**Company Description**

Costco, also known as Costco Wholesale Corporation is an America operator of wholesales discount stores of the type which is known as the warehouse clubs or wholesale clubs in the different regions in which different quantities of goods are sold out at much higher discounts than other warehouse or wholesales clubs in the region(s). The merchandises are sold with lower prices with higher ranges of discounts to the members who pay a membership fee annually each year. Costco has been listed as on the largest retailer in the entire world which is basically Washington based, located in the Issaquah.

**History**

Costco Wholesale Corporation by two founders, the James Sineagle and Jeffrey Brotman. They drive an international chain of membership warehouse basically under the name of Costco Wholesale which indicates the empowered quality with the offering of merchandises at lower prices with high rates of discounts than any other retail business or warehouse club in the region and markets. The warehouse was basically and majorly designed with a single motive which is to support small and medium scale business and companies to reduce the amounts of cost while making purchases for the resale purpose as well as for daily business operations.

Costco.com is an online platform which is a web-based version of Costco which has progressively registered more than 61 million individuals from the entire world. The e-commerce web domains of Costco include costco.com, costco.ca, and costco.co.uk which have been developed for the market of the United States, United Kingdom, and Canada. Additionally, Costco also operates a travel site which is run for the purpose of facilitating some particular members of the corporation (Costco-History & Facts, 2019).

The warehouse of Costco showcase a huge and highly exclusive product category selections which have been found under a particular roof. The major categories include appliances, groceries, televisions, media, candy, automotive supplies, tire, hardware, toys health, beauty products, office supplies, furniture and many other kinds of goods and commodities. The corporation is well known for the highest quality of its products as well as having higher and guaranteed satisfaction from the customers in all of the markets and regions. Beyond that, the corporation has a hugely impressive image in terms of offering high quality and desired quantity at lower prices with higher rates of discounts to the customers in all markets where Costco operates (Costco-History & Facts, 2019). The rates of discounts and lower price ranges of Costco are incomparable with any other retail business or warehouse club in the markets and cannot be offered by any other retail business or company.

Additionally, to the retail, Costco operates different manufacturing business like food packaging, jewelry distribution, and optical labs. All of these businesses of the warehouse club (Costco) share one similar goal which is the provision of high-quality products to the potential customers at lower prices with high rates of discounts.

In terms of employees and labor, Costco employs around 150,000 employees in all of its stores around the world. According to the new update about the company, Costco has around 57.2 million members from the regions where the warehouse club operates. The financial turnover of Costco was 71.40 billion dollars in the financial year of 2009-10 where the Costco is ranked on 24 number in the Fortune 500.

Costco Wholesale Corporation traces its entire e=history to 1976 where Sol Price which was the pioneer in warehouse club retailing, opened the very first Price Club in San Diego. James and Brotman opened the first Costco in 1983 in Seattle. The Price Warehouse club “also known as the parent of Price Club” and Costco Warehouse Corporation have been merged to become Price/Costco. This merger has happened in the year of 1993. The corporate name of the corporation was changed to Costco Companies Incorporation in 1997 while the current name was formally and officially adopted at the end of 1999 (Costco-History & Facts, 2019).

In the first and early stage of the 21st century, the Costco Warehouse Corporation was operating in the several regions of the United States, Mexico, Canada, Australia, and the Far East. With the time, the warehouse club was admired to offer higher pays and other financial incentives and benefits to all of its employees than ever offered in the retailing business.

**Products and Services**

**Products of Costco**

Costco changes its inventory with time to time and discontinuing the products and use them as seasonal products. In recent time, Costco has progressively enhanced the product and service range. Earlier the warehouse club was only selling boxed products and related services while the number of other products which are not easy to cater like computer, art, books. Home appliances, furniture, jewelry, computer product such as software and hardware, tire, automotive, solar panels, cleaners and electronic as well as food products. In the state of Washington, Costco has used to buy wine directly from the producer which was also a part of their product line but Costco has lost a lawsuit in 2006 against the state of Washington for buying wine directly from the producer(s) (Costco-History & Facts, 2019). Beyond that, Costco sells the beer and wine within the stores of the warehouse club from pallets in Quebec (Canadian province).

In brief, there is a number of products which Costco offers to the customers of all markets in the targeted areas. All of the products which the warehouse club offers to the customers are more than a thousand in number but some key, major and main product of Costco with their categories are the following.

**Electronics**

* TVs
* TV Mounts, Installations & Accessories
* Headphones
* Streaming Blu-Ray Players
* Projectors
* Cell Phones
* Accessories & Chargers
* Cameras & Camcorders
* Camera Accessories
* Video Games Gaming Accessories
* Security & Surveillance
* All Surveillance Systems
* Musical Instruments
* Pianos & Keyboards
* Guitars & Drums
* Karaoke Machines
* Band Instruments
* Apple Products
* App Store and iTunes Codes
* iPad
* Apple Watch
* Square Trade Protection Plans

**Computers**

* Laptops
* PC Laptops
* Chrome books
* MacBook
* Desktops
* PC Desktops
* iMac
* iPads & Tablets Computer Accessories
* Keyboards, Mice & Input Devices
* Surge Protectors & Power Strips
* Computer Speakers
* Printers
* iPad & Tablet Accessories
* Tablets
* Routers & Networking
* Hard Drives & Memory
* External & Portable Hard Drives
* Solid State Drives
* USB Flash Drives
* Computer Software
* Small Business & Accounting Software

**Appliances**

* Quick Ship Appliances
* Refrigerators
* Mini Fridges & Compact Refrigerators
* Washers & Dryers
* Cooking Appliances
* Cooling, Air Treatment & Heating
* Air Purifiers & Filters

**Furniture and Mattresses**

* Living Room Furniture
* Accent & Coffee Tables
* Living Room Cabinets & Chests
* Entertainment Centers & TV Stands
* Mattresses
* Bed Frames
* Bedroom Furniture
* Dining & Kitchen Furniture
* Office Furniture
* Storage Cabinets & Shelving Units
* Kid's Furniture
* Nursery Furniture
* Stoves & Accessories

**Auto and Tires**

* Tires
* Wheels
* ATV, Golf & Trailer Tires
* Auto & Truck Accessories
* Cargo Storage & Racks
* Seat Covers & Floor Mats
* Emergency Kits
* Truck Accessories
* Automotive Lighting
* Interior Accessories
* Exterior Accessories
* Trailers & Towing
* Power Inverters & Charger
* Car Electronics
* Garage & Shop Accessories
* Carports & Garages
* Motor Oil
* Interstate Batteries - Car, Truck & Recreational Batteries

**Watches, Jewelry, and Sunglasses**

* Rings
* Gold & Platinum Bands
* One-of-a-Kind Engagement Rings
* Earrings
* Bracelets
* Necklaces
* Watches
* Sunglasses

**Office Products**

* Paper
* Notebooks & Notepads
* Boards & Easels
* Art & Crafting
* Office Electronics
* Office Electronics
* Mailing, Packing & Shipping
* Paper Towels
* Trash Cans & Bags
* Cleaning Products

Beyond above-mentioned product and their categories, Costco offers hundreds of more products and services to the customers. The categories of those products are; books, floral and gifts, Patio, Lawn and garden, home improvement products, home and kitchen products, clothing, luggage and handbags, health and beauty, baby, kids and toys, grocery and household product, sports and fitness products, as well as products of many other categories (Costco-History & Facts, 2019).

**Services of Costco**

The core competencies of Costco has the quality, ranges of products as well as the pricing and available rates of discounts. But in terms of services, the Costco can be found an excellent, especially when looking at the quality and convenience which they provide through their services (Costco-History & Facts, 2019). The service of Costco is much related to the products they offer and sell. The main services of the warehouse club are but not only;

* Concierge Services
* Costco Auto program in the target markets
* Business services of the Costco
* Costco optical and Costco travel services especially the services to the loyal customers
* Food services regarding food products and commodities
* Online shopping platform and services
* Online photo site for the customers especially photographers

The warehouse club (Costco) offers above-mentioned services to even all of the markets and customers where they operate and sell their major products. The services of the Costco are also offered with enough impressive discounts and lower prices than any other retail business or warehouse club in the regions or markets where Costco does business. Beyond that, some of the above services are offered to the customers additionally with some particular products. Those products include automotive products, office supplies, electronics, furniture, and other home improvement products (Publishing, 2019). The additional services are offered with the listed products because these products need to be sold with after sales services.

**Future Prospects of Costco**

Future prospects of the Costco Wholesale Corporation states that the best is yet to come. The warehouse club put huge efforts and utilizes all of its resources and capabilities to gain what is proposed to be achieved in the future. As well as Costco works towards the achievement of future prospect in an effective and efficient way so that they would have a successful business or organization at hand.

After a bit of ignorance of the internet and few other online platforms, Costco has started work on the improvement of their own website from last few years. This covers the enhancing selection but the most important involvement of Costco its aggressive investment in the infrastructure. Costco has not only put product forward to sell them but they have worked on the improvement of the back end of their online operations and activities while making their website more convenient and user-friendly too (Caplinger, 2018).

Costco “one of the largest wholesaler in the world” has concluded in the most recent time that they are anticipated to enter to the Chinese market. As the Costco has a strong global presence in the business world, the presence would be further expanded to the Chinese market where Costco would have more opportunities to grow and enhance its operations, quality of products and services (Caplinger, 2018). The Chinese market has the potential for the growth of the warehouse club but the Costco would also face several challenges in the market. Costco has also planned well and kept its resolve to use of highly innovative and more efficient storage capacity and techniques for enhancing the operations and entering the new markets successfully. The company is also well known because of its strong asset power and effective and empowered name in terms of investors’ confidence. All of the investors who have made investments in Costco have enjoyed and retained a high level of returns and great faith in the warehouse club which has become a very inspiring reason of the increase in the wholesalers’ share prices in the last 5 to 6 years continuously.

**Review of the Financial and Sales Performance of Costco**

Costco begins the financial year from the month of September and ends it at the end of August each year. Last time, Costco has reported tits total earnings in the month of December 2014. In each quarter of the year, Costco has generated 26.28 billion US dollars which were 7% higher amount than the revenues of the same quarter of the previous year. $770 million was the operating income for the company in the quarter which was around 8% higher than the operating income in the previous financial year. The warehouse club has restated its commitment to enhancing the overall operational efficiency as well as to improve the storage capabilities and efficiency. In that financial year, the net income of Costco was $496 million which was 17 percent higher than the net income of the previous financial year. Dollar 1.12 was the net earnings per share of the company which was only 0.96 a year ago (Publishing, 2019). In the quarter, Costco, however, got failed to meet the desired and expected amount of revenues which was amounted $26.92 billion while the financial performance was still enough impressive and attractive for investors.

At the time, Costco reported its sales which were 121.12 billion US dollars which were higher than the same retro in the previous financial year. The overall store sales have shown growth of more than 8% compared to the previous financial year at both domestic and global level in comparison with 2014. Sales of the company received a huge increase after the effective results from the new Chinese market.

**SWOT Analysis of Costco**

SWOT Analysis is the tool which can be used to determine the future prospects of any business or company. It is a strong and effective tool which is used highly after financial periodicals for the purpose to know the future prospects.

In terms of Costco, SWOT Analysis is used to determine the future prospects of the warehouse club because it would help us to know the currents strengths of the club and what they would have in the future. Plus, SWOT Analysis will update us about the potential opportunities in the present time as well as in the future which can be utilized by the company for growth and success. Beyond that, it helps to know the weaknesses which the company may have as well as the crucial threats in present and future which the company or club (Costco) will be converting to opportunities in future and what they have planned to gain for it.

**Strengths**

The core strength of Costco is, it is only one body in the market which provides high-quality products and services to its members with the lowest prices in the market when compared with other competitors. The focus of the company is not about the maximization of profit for the short time period while the company works to develop and long relationship with the members which will help the company for a long time (Dalavagas, 2015). As well as this would contribute to their business growth and success in the future and that's why Costco offers most competitive prices to the members.

Additionally, offering lower prices with larger products line bring members back to the company/warehouse since they trust that they enjoy much lower prices with having a large array of available products. The pursuit of Costco which is to provide to offer great value and high-quality products has made the company able to attract and gain a loyal customers base for a long time. This factor has enabled Costco to increase its customers' base and progressively increase the existing market share over the years (Gamble, Peteraf, & Thompson,).

**Weaknesses**

All of the performance of Costco is highly dependent on the business in the region of North America. In 2014, the sales of the company in the United States and Canada shown around 87% of the overall business sales. Beyond that, the company has a huge dependence on the states of California where they have 32% of its overall sales in the last few years. So any issue with the demand of the state(s) may lead to hurt the Costco very badly.

In terms of customers, Costco has mostly older customers which mostly include baby boomers. Based on the research findings of (Dalavagas, 2015) about the baby boomers as customers, they spend very less. So the company should work to attract the young community instead of relying on their success on existing customers. The attraction of young groups of customers for the company which could be utilized in the nearest and it would be a huge contribution to the growth and success of the warehouse club in the future.

**Opportunities**

The potential opportunities for Costco include all the ways which are still untargeted. These include international expansion to other nations and the attraction of the segment of young people. In recent time, the management of Costco has taken strong steps to attract the segment of youngsters. The warehouse club puts efforts and planned to be putting strong efforts in the future to attract this segment because it has been considered as the success point for Costco if targeted and attracted efficiently.

The company plans to expand its business operations globally. As Costco has around 700 warehouses around the world, but they are planning to increase them to 1200-1300 in the next 10 to 15 years (Dalavagas, 2015). Additionally, Costco plans to enter the Chinese market in the coming couple of years which will be an amazing growth opportunity for Costco.

**Threats**

The industry of discount services is hugely competitive in all aspects. There are a number of warehouse club in the US and Canada which offer a similar range of products and services with even similar pricing. The competitors include BJ’s club and Sam’s club as well as other competitors in the world. So fear from competition would stop Costco from the increase in prices or a decrease in discount rates. If any increase in prices or a decrease in discounts is adopted by Costco then it may hurt the company in terms of losing customers or business (Dalavagas, 2015). So Costco is planning to develop alternate strategies and tactics to cater to these critical issues in the future.

**Student Opinion**

* As Costco is one of the largest warehouse club in the emerging markets of UK, USA, and Canada, Costco is developing strategies and related tactics to enter to other emerging markets like China, etc. The entrance of the company to other markets and targeting new segments is a crucial future prospect because this would provide more opportunities for business expansion for Costco (Saifi, & Nabi, 2018).
* The expansion of Costco would be facilitated by Alibaba (a large internet giant in Chinese markets), that hosted an incredible IPO of 25 billion US wholesale giant.
* The company puts strong efforts in terms of entering China. Company does this because of trends in imported goods in China are changing. Which is crucial to keep in mind that incredible and massive potential for e-commerce exists in China and its markets (Saifi, & Nabi, 2018).

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