

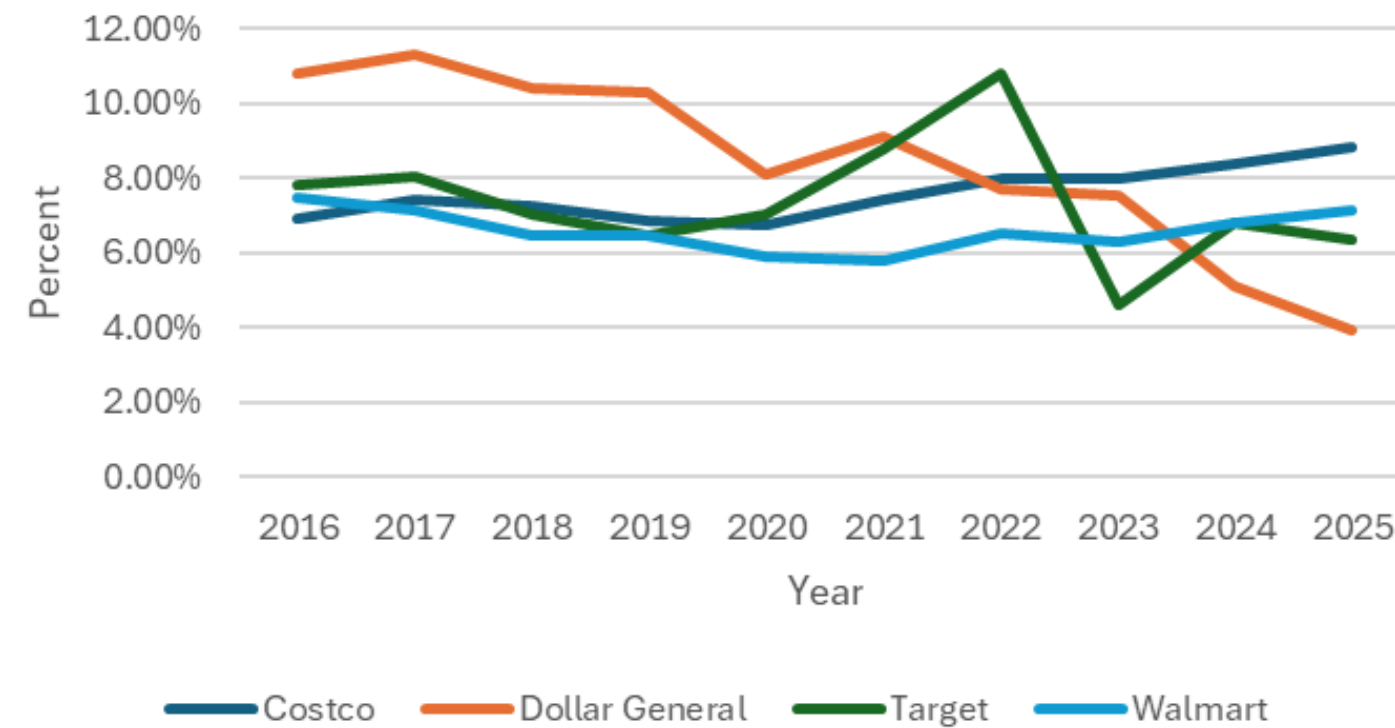
# Intro Case: CostCo Wholesale Corp.

ClearPath Consulting

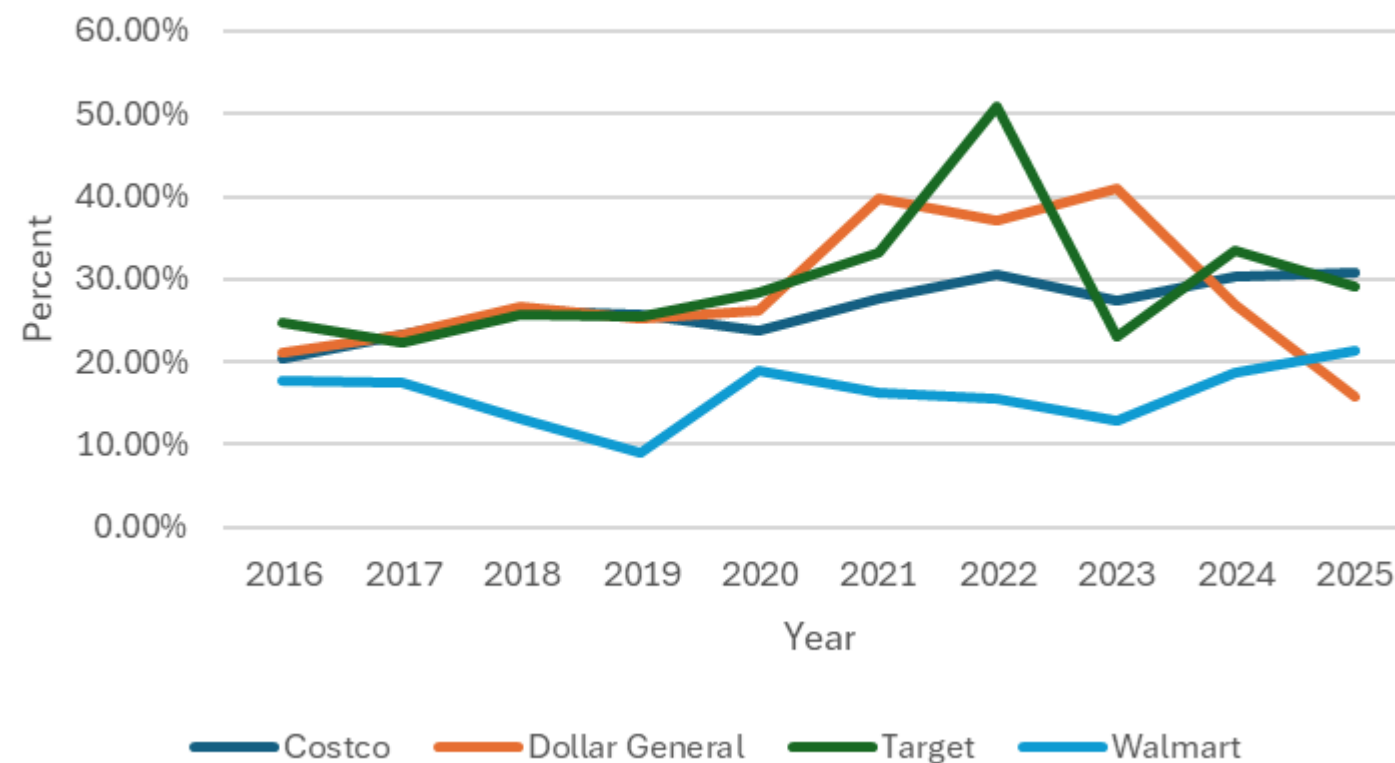


# Profitability Ratios

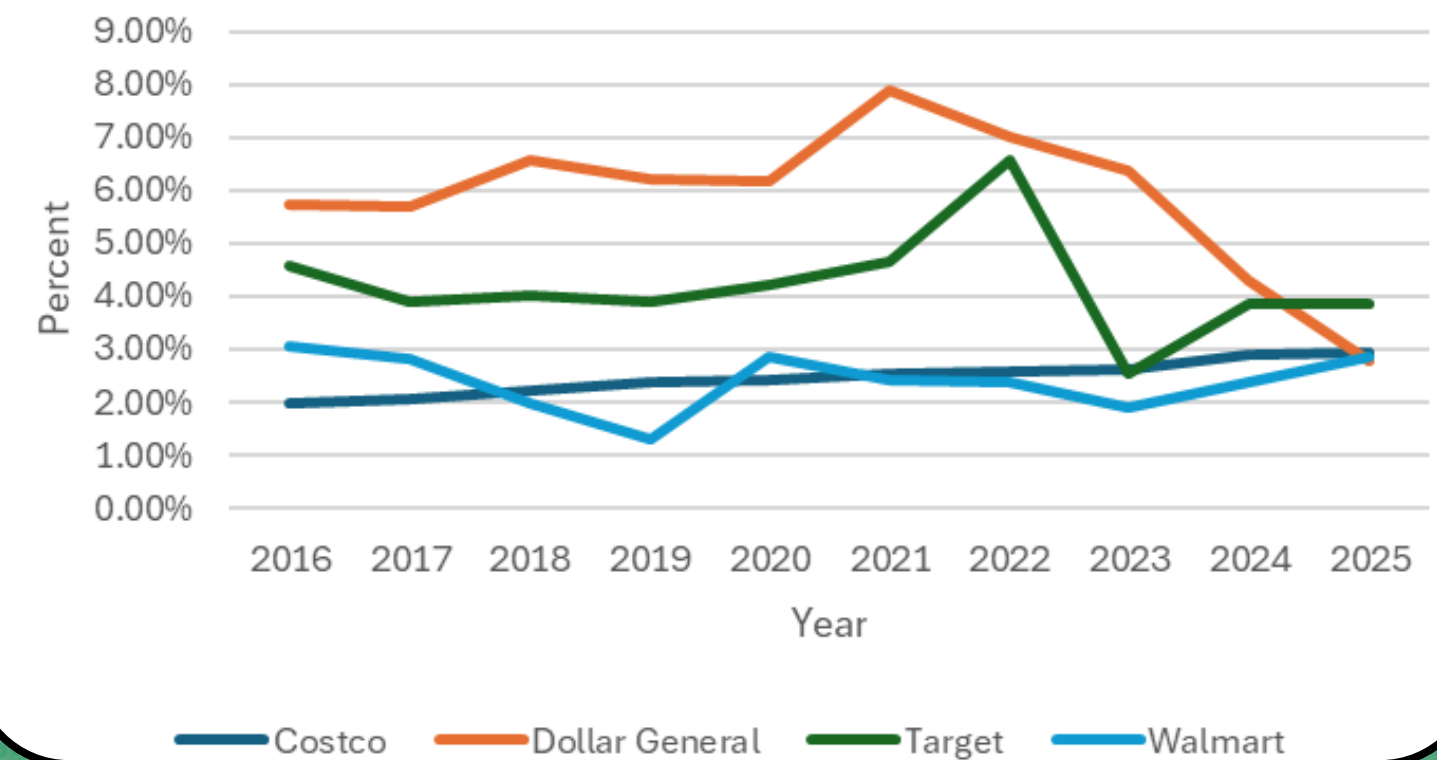
## ROA



## ROE



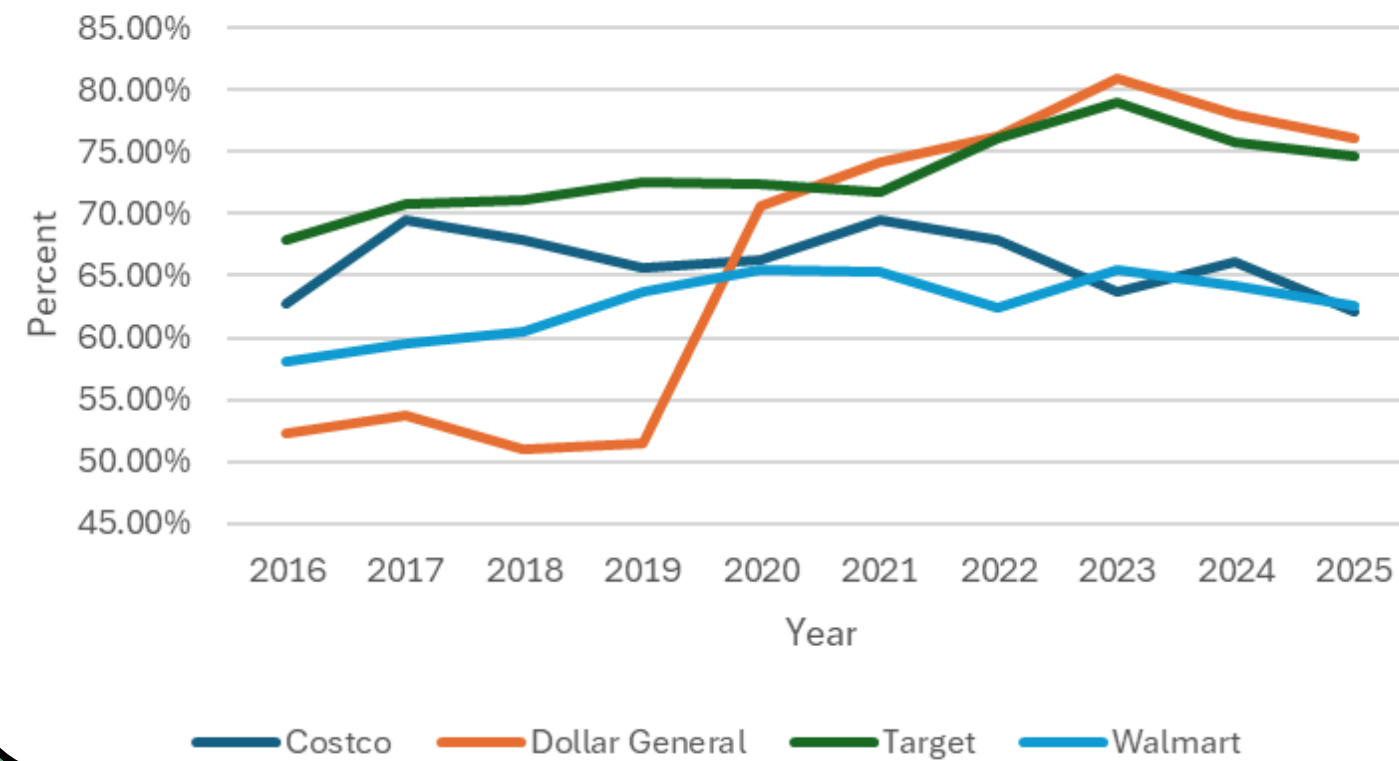
## Net Profit Margin



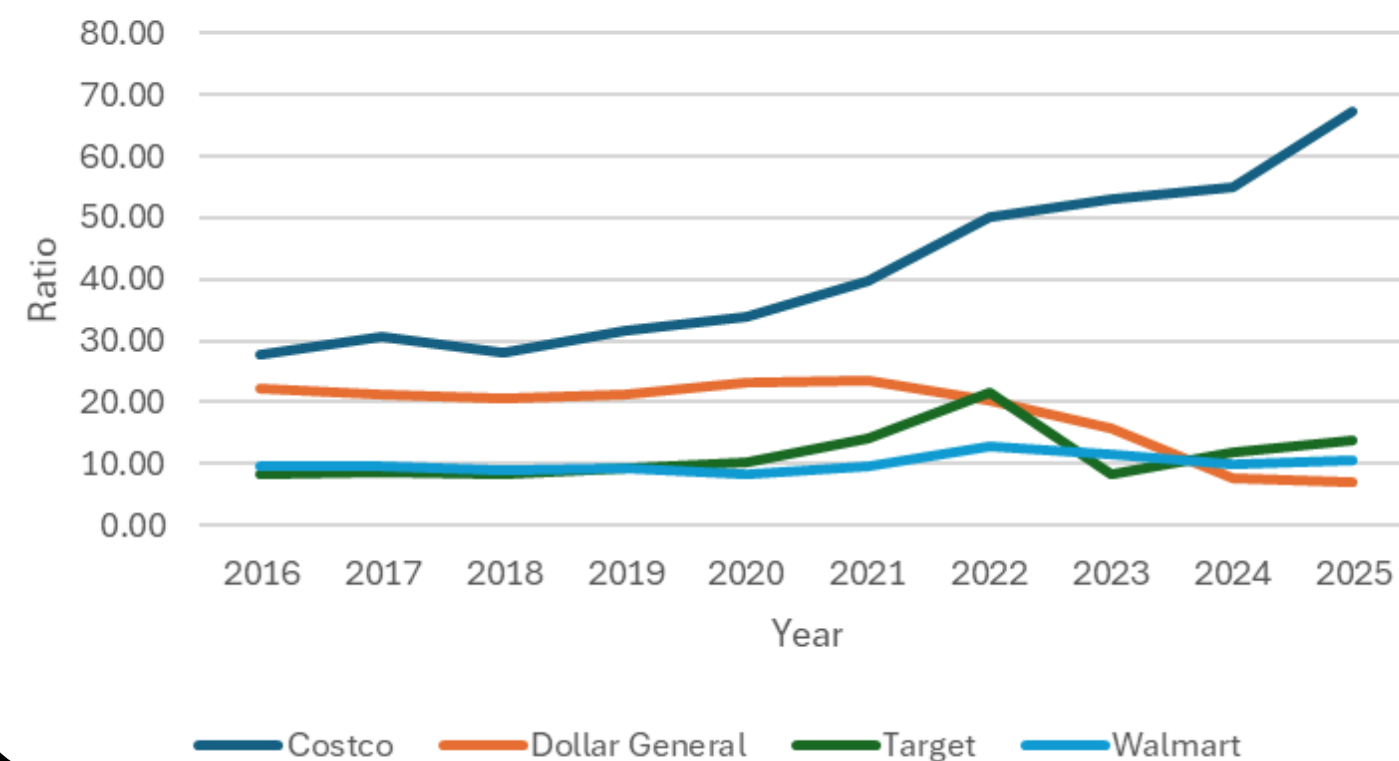


# Leverage Ratios

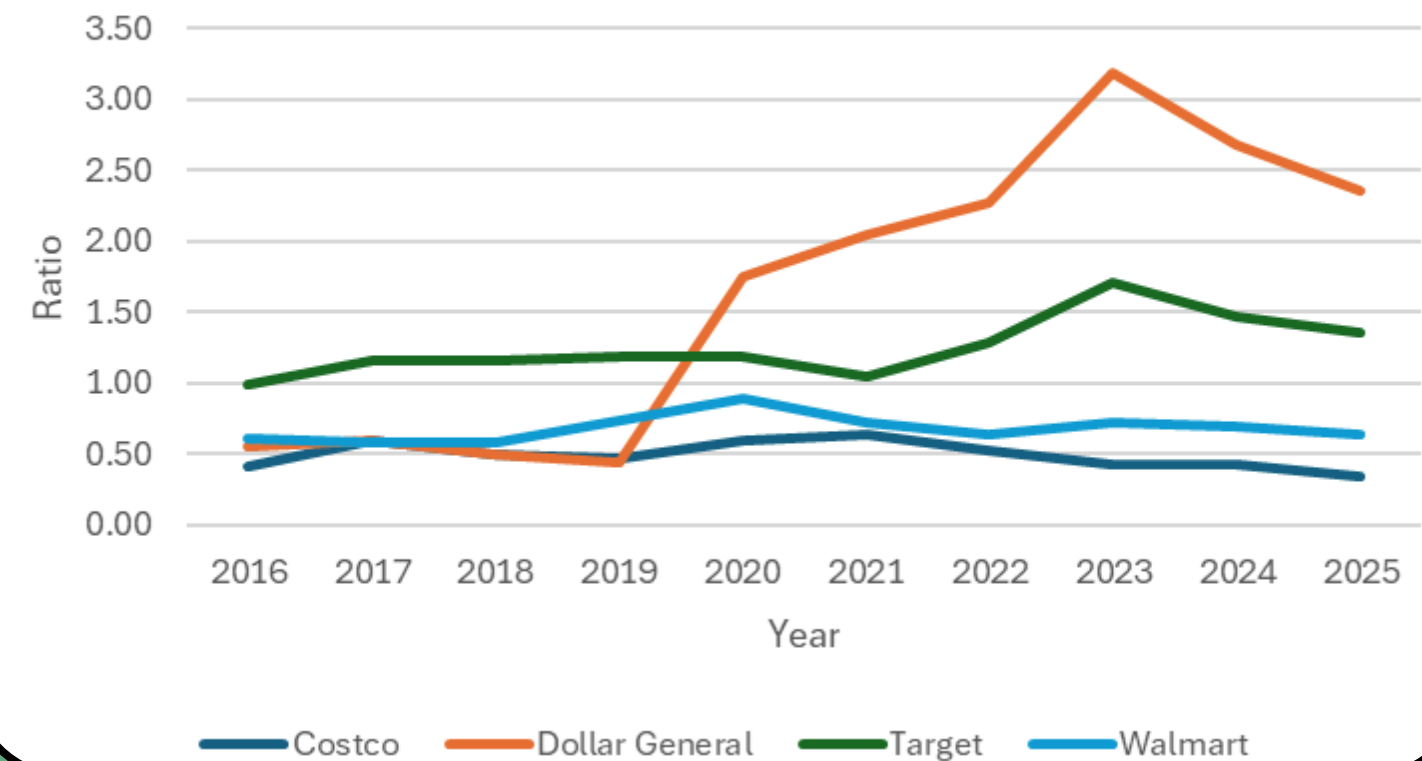
## Debt to Assets



## Times Interest Earned



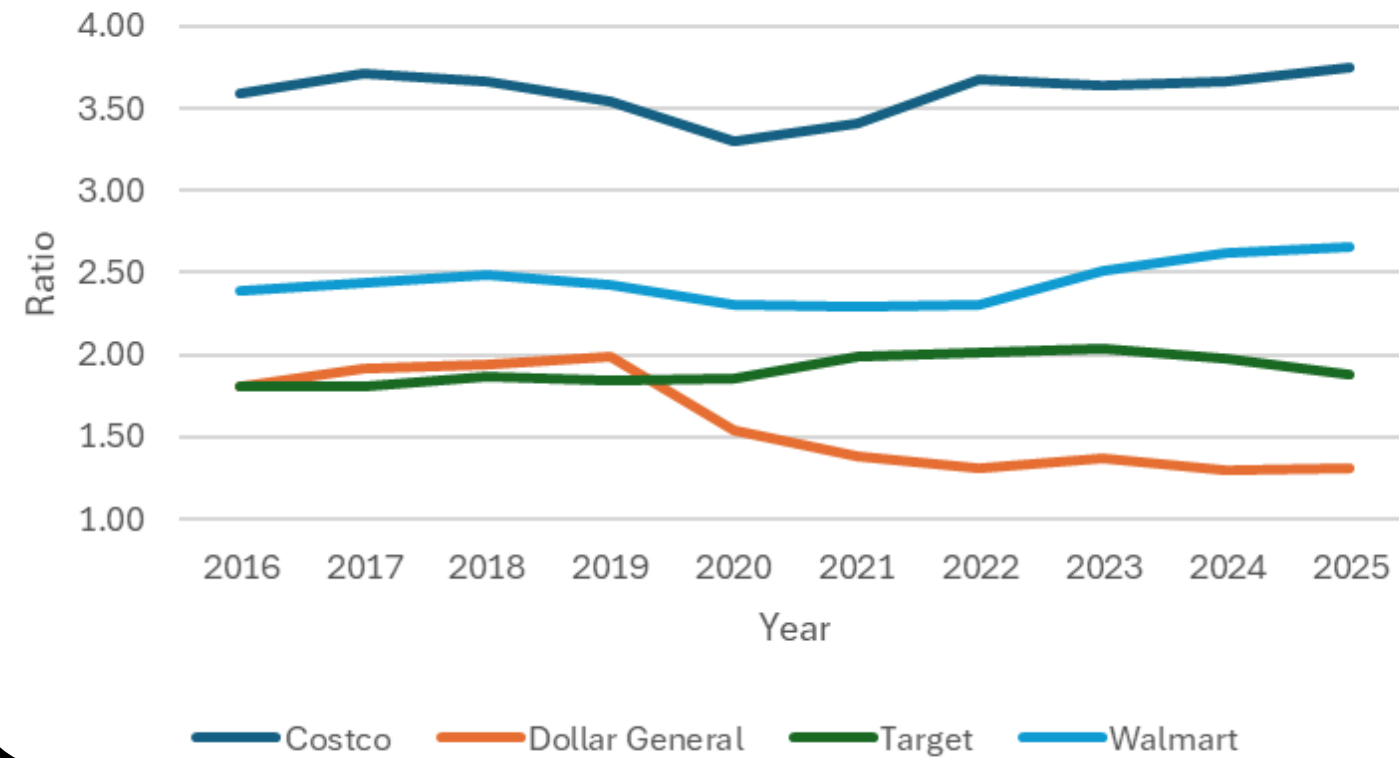
## Debt to Equity



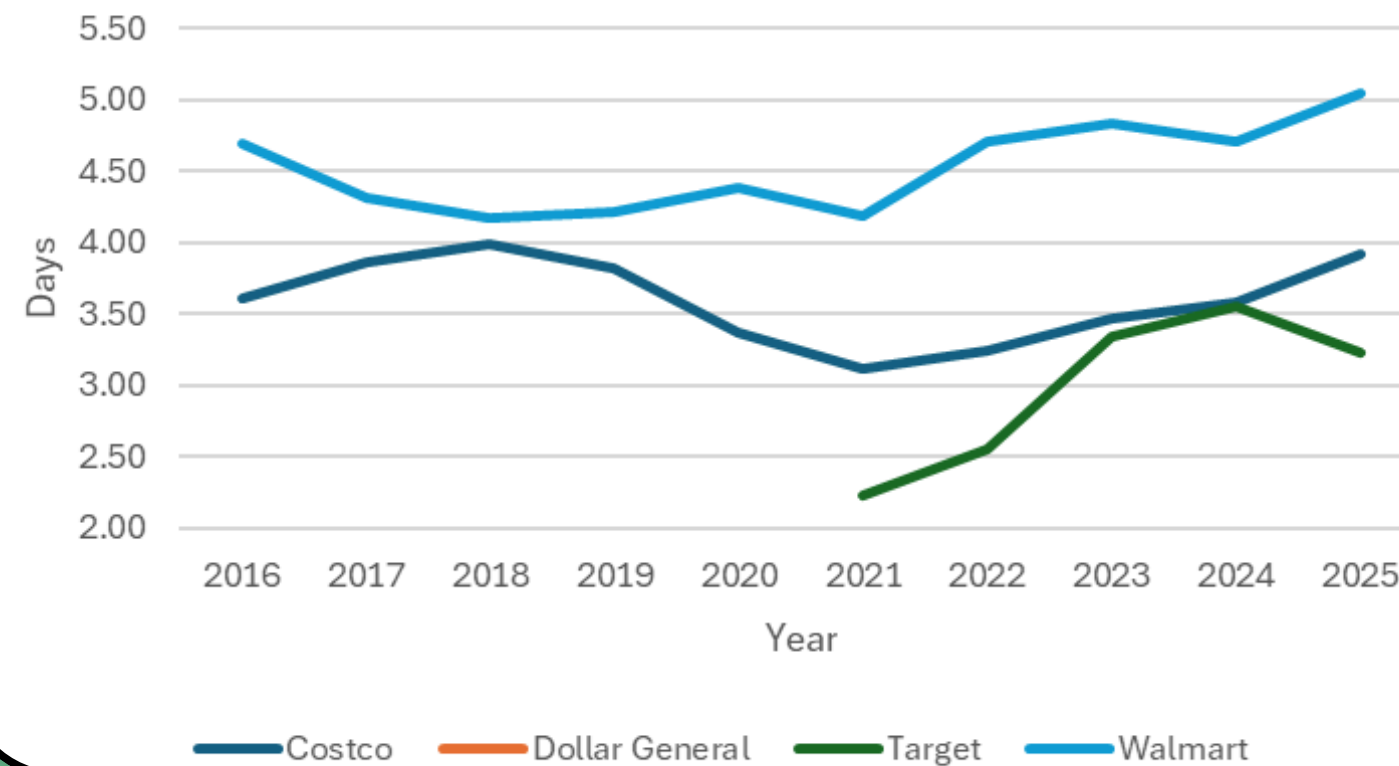


# Efficiency Ratios

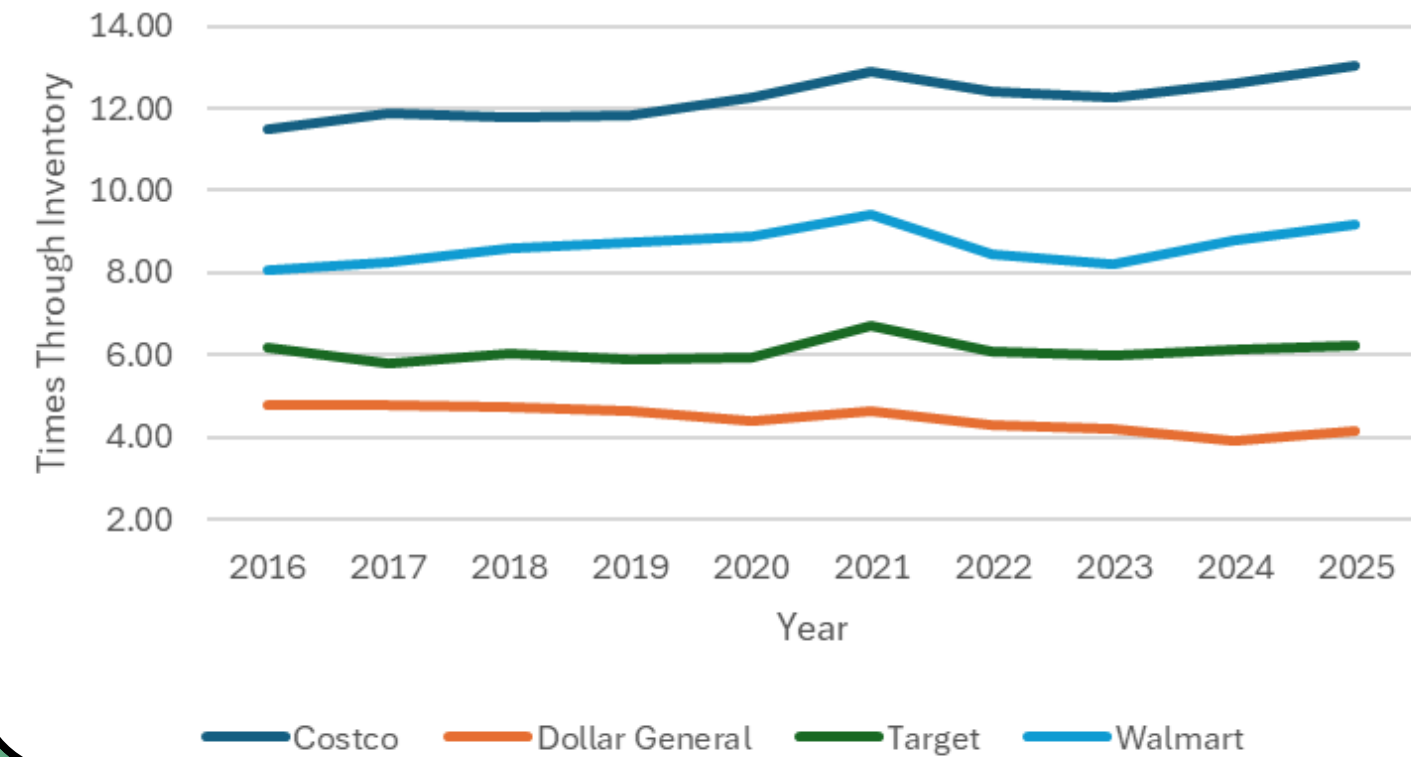
## Asset Turnover



## Average Collection Period



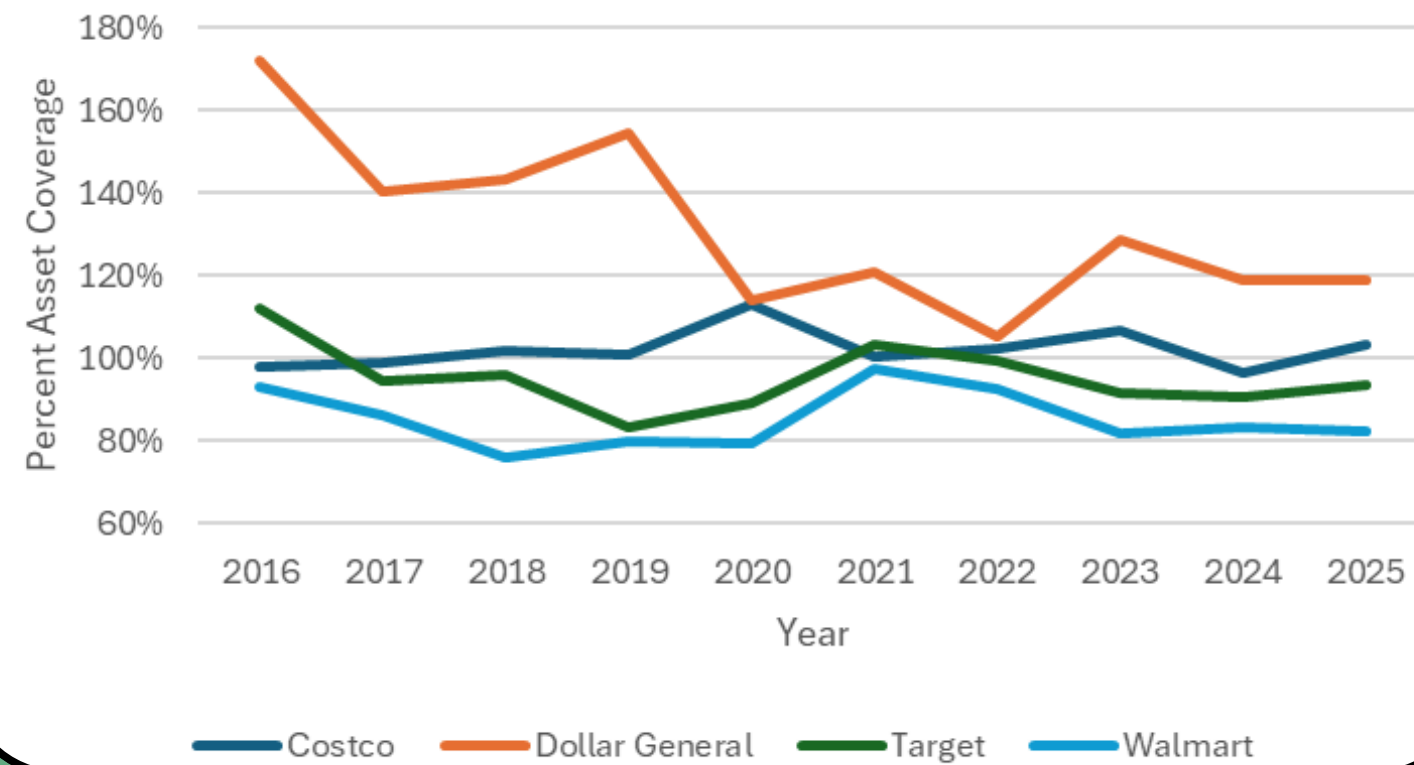
## Inventory Turnover



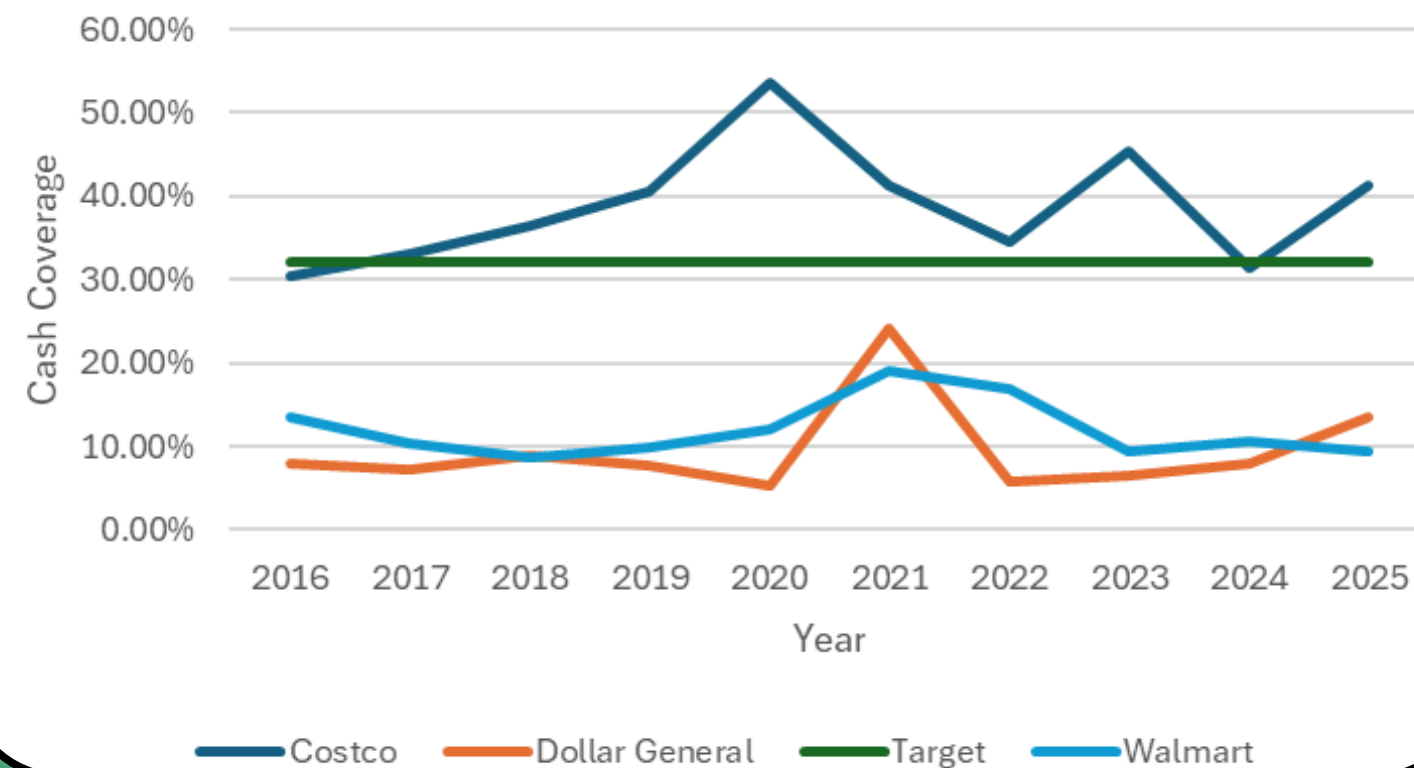


# Liquidity Ratios

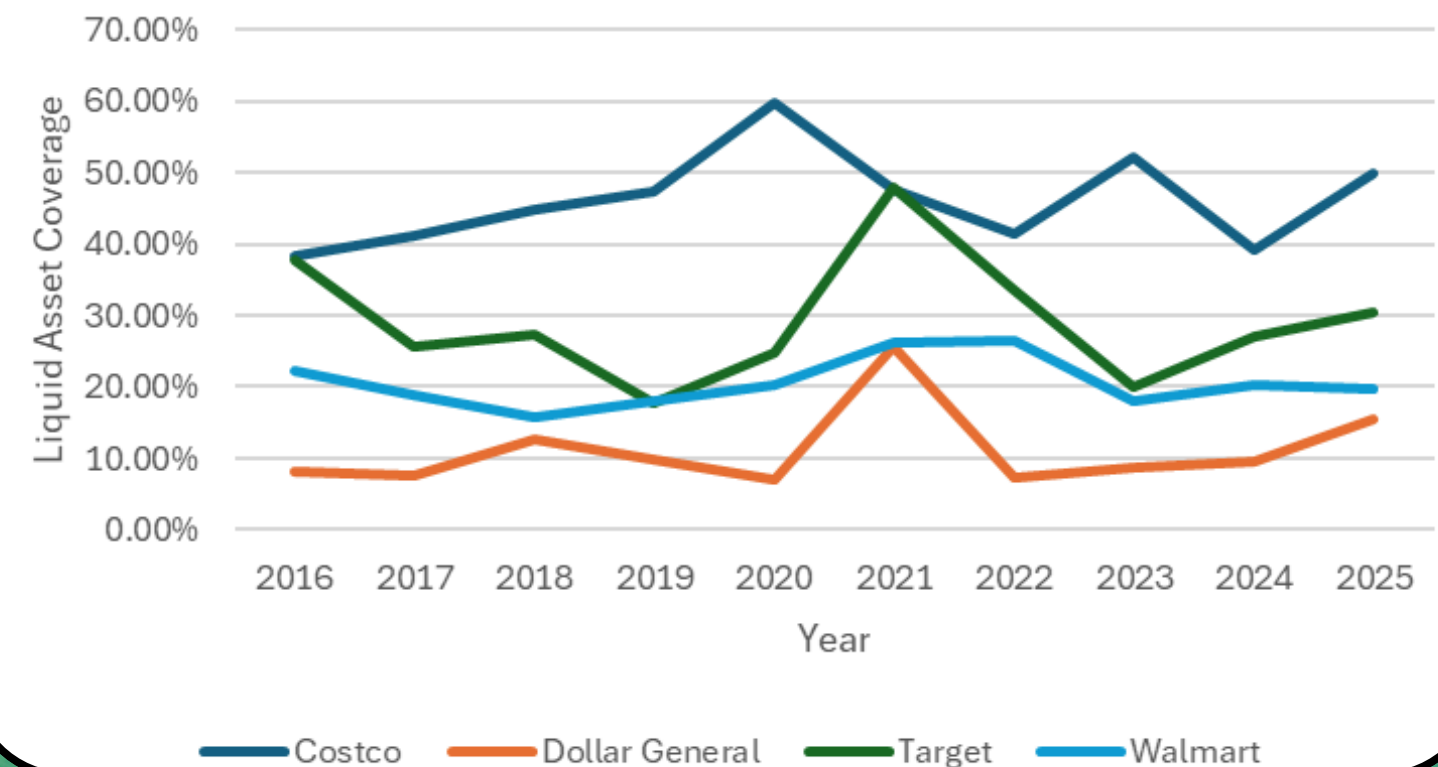
## Current Ratio



## Cash Ratio



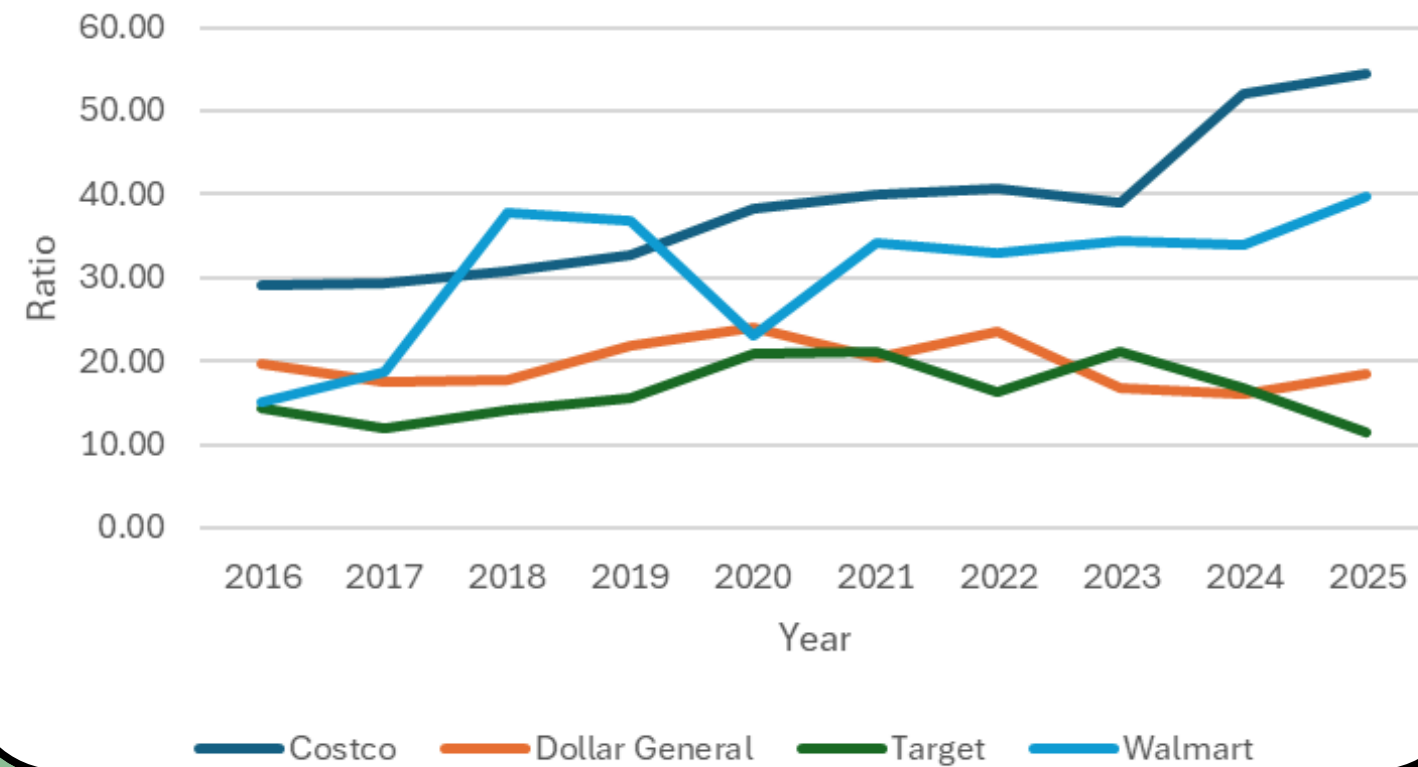
## Quick Ratio



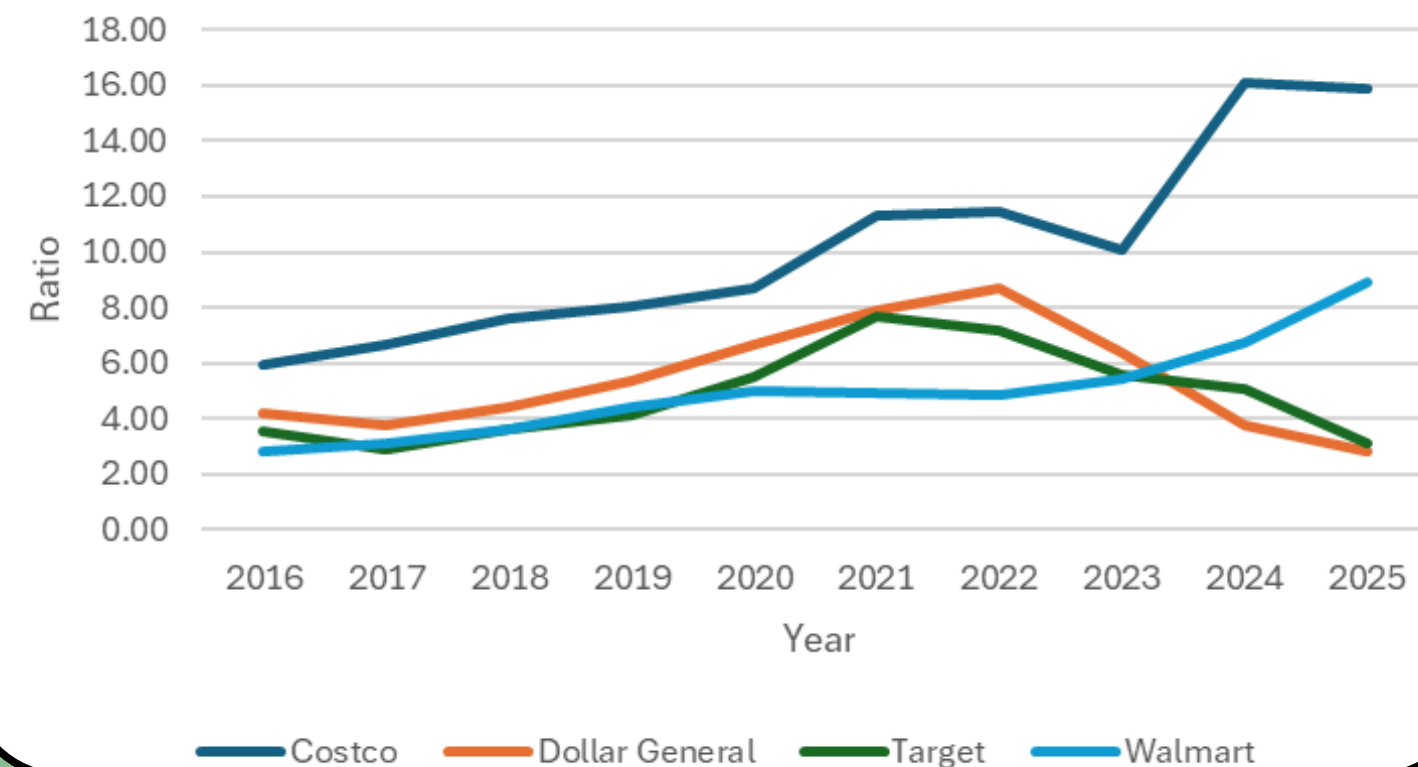


# Market Value Ratios

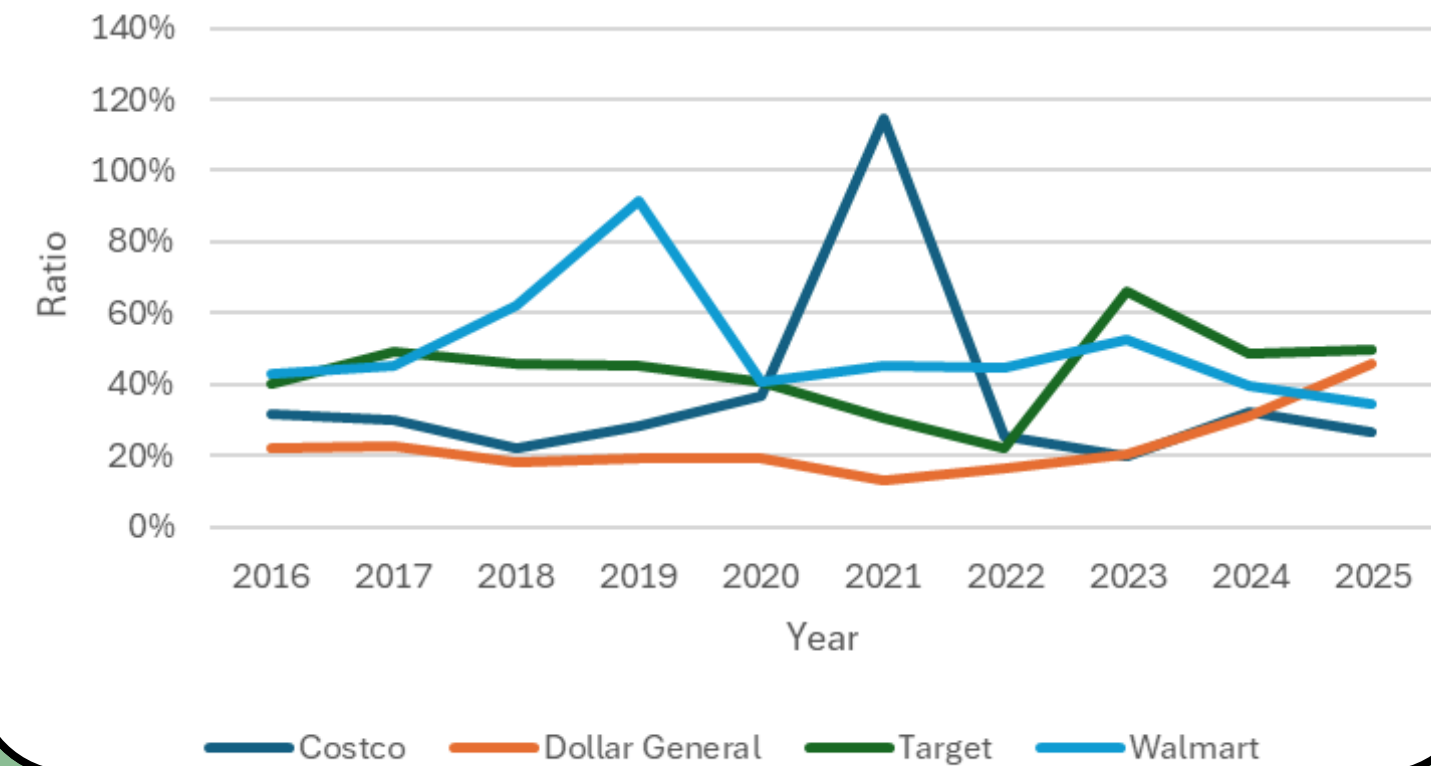
## P/E Ratio



## Market to Book Value



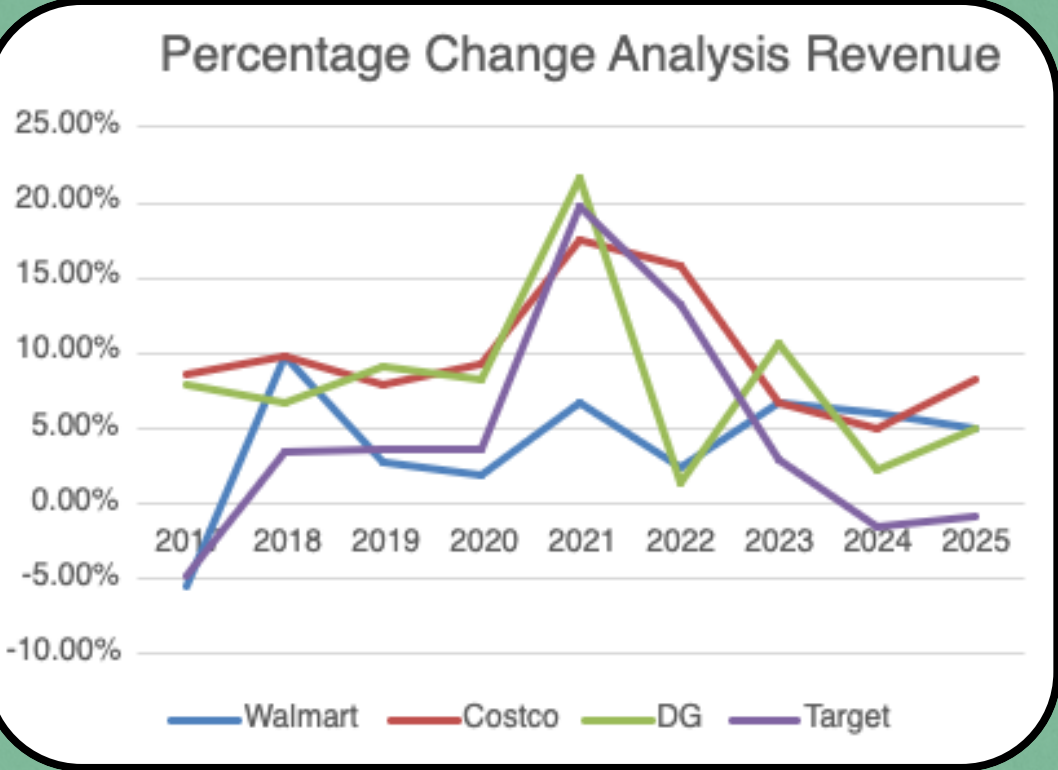
## Dividend Payout Ratio



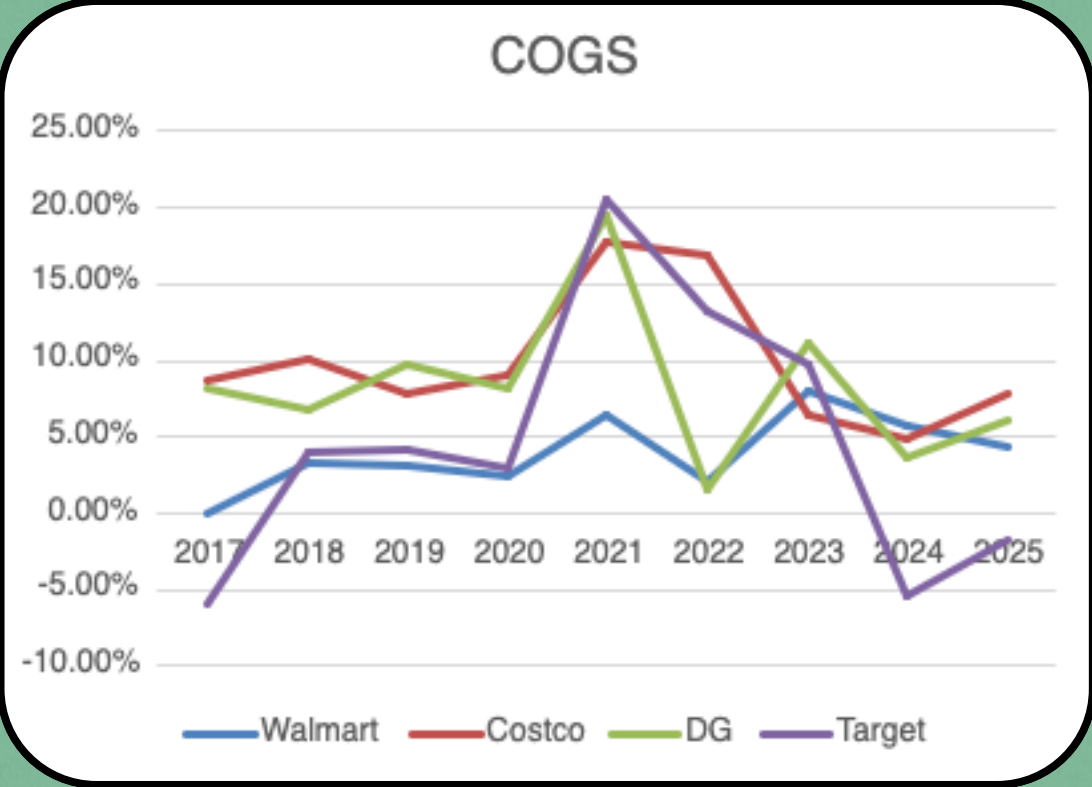


# Percentage change analyses- Income Statement

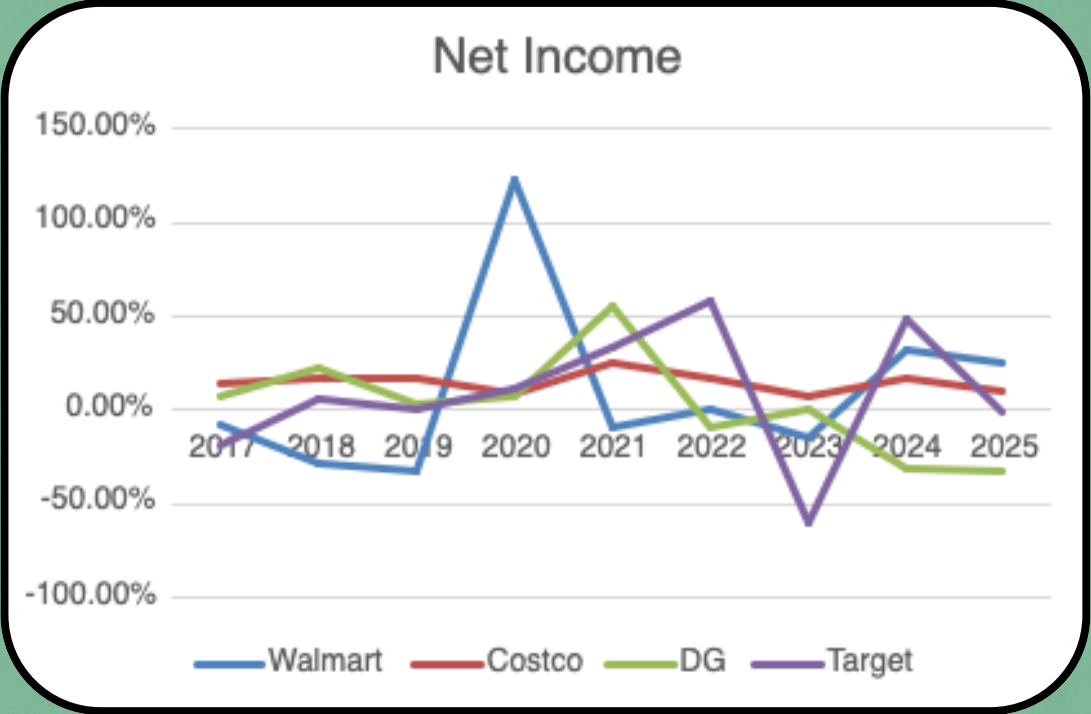
Most retailers saw a significant growth spike in 2021, with Dollar General leading the group at over 20% year-over-year growth.



Cost trends generally mirror revenue spikes, though Target saw a notable sharp decline in its cost of goods in 2024.



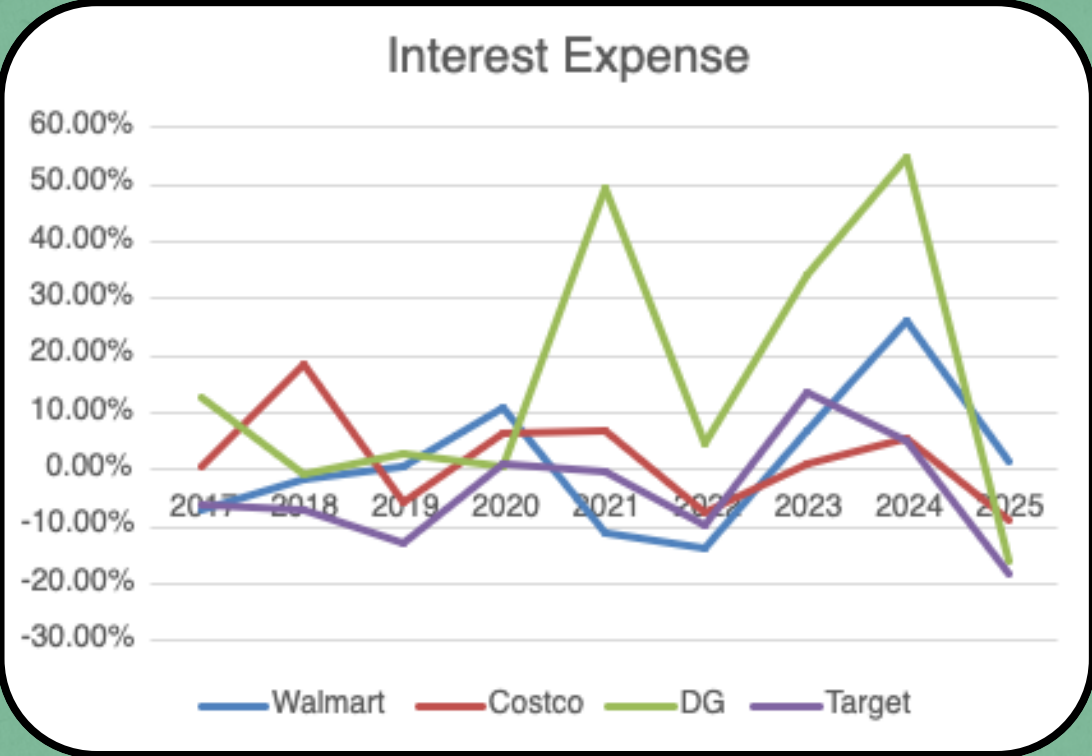
Profitability growth varied wildly, highlighted by Walmart's massive 2019 surge and Target's significant recovery spike in 2023



Operating costs remained relatively stable for most, with Dollar General showing the most volatility in its overhead spending between 2020 and 2022



Interest costs show the most extreme fluctuations, particularly for Dollar General, reflecting changes in debt management and market rates.

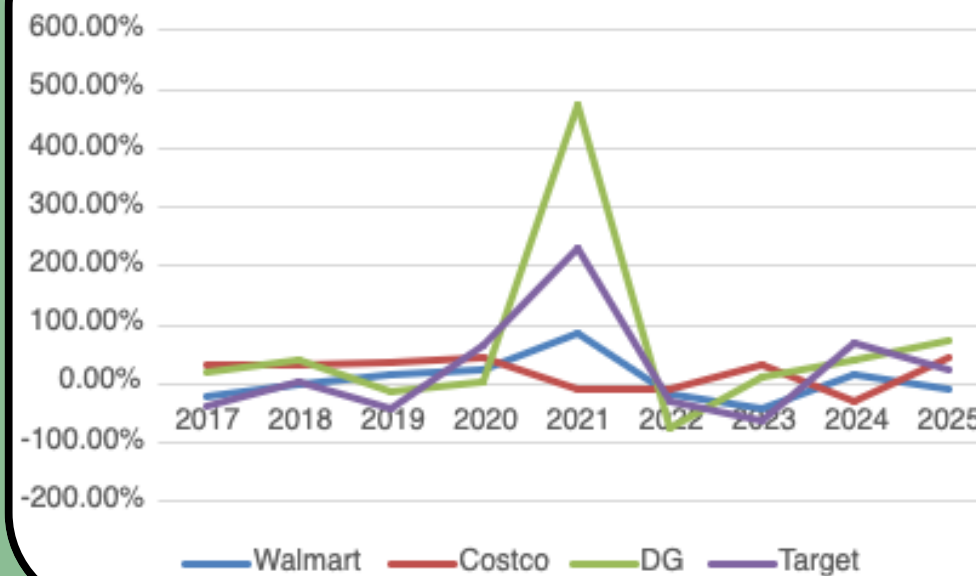




# Balance Sheet

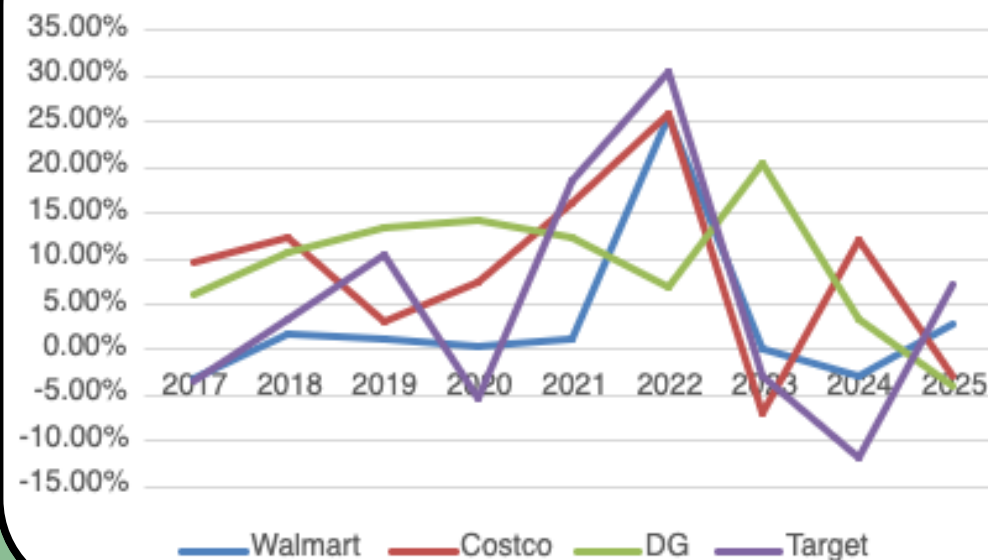
Cash levels saw extreme volatility in 2021, with Dollar General and Target experiencing massive spikes likely due to pandemic-related liquidity management before stabilizing.

### Cash



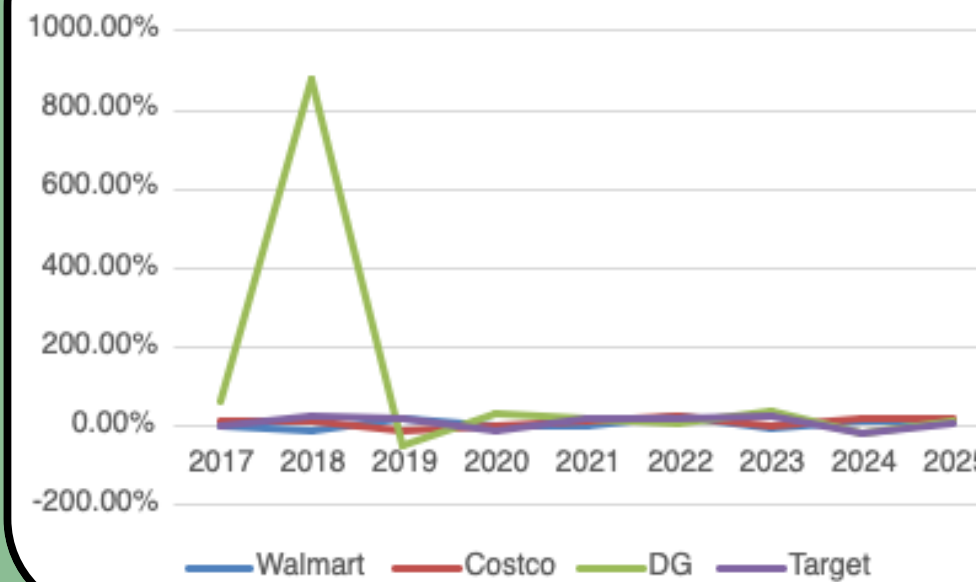
Inventory growth peaked for all retailers in 2022 as supply chains stabilized, followed by a sharp 'correction' or reduction in stock levels through 2024.

### Inventory



Most retailers maintain very flat growth in receivables, with the exception of a significant one-time surge for Dollar General in 2018.

### ACCT receivable



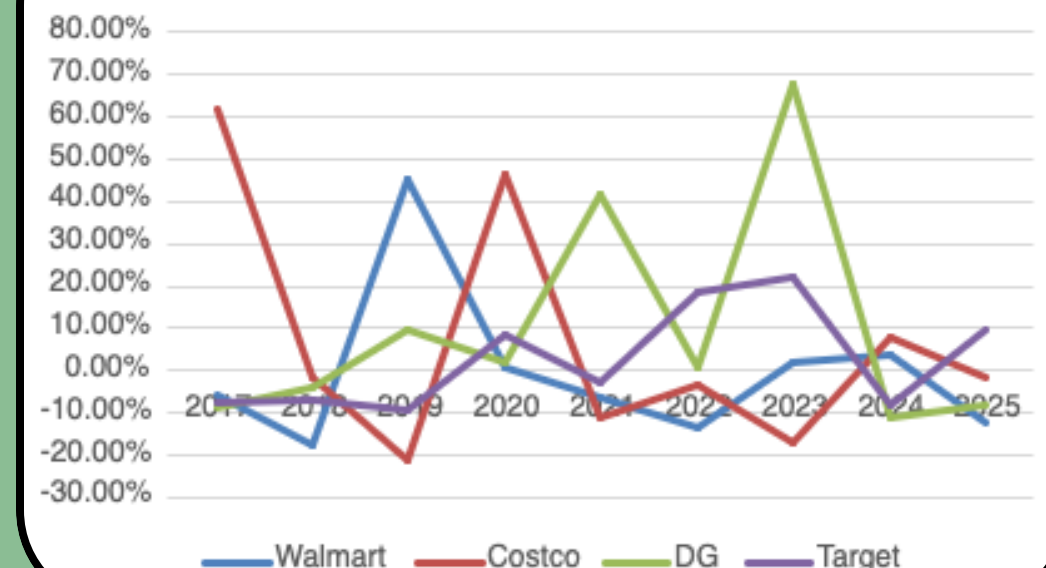
Equity growth has been steadily positive but fluctuating; Costco has shown more consistent upward momentum in recent years compared to the higher volatility seen in Walmart and Target.

### Equity



Debt levels show frequent 'zig-zag' patterns as companies alternate between taking on new loans for expansion and paying them down, with Costco seeing a notable spike in 2023.

### Long Term Debt





# CostCo's Strategy

**“ Continually provide members with quality goods and services at the lowest possible prices”**

- Lowest per unit price on products
- Create value for the customer
- Target market: small business owners and middle-class shoppers
- Increase the number of visits per year





## Strengths

- Limited selection
- Exclusivity
- Discounts throughout the supply chain
- Name brands and services
- Stable management
- Minimized expenses

## Weaknesses

- Membership
- Changes in consumer preferences
- Omnichannel experience
- Labor law violations
- Sensitive to economic cycles



# Challenges in Retail + Our Recommendations

## Changes in Consumer Preferences

- Watch consumer trends
- Increase sampling

## Multichannel Buying Experience

- Build online presence
- Continue developing curbside pickup
- Leverage AI

## Disruptions in Supply Chain

- Continue to find ways to save
- Use technology to monitor inventory levels
- Seek substitutes

## Customer Loyalty

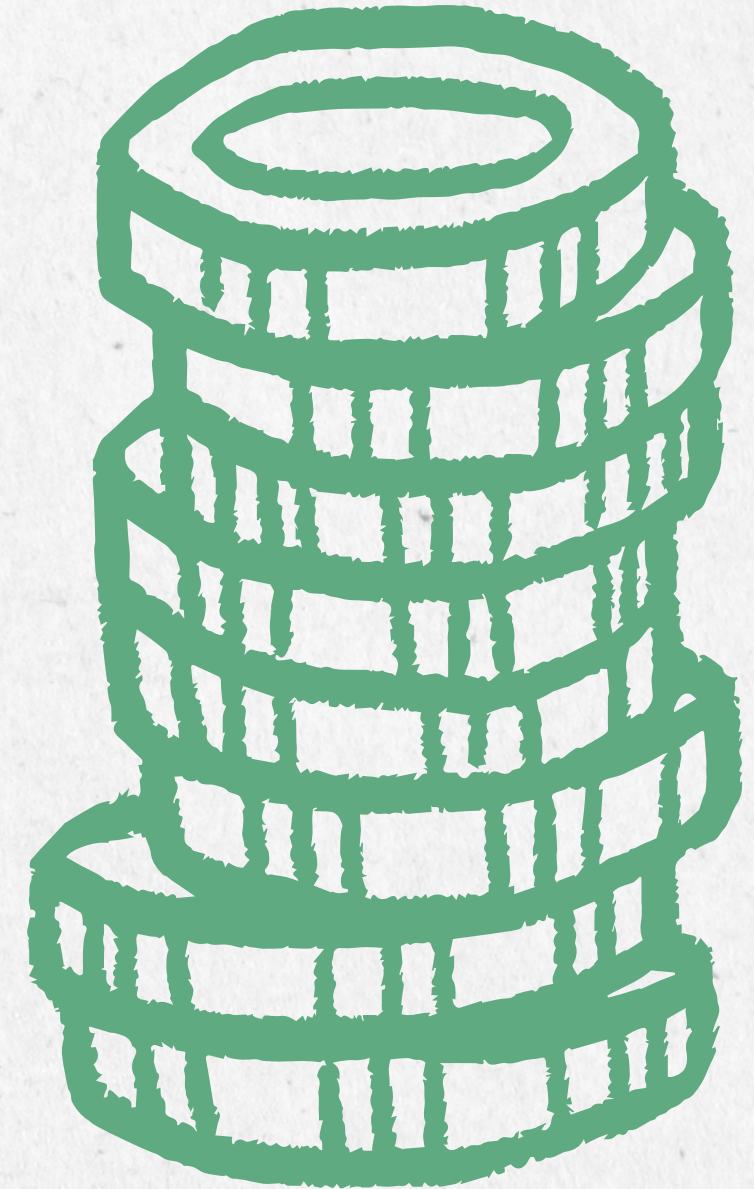
- Increase membership perks
- Rewards



# How to Beat Costco

## **Exploit CostCo's Weaknesses:**

- Omnichannel experience
  - Create online store
  - Leverage AI
- Better store environment
  - Visible clutter
  - Music and ambient lighting
  - Samples
  - Smells in different aisles
- Brands and services
  - Increase luxury goods
- Amplify exclusivity
  - Meadow Lane in NYC





The background is a solid green color with a subtle texture. It is decorated with various white line-art icons related to finance and business. These include stacks of money, individual coins, a dollar sign, a calculator, a piggy bank, a hand holding coins, a bar chart, a target with a dollar sign, a pen, and a document with a dollar sign.

**Thank you!**  
**Final Questions?**



## Additional Sources:

<https://finance.yahoo.com/news/decoding-costco-wholesale-corp-cost-053059255.html>

<https://www.investopedia.com/articles/markets/011216/4-problems-costcos-business-model-cost.asp>

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