warehouse
- Costco stores are located in convenient and accessible locations.
- The primary reason Indians living in the United States enjoy it is the seasonal sales for all of the festivals, including Dussehra and Diwali.

Personal Reflection

My own observations show that Costco often differentiates itself through its own unique business strategy and shopping experience.

Amongst my few private observations are the following:

Costco's value for money, especially to families seeking savings through its bulk buy approach. It offers quality goods at affordable prices, and its membership fee is a crucial factor. Many people find that the savings and advantages outweigh the cost, making it a wise investment for frequent shoppers. Costco offers a wide variety of products and electronics in one convenient location.
Observing friends and family shopping together with joy and the sense of community that Costco fosters add to the experience.
In particular, the availability of free samples around the store is a unique attraction that delighted me. It's a pleasant way to taste new products, which inevitably leads to more buying.
In addition, as part of its corporate social and environmental duty, Costco is focusing on sustainable strategies to reduce waste. Essentially found that Costco represents an amalgam of quality, mutual respect, and pragmatic thinking to make grocery shopping feel more like a satisfying event rather than a burden.

Conclusion

Currently, Costco serves millions of members by operating hundreds of warehouses internationally. It is recognized as a leader in the retail industry, known for its unique business model, customer loyalty and strong value proposition. Its history illustrates the adaptability and commitment in providing value. Costco has successfully negotiated market shifts while maintaining its fundamental principles of quality and customer satisfaction, growing from a modest wholesale business to rank among the largest retailers worldwide. A membership model and an emphasis on value, effectiveness, and customer experience are key components of Costco's customer outreach strategy. Further, it successfully draws in and holds on to a devoted client base by focusing on affordable rates, high-quality goods. The distinctive shopping experience and with this complex strategy Costco provides itself as a retail industry leader.

Future Scope

Hope my study helps future researchers to focus on the Costco's new strategic approaches like its unique shopping experience and business model. According to my personal discoveries, here are a few processes that future researchers could adopt for their study investigations. Costco's accessibility for free samples makes shopping a pleasant way to explore new products before purchasing bigger quantities. The variety of things, ranging from grocery to gadgets, is of high quality. Additionally, Costco's social vibe, ecological initiatives, and membership investments add value to its future growth. These approaches aid Costco's ecommerce expansion, emphasize fresh goods, sustainability initiatives, and integration of new trends.

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