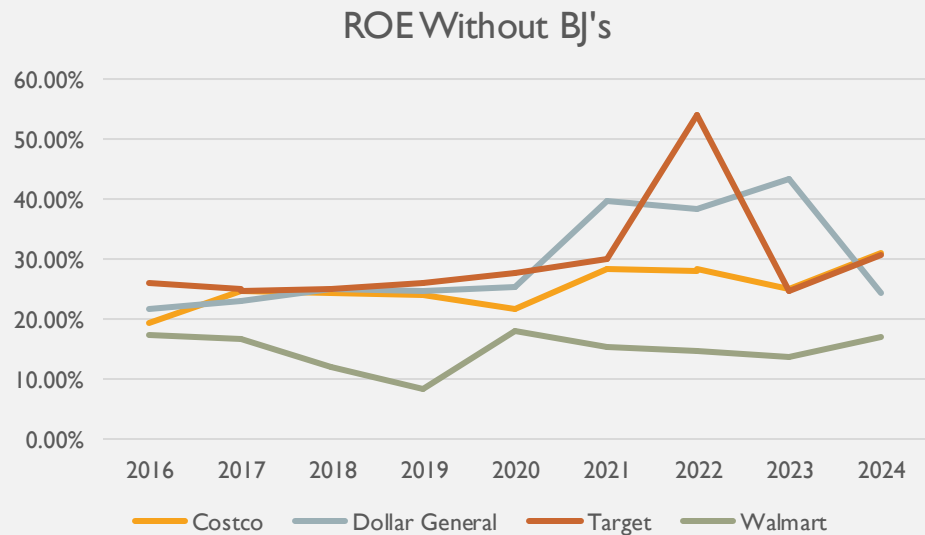
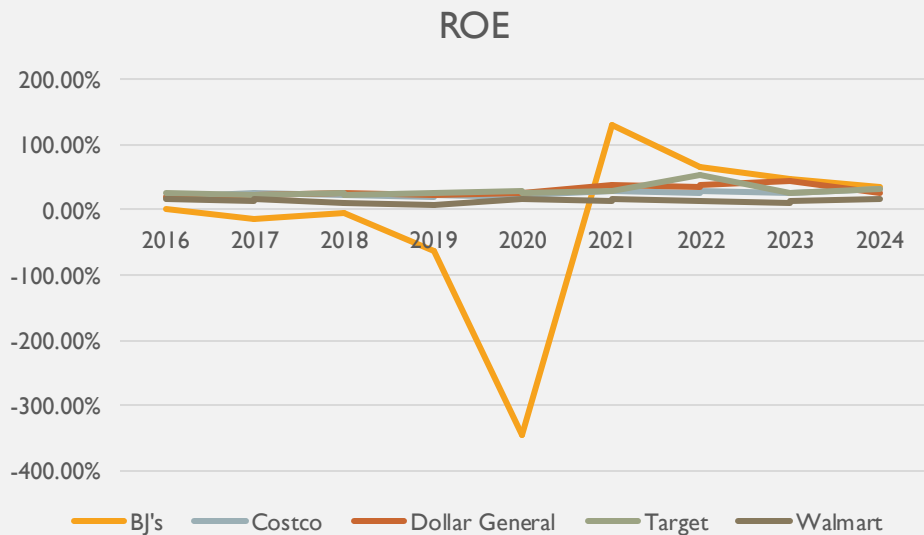
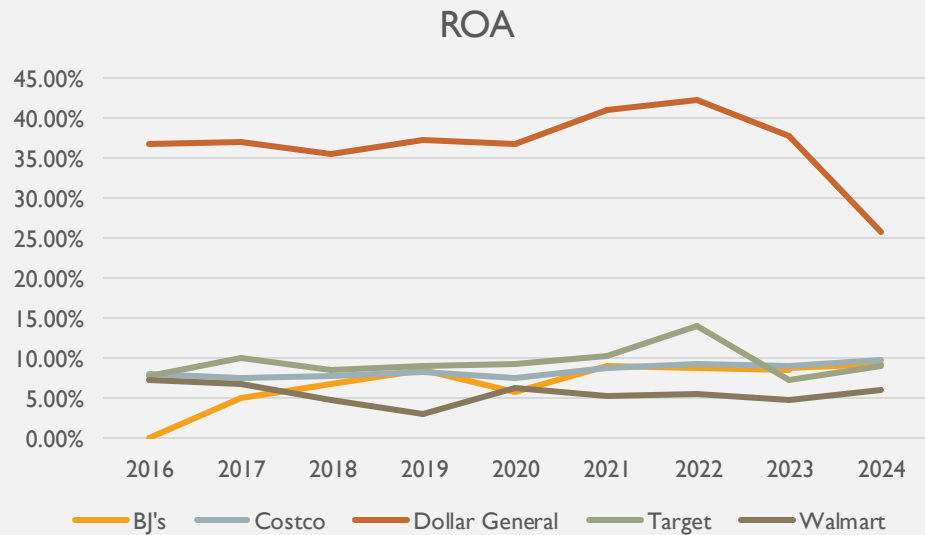
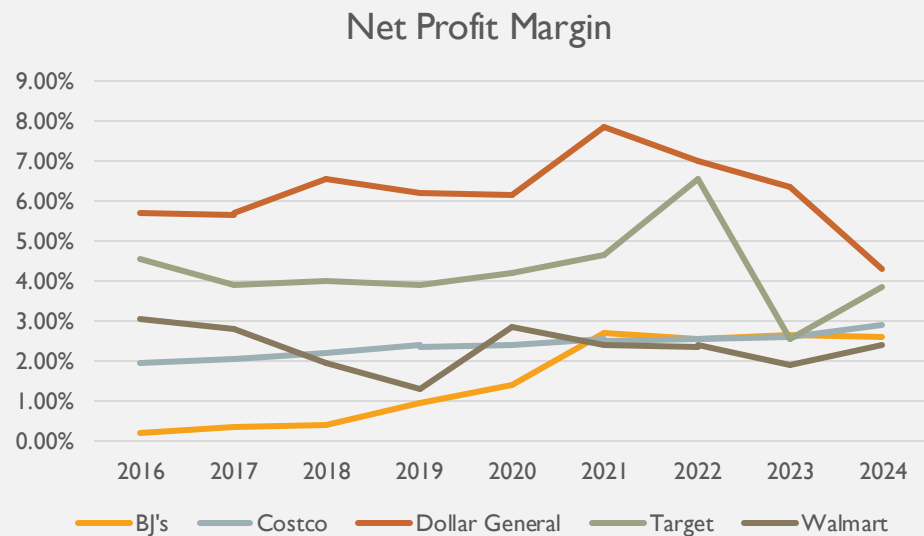


COSTCO CASE

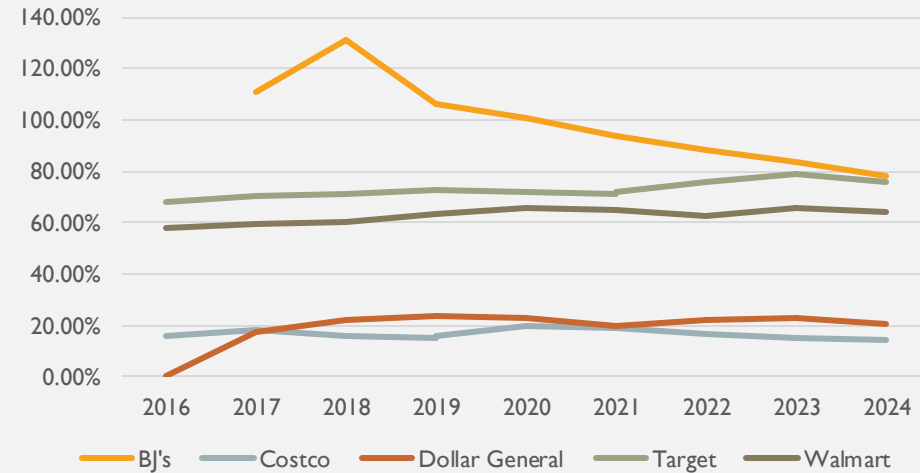
Caden, Nate, Jack, and Megan
Blue Chip Financial Consulting

COSTCO VS. COMPETITORS PROFITABILITY - MEGAN

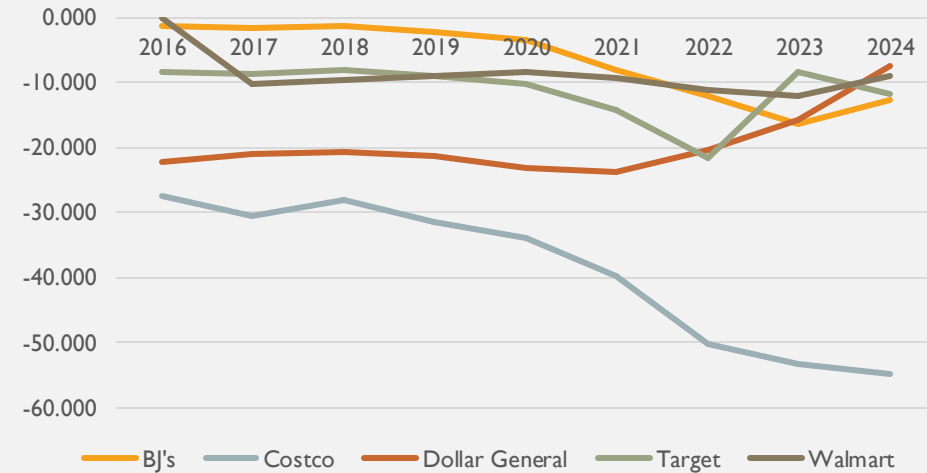


COSTCO VS. COMPETITORS LEVERAGE - CADEN

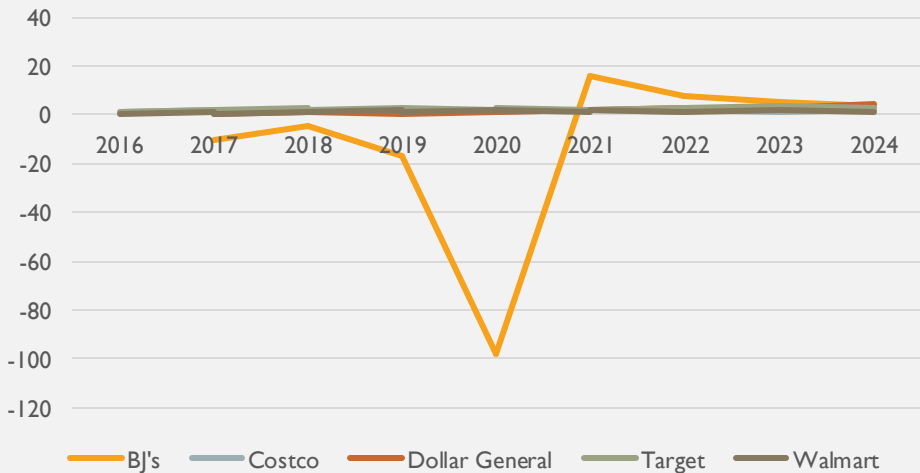
Total Debt Ratio



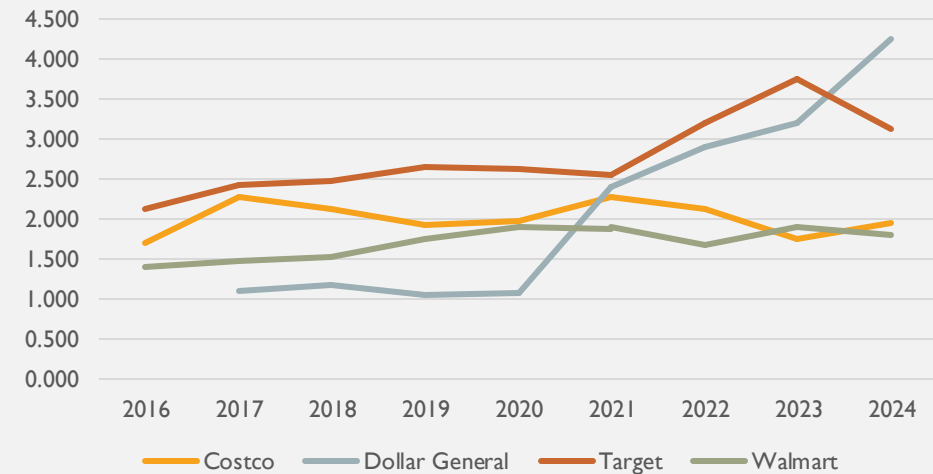
Times Interest Earned



Debt to Equity

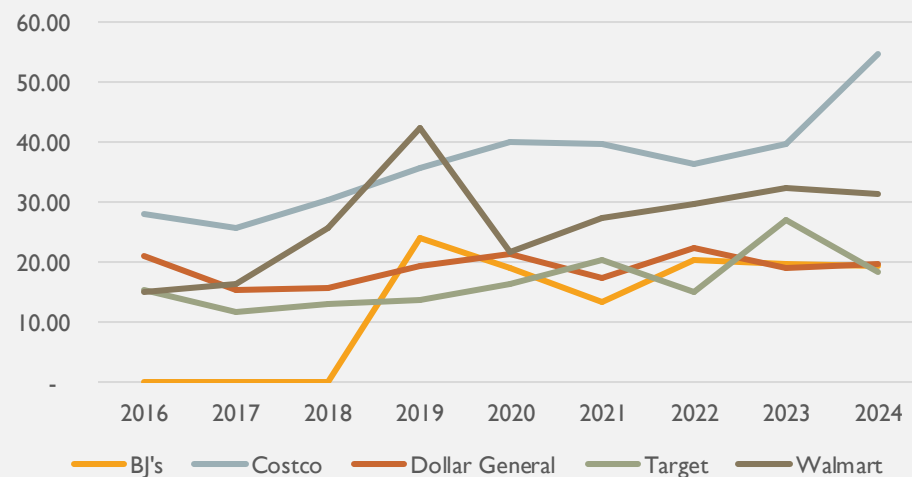


Debt to Equity Without BJ's

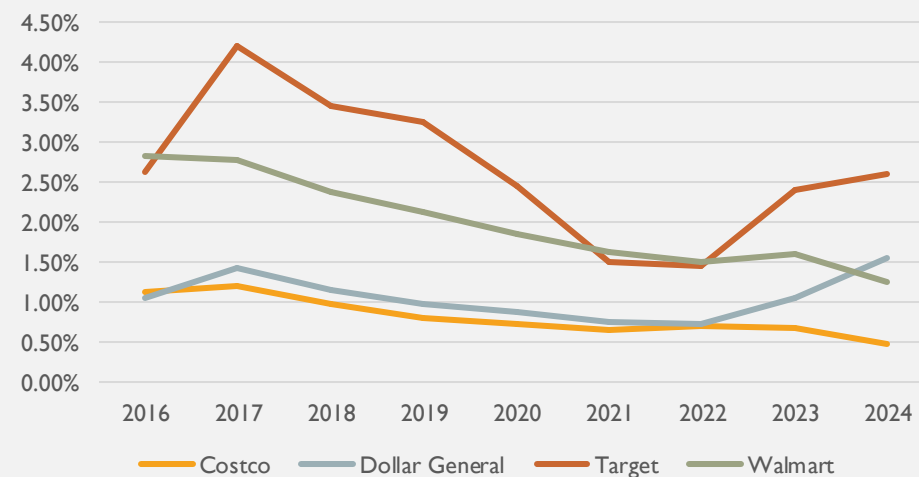


COSTCO VS. COMPETITORS MARKET VALUE - NATE

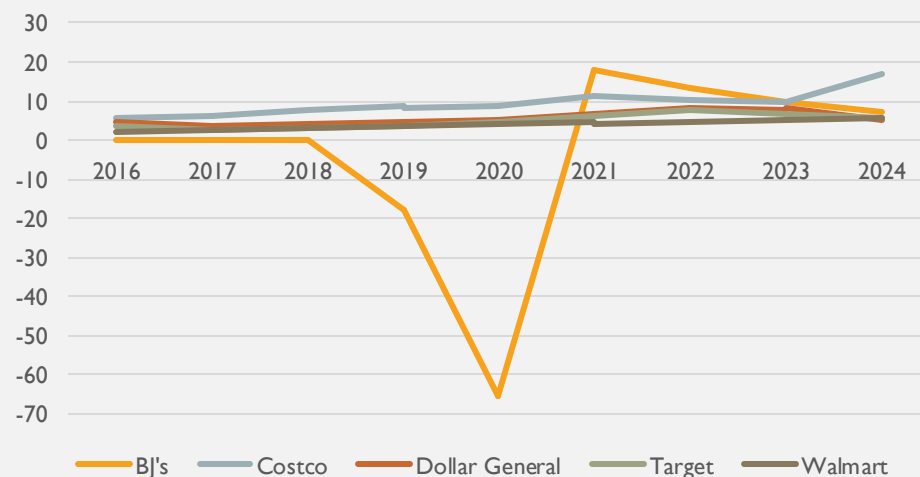
P/E Ratio



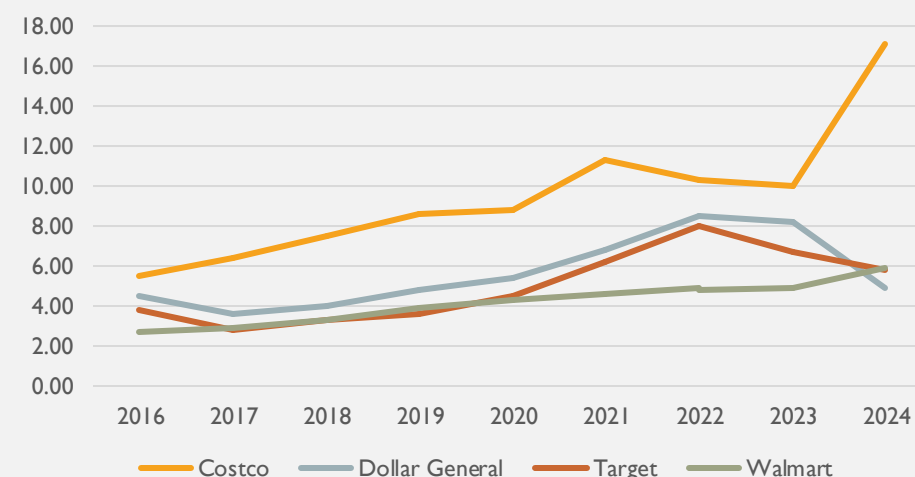
Dividend Yield



Market to Book Ratio

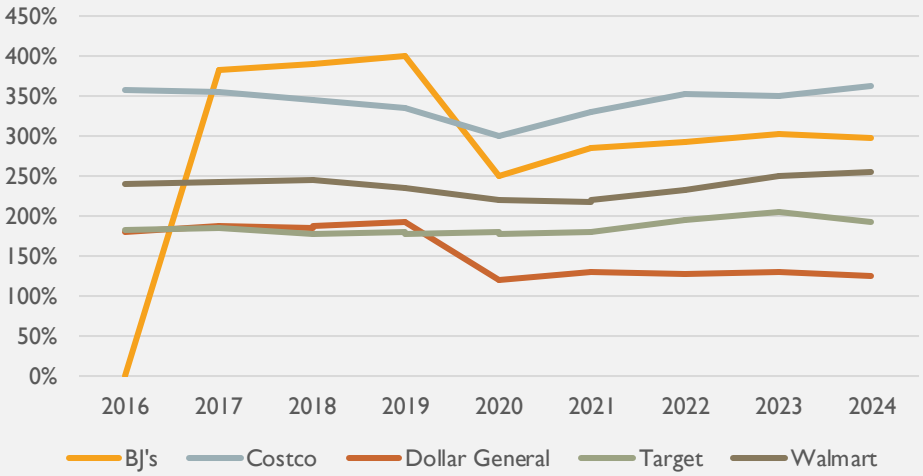


Market to Book Ratio Without BJ's

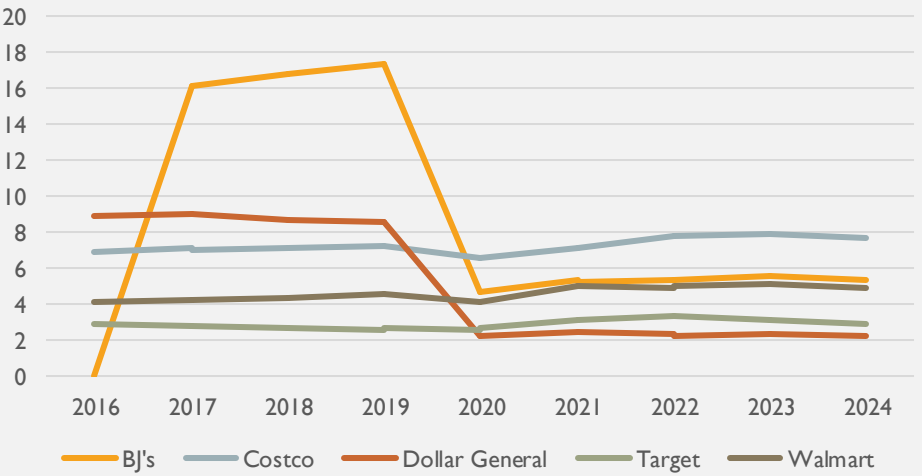


COSTCO VS. COMPETITORS EFFICIENCY – CADEN & MEGAN

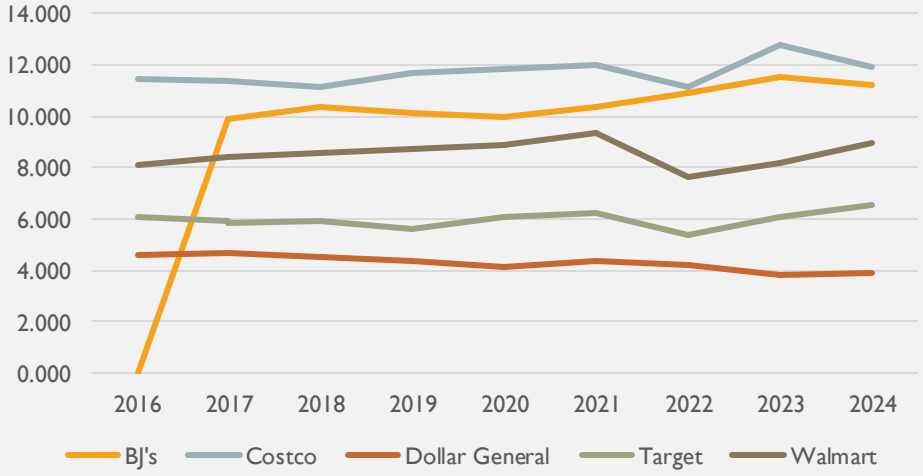
Asset Turnover Ratio



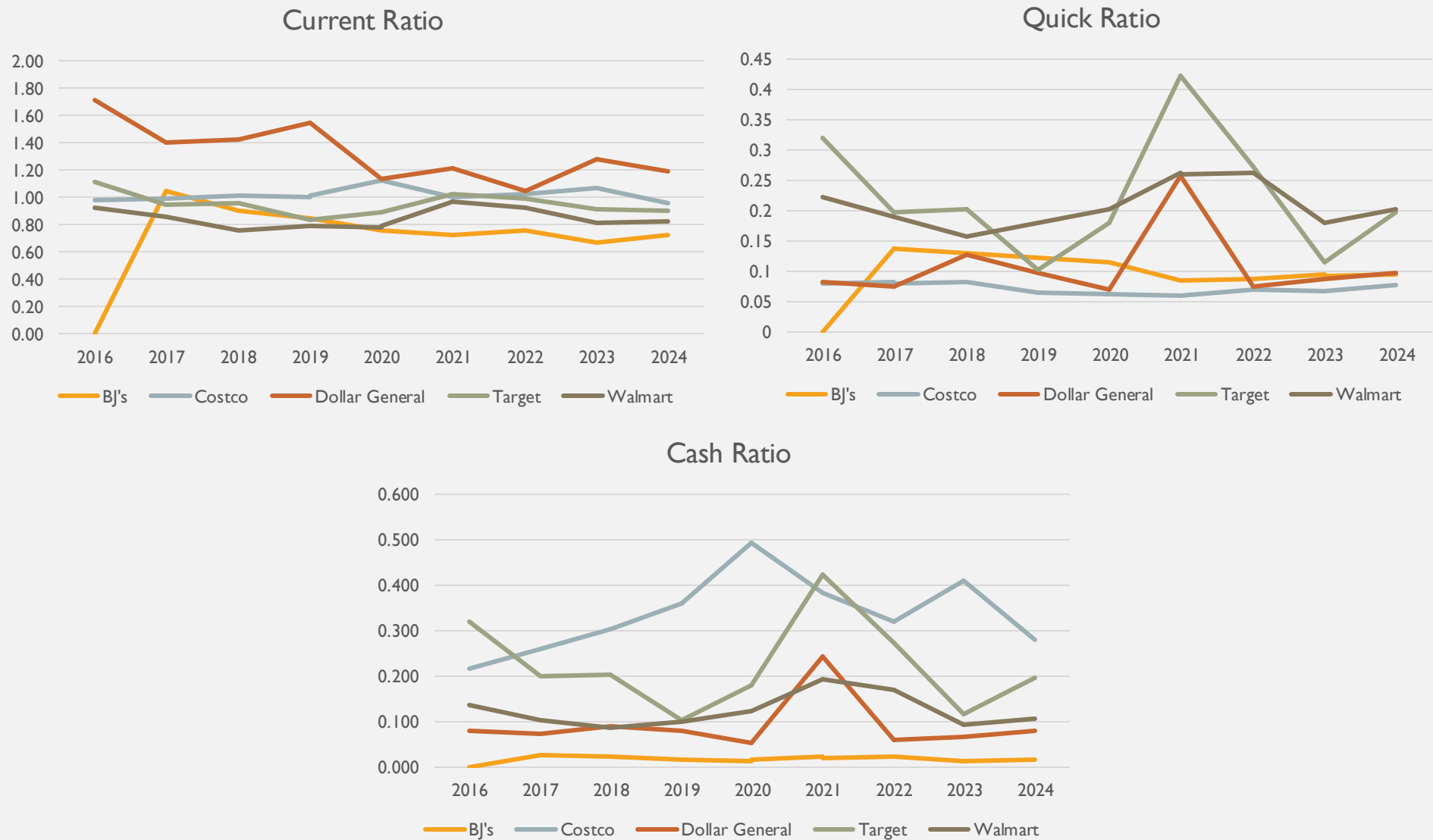
Fixed Asset Turnover



Inventory Turnover Ratio

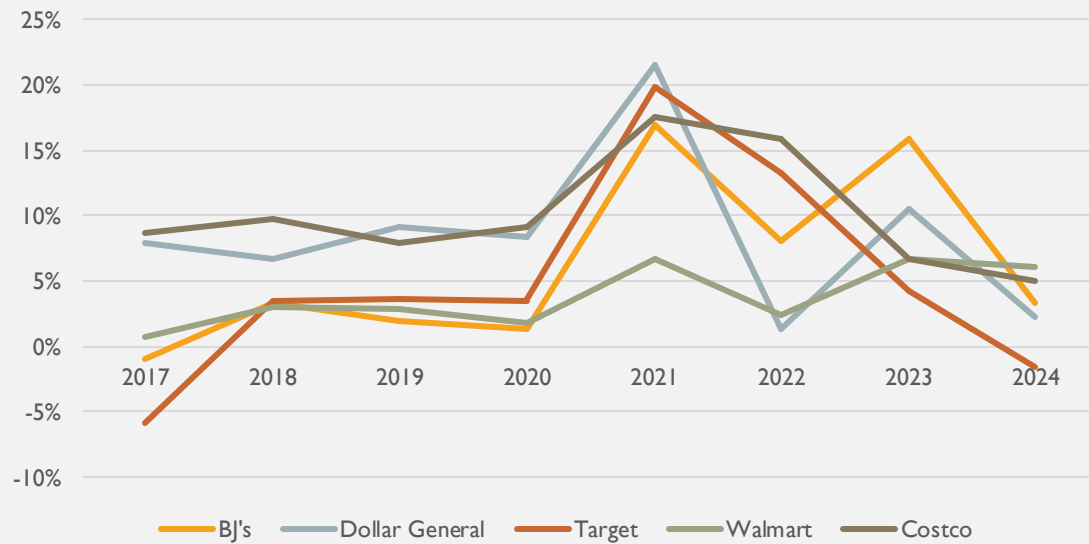


COSTCO VS. COMPETITORS LIQUIDITY - JACK

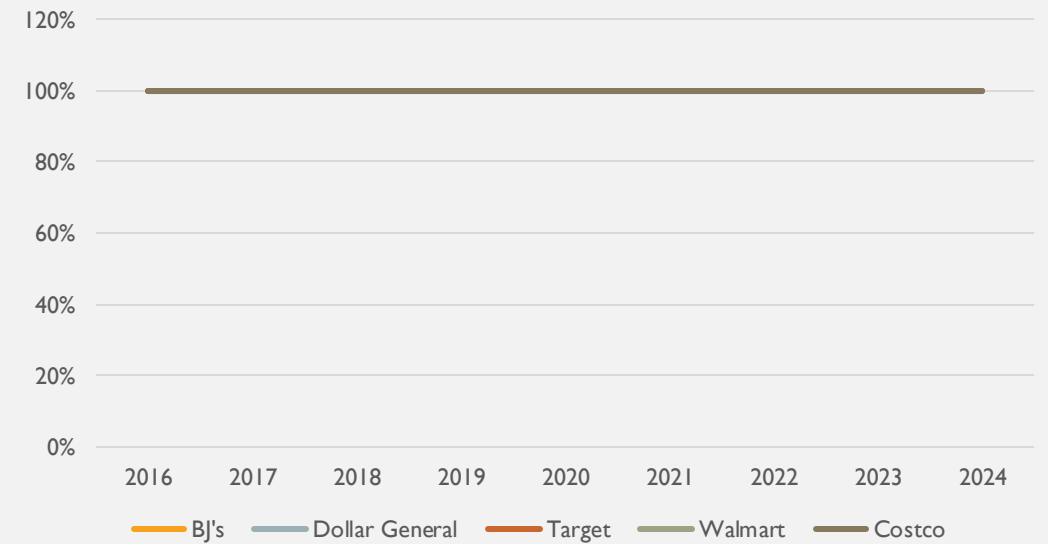


REVENUE – MEGAN

Revenue % Change

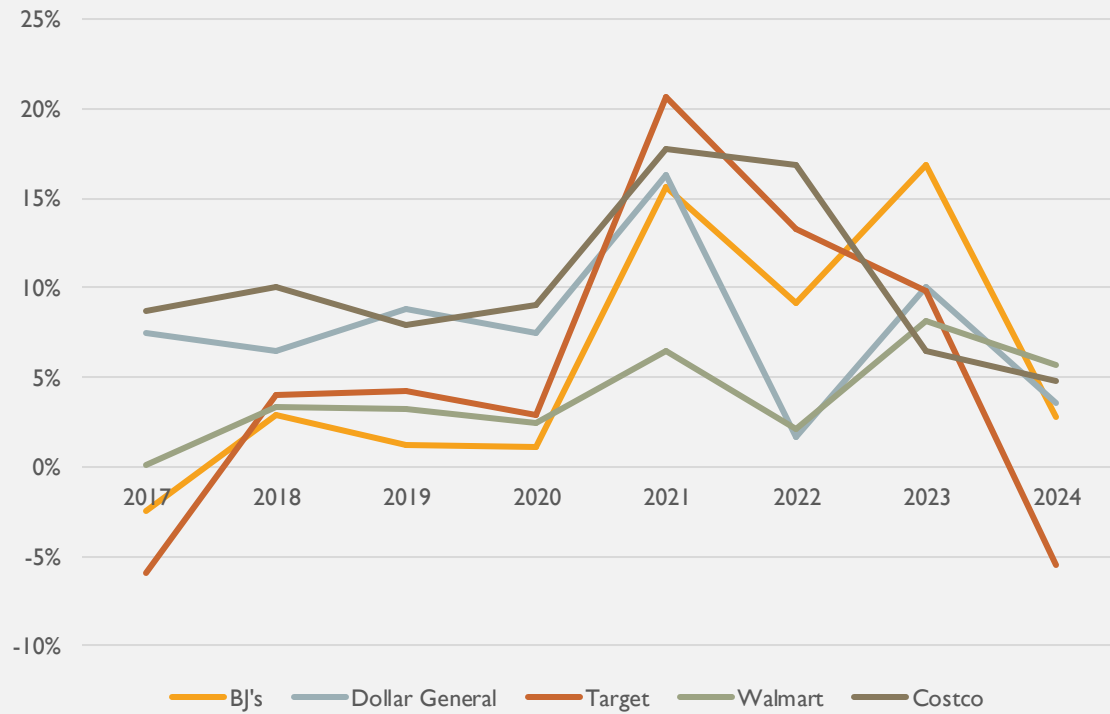


Revenue Commonsized

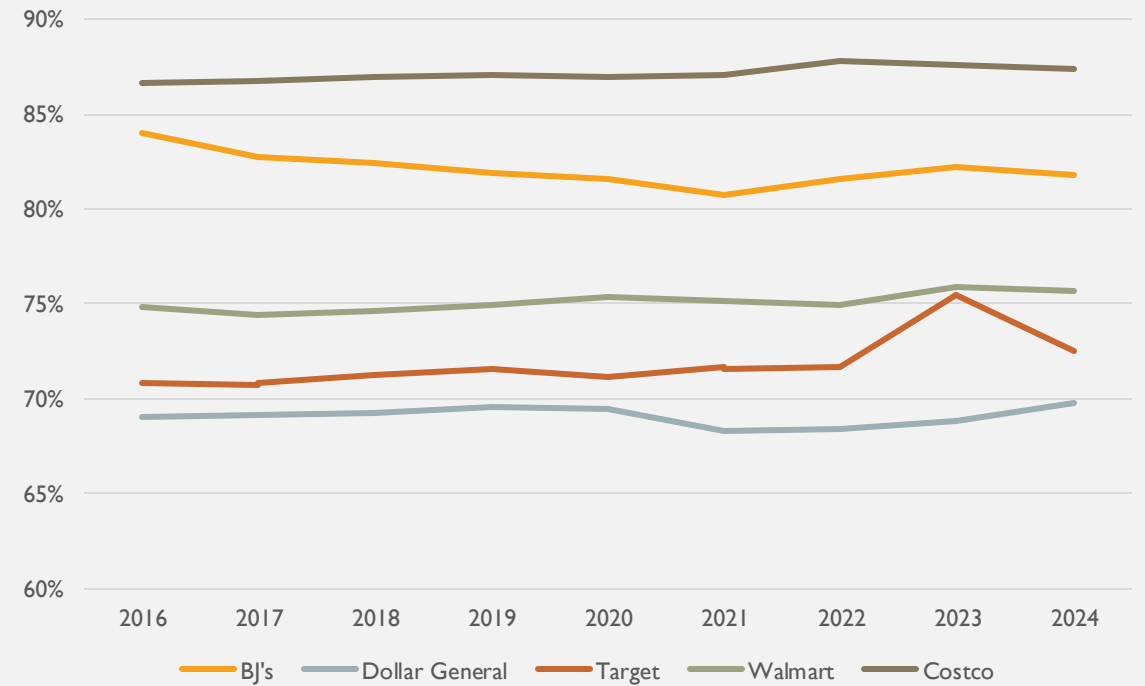


COST OF GOODS SOLD – MEGAN

COGS % Change

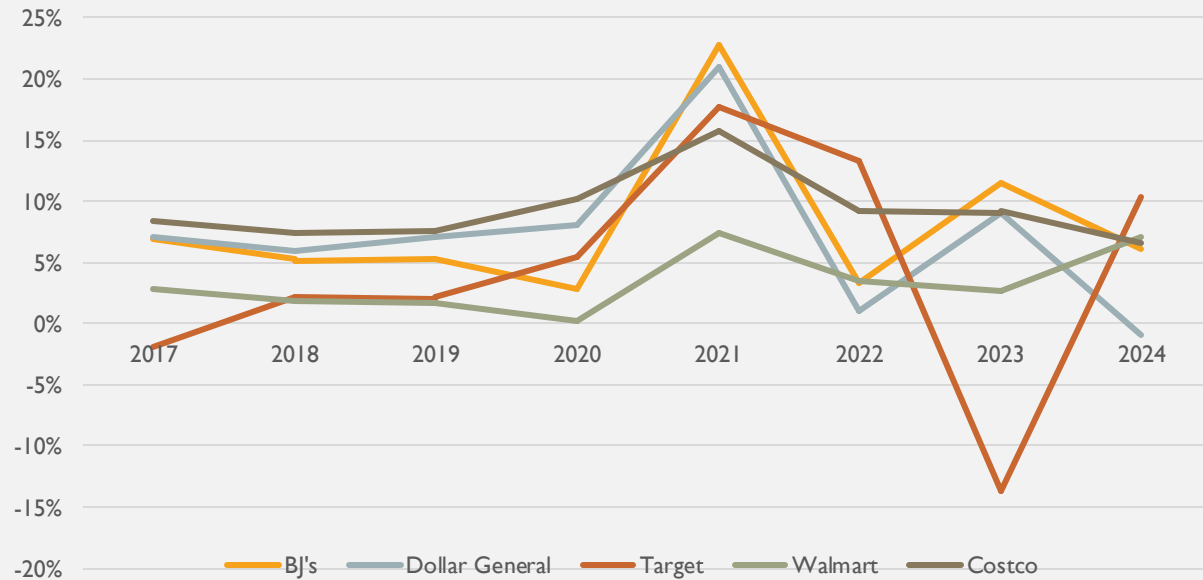


COGS Commonsize

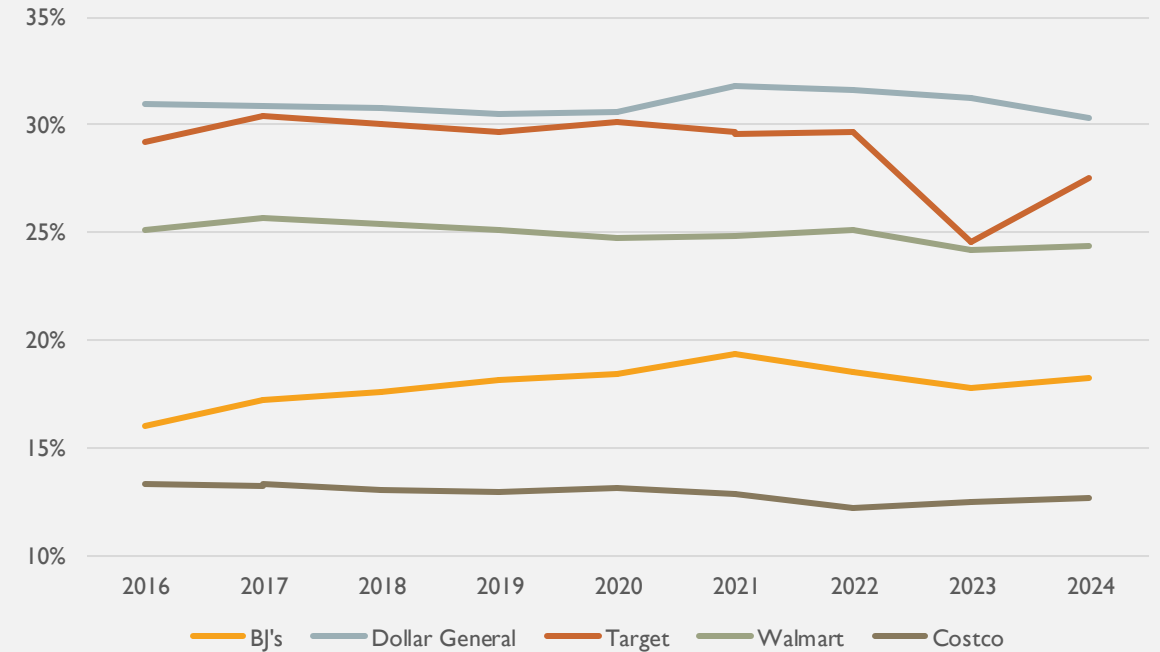


GROSS PROFIT – MEGAN

Gross Profit % Change

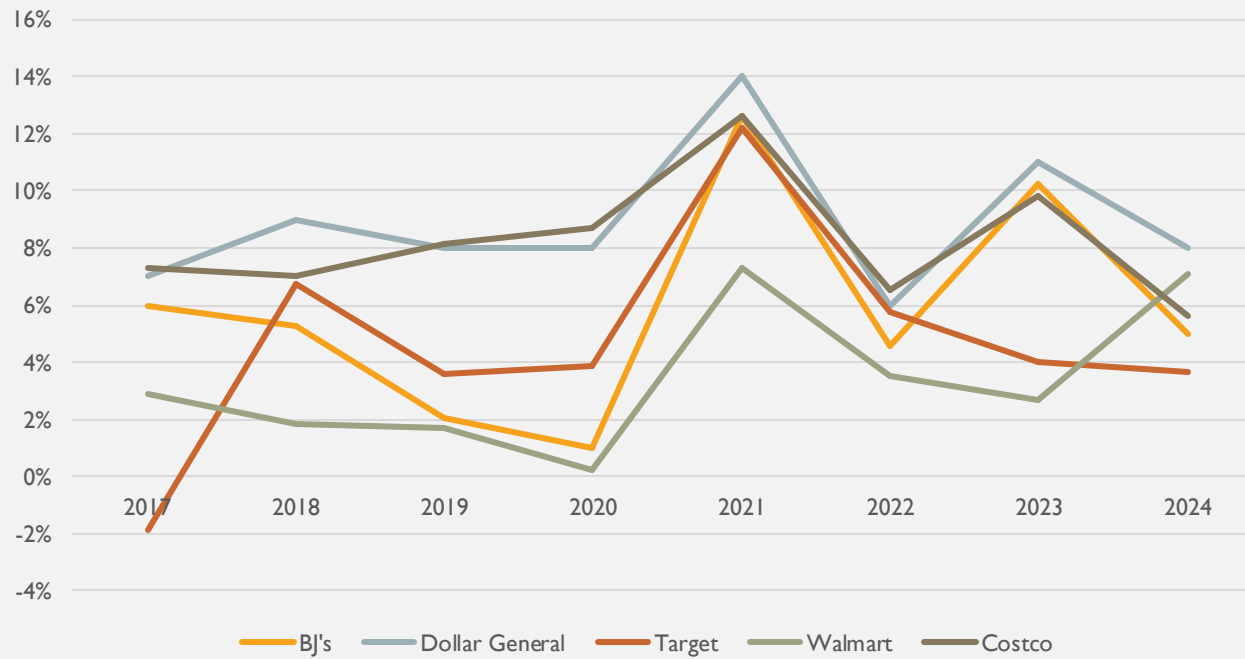


Gross Profit Commonsized

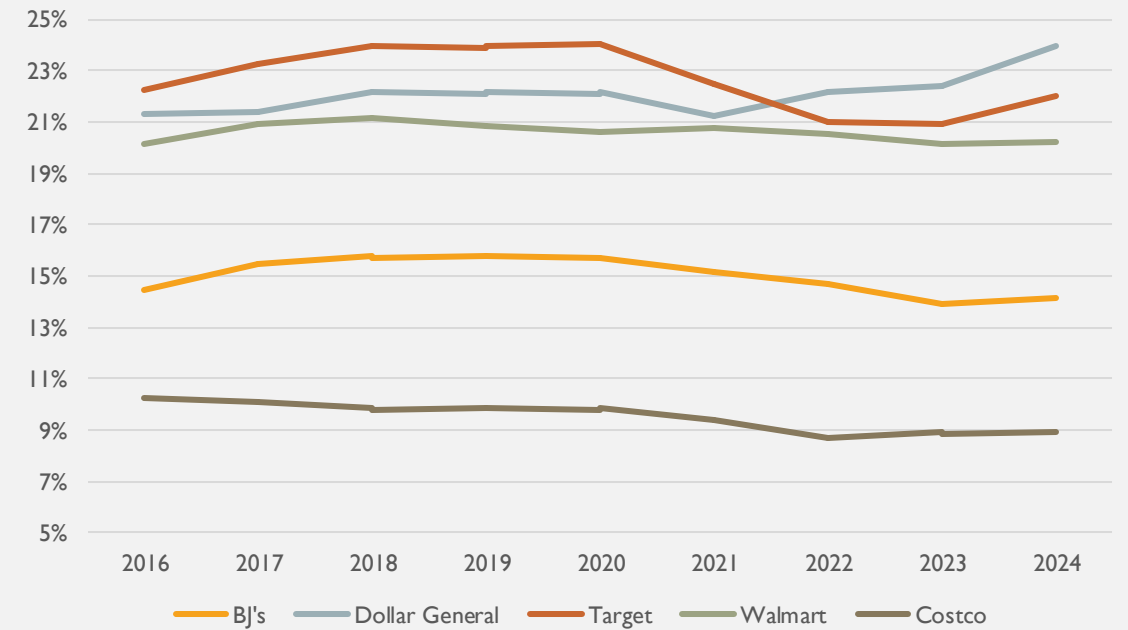


OPERATING EXPENSE - CADEN

Operating Expense % Change

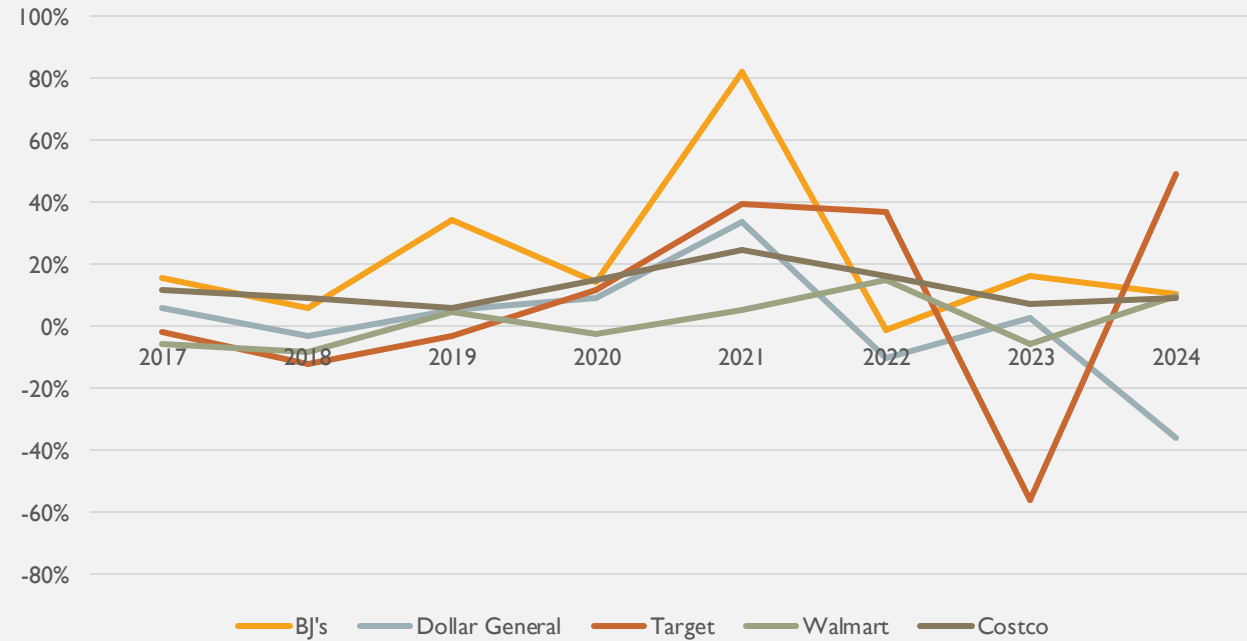


Operating Expense Commonsize

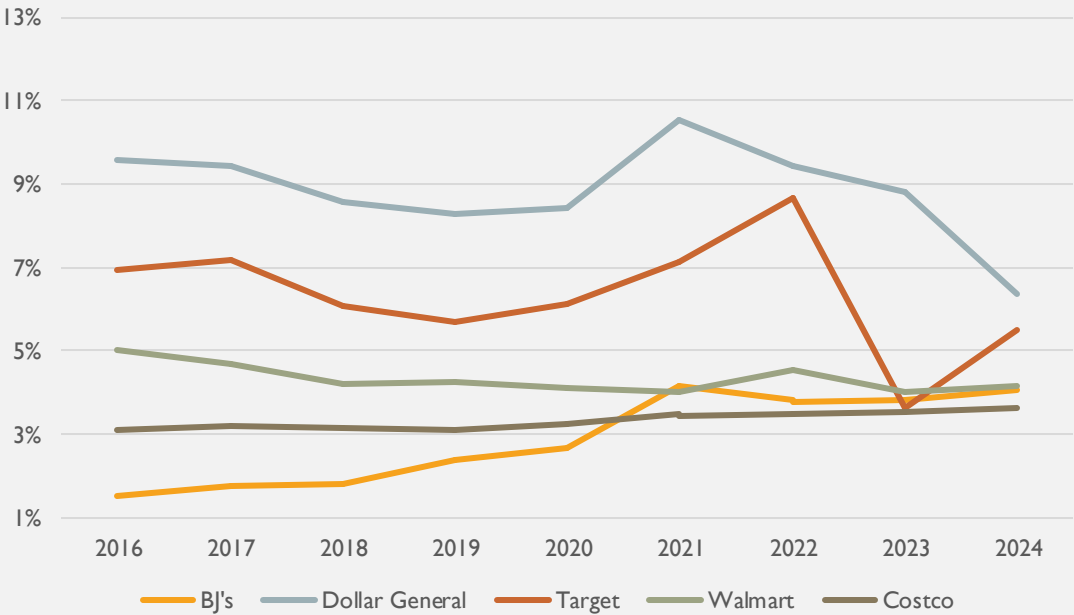


OPERATING INCOME - CADEN

Operating Income % Change

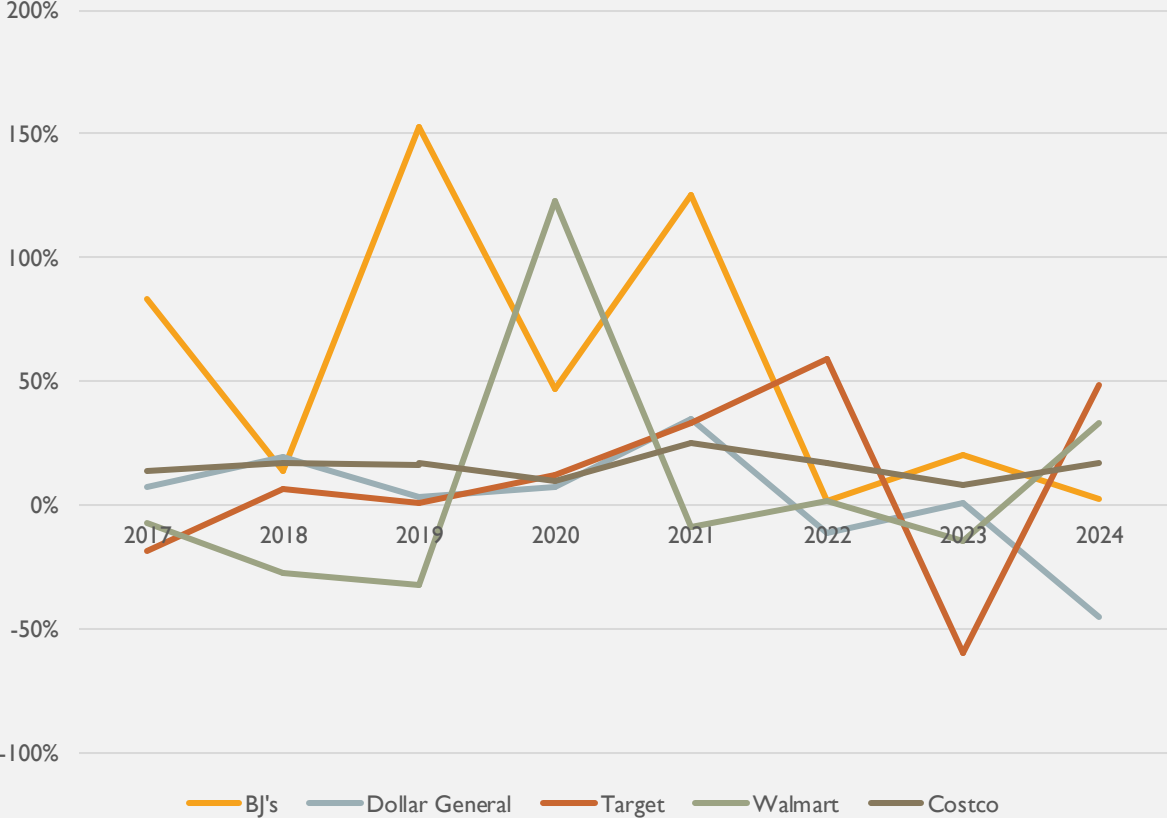


Operating Income Commonsized

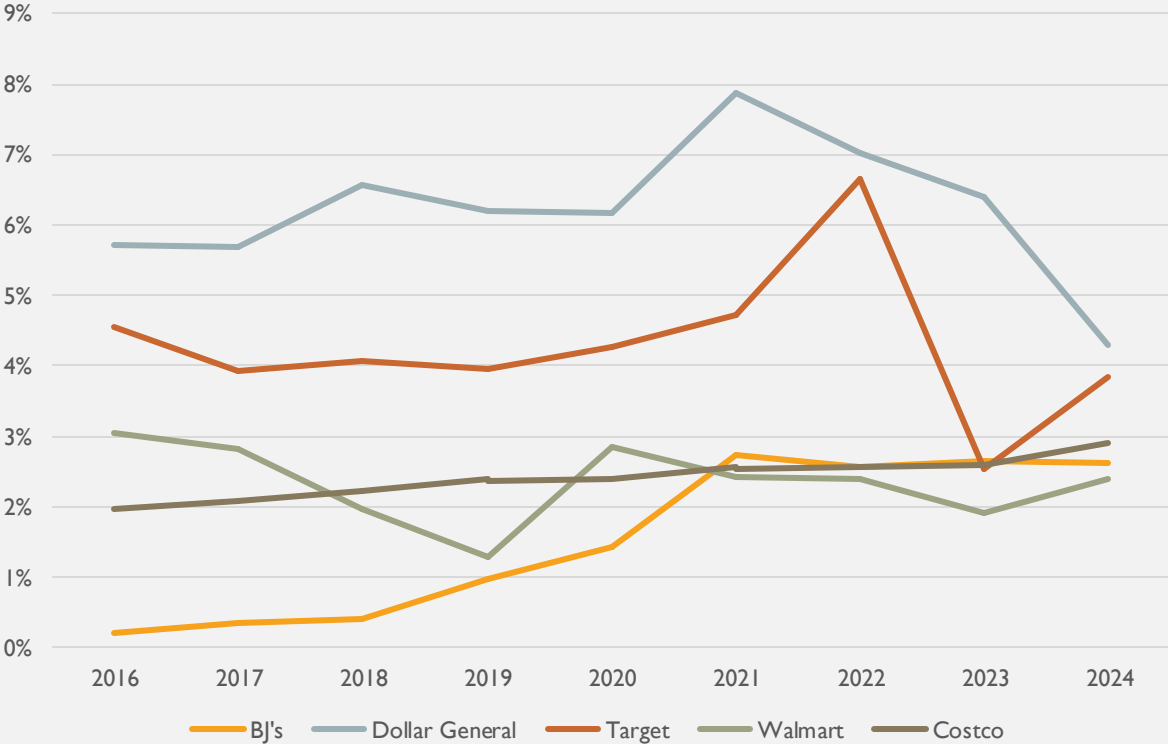


NET INCOME - CADEN

Net Income % Change

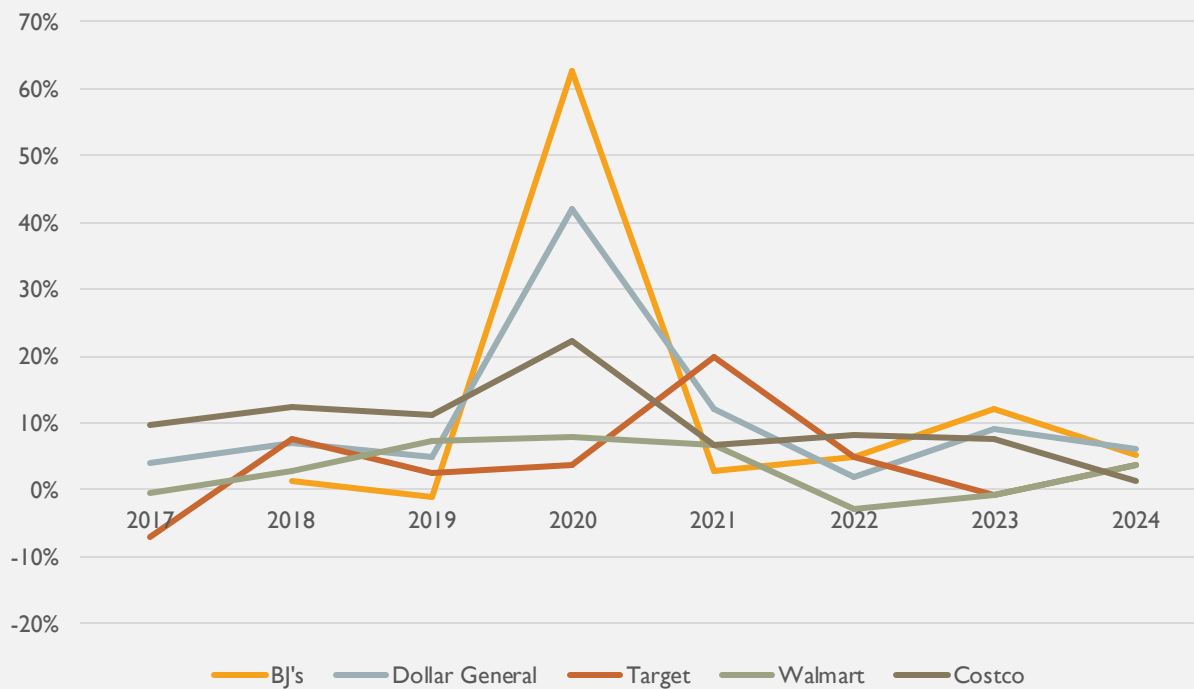


Net Income Commonsize

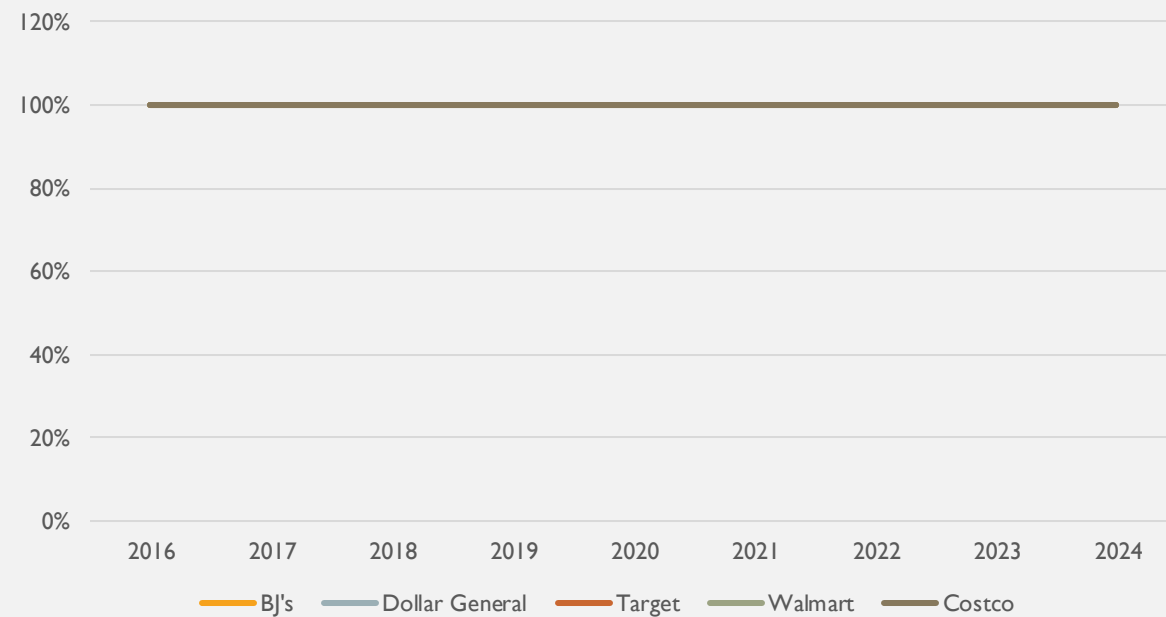


TOTAL ASSETS - JACK

Total Assets % Change

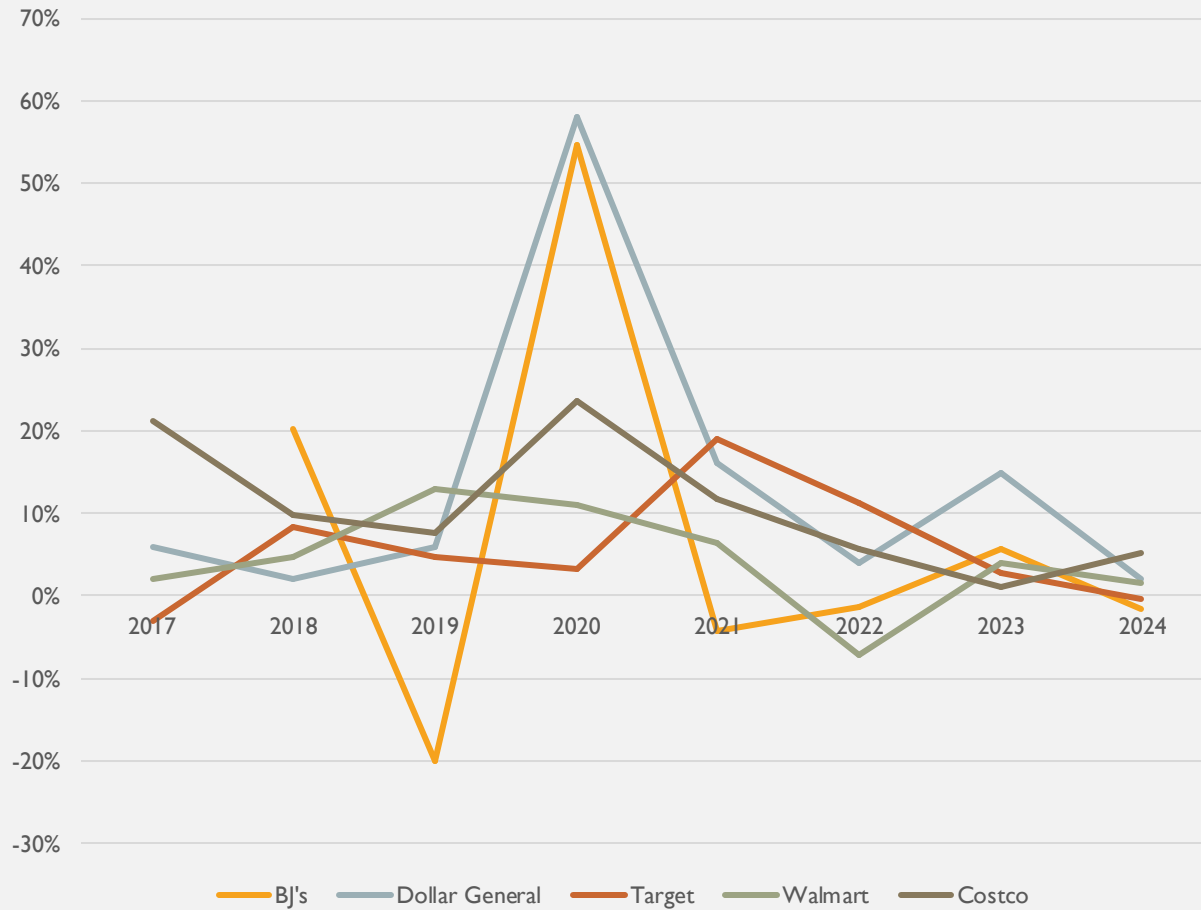


Total Assets Commonsize

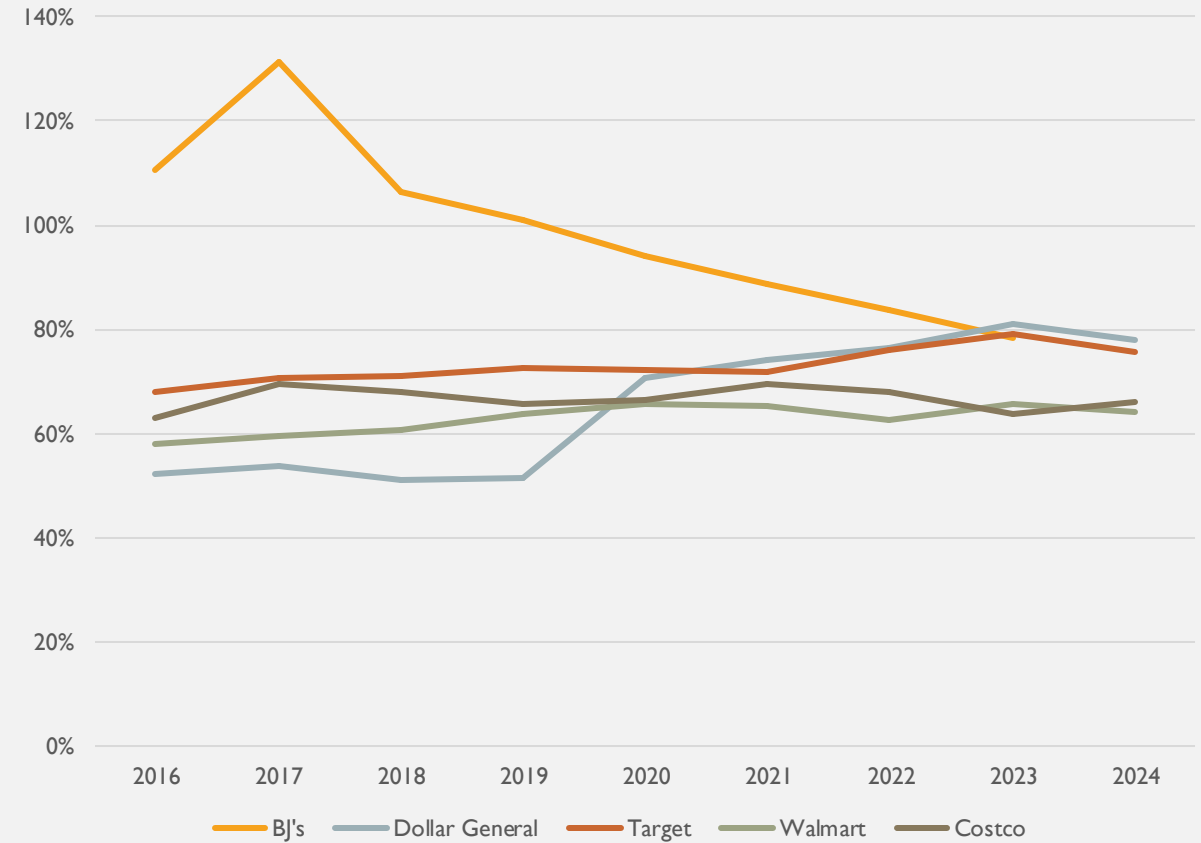


TOTAL LIABILITIES - JACK

Total Liabilities % Change

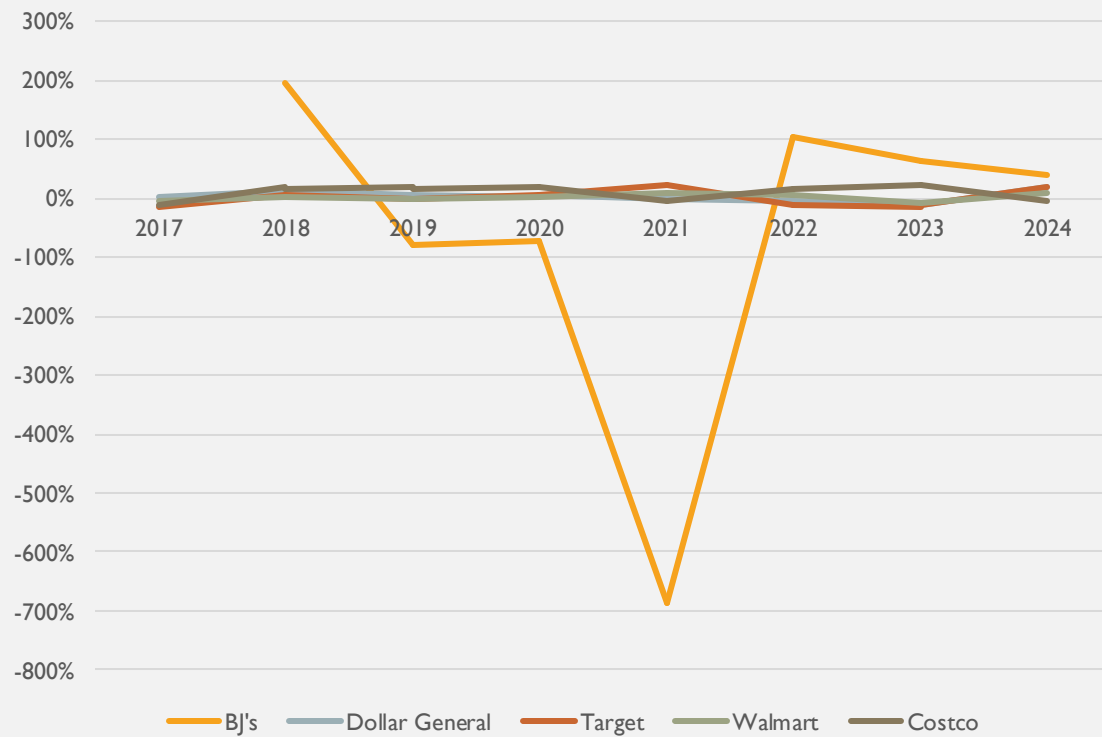


Total Liabilities Commonsize

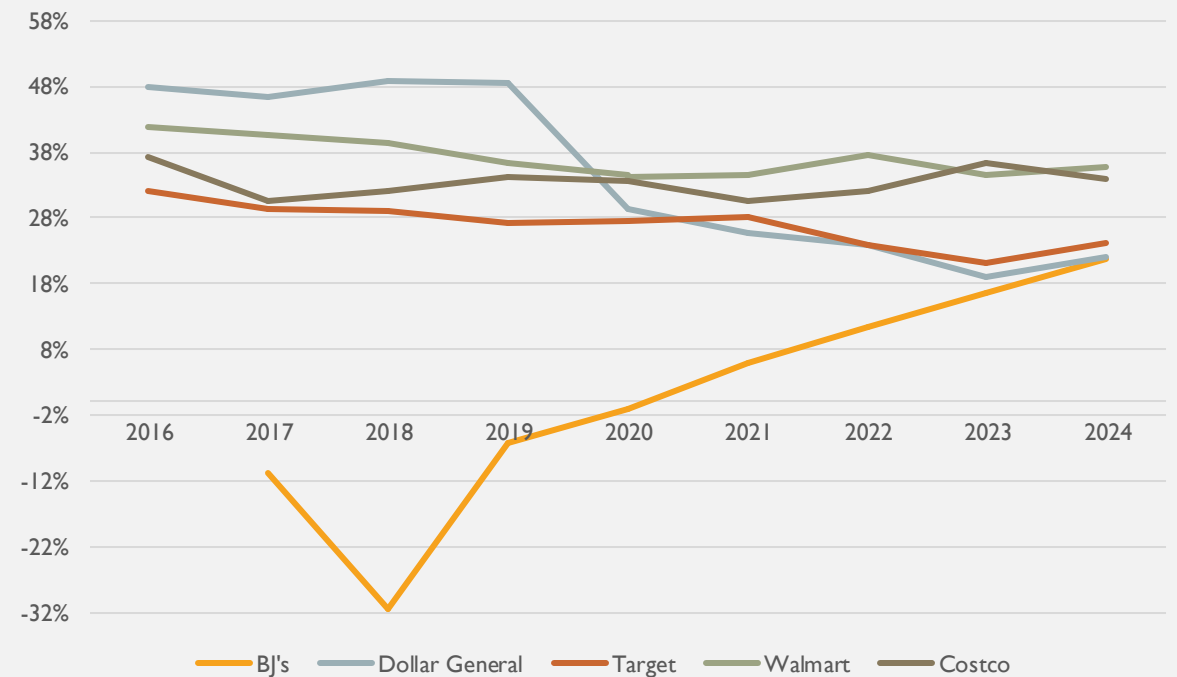


TOTAL EQUITY – NATE

Total Equity % Change

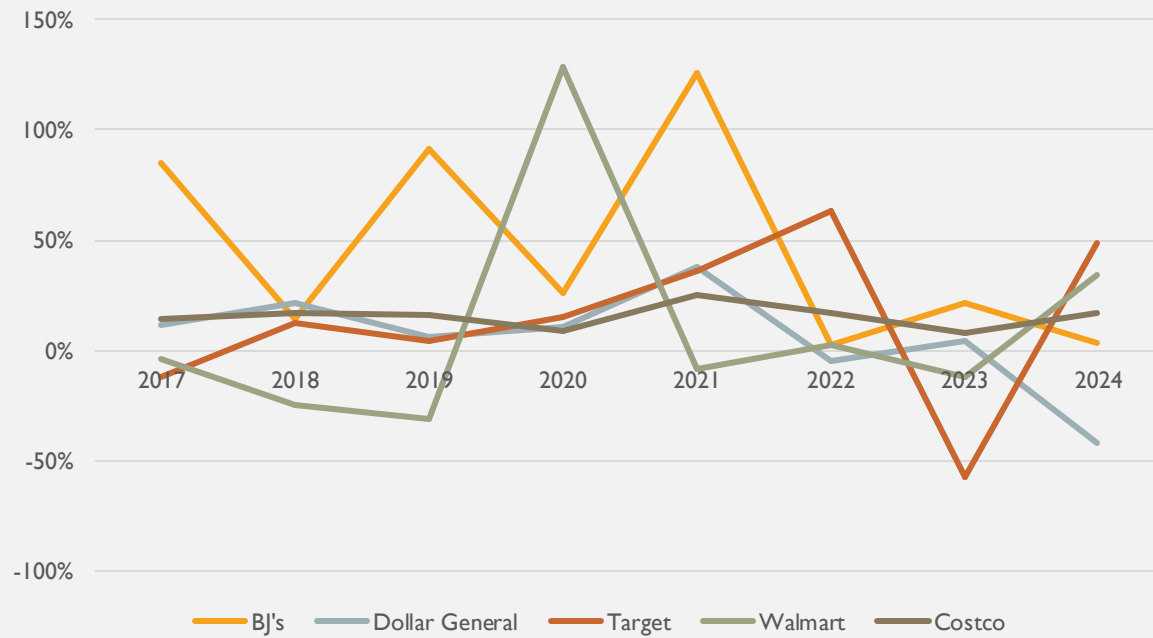


Total Equity Commonsize

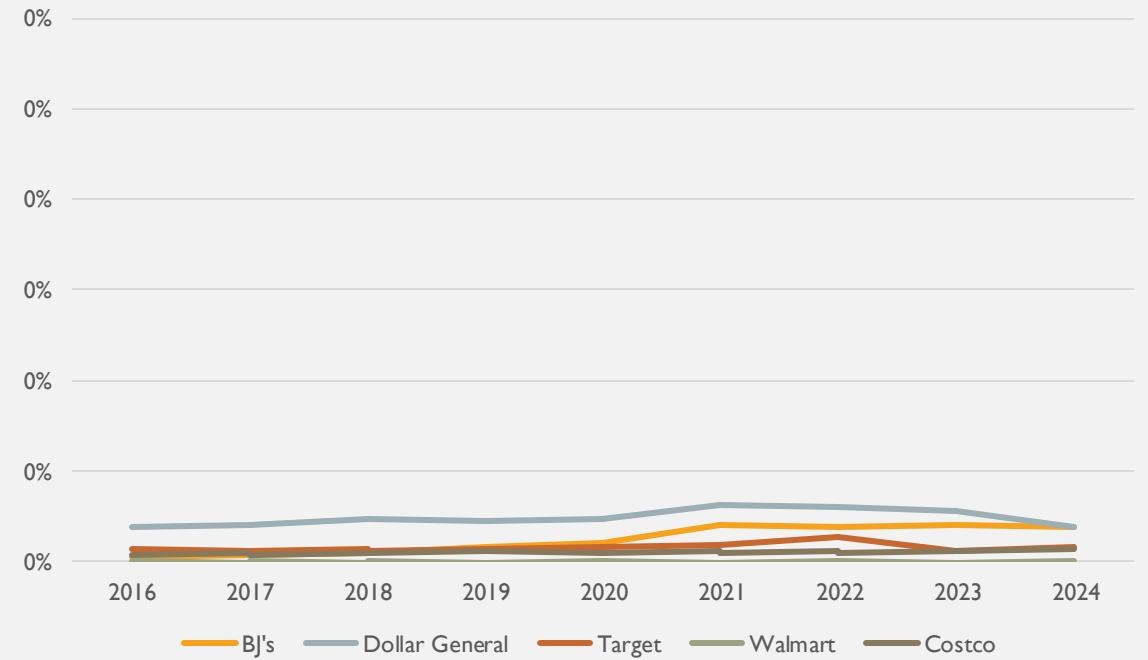


EARNINGS PER SHARE - NATE

EPS % Change



EPS Commonsize



COSTCO'S CURRENT STRATEGIES – JACK & NATE

Exclusive to
members

Out-pricing their
competitors

Selling products in
bulk

High quality store
brand

Name-brand product
offerings

Addition of ancillary
services (gas stations,
pharmacies, auto
shops)

COSTCO'S CURRENT STRENGTHS - CADEN

Consistently low
prices on essential
items

Using membership
fees to offset low
product margins and
pass savings on to the
customer

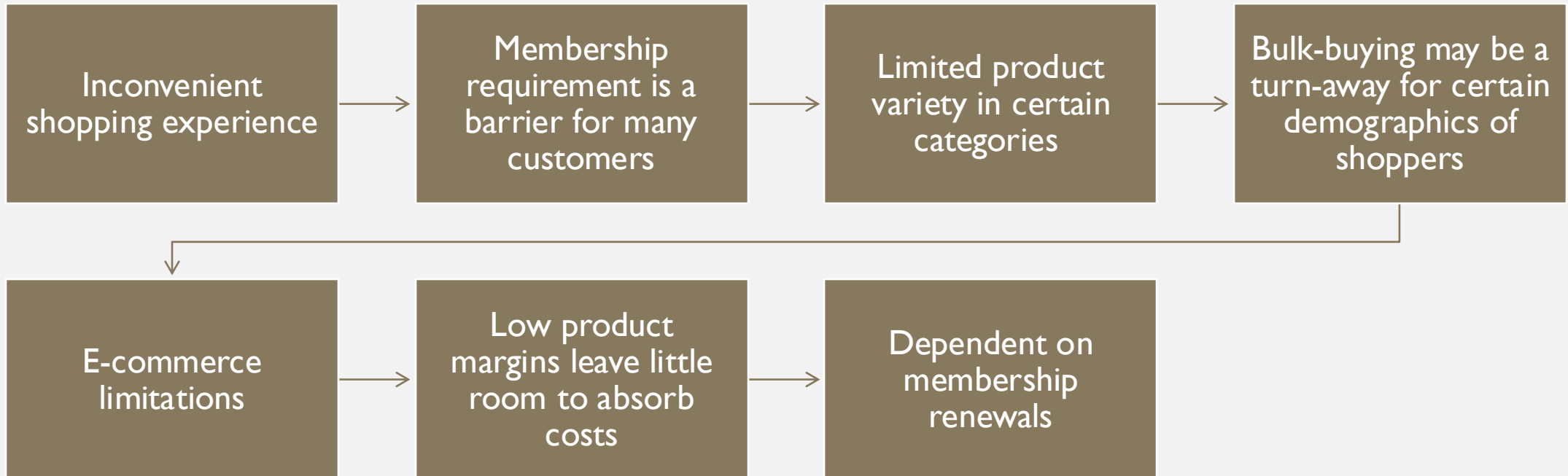
Membership model
creates customer
loyalty

Large product volume
gives Costco supplier
leverage

Highly trusted
Kirkland brand creates
low-cost product
where there is a need
in the market

Ancillary businesses
(gas stations,
pharmacy, tires) adds
membership value to
the customer

COSTCO'S CURRENT WEAKNESSES - MEGAN



RETAIL INDUSTRY FACTORS - NATE

Challenge

- Consumer e-commerce expectations
 - Quick 1–2-day delivery
 - Hassle-free online returns
 - At no added cost

Recommendation

- Improve digital shopping experience
 - Easy to navigate website/app
 - Accurate inventory count
 - Free same-day delivery included in cost of the membership

RETAIL INDUSTRY FACTORS - JACK

Challenge

- Supply chain volatility
 - Disruptions due to weather, political climate, and high costs
 - Creating product shortages
 - Rising costs

Recommendation

- Strengthen supply chain flexibility
 - Diversifying suppliers for top selling categories
 - Improving inventory forecasting

RETAIL INDUSTRY FACTORS - CADEN

Challenge

- Intense competition
 - All major retailers are fighting for the lowest prices and best value to the customer
 - E-commerce is pulling business away from in-person retailers

Recommendation

- Maintain pricing gap from other retailers
 - Keep a significant price gap from other competitors for essential items
 - Expand Costco's "Kirkland" brand into more item categories to improve margin costs

RETAIL INDUSTRY FACTORS - MEGAN

Challenge

- Membership Saturation
 - As the market matures, there is less opportunities to gain new members
 - Competitors add similar perks making it difficult to differentiate the membership's value

Recommendation

- Increase Membership Incentives
 - Provide free trials or discounted memberships to draw new customers in
 - Offer rotating exclusive perks for the higher membership tiers
 - Frequent product selection changes



HOW CAN BJ'S BEAT COSTCO?

- Improve Efficiency
 - Technology driven operations
- Expand upon the private label strategy
 - Build brand loyalty
- Online Improvements
 - Improved pickup and delivery
- Use Higher Leverage
 - Invest in technology upgrades
- Membership Model Changes
 - Flexible membership options

HOW CAN DOLLAR GENERAL BEAT COSTCO?

- Reduce theft
 - Eliminates profits and force price raises
- Fix the "Messy Store" reputation
 - Criticized for clutter and disorganization vs Costco Clean and efficient
- Add and Expand on "Fresh Food"
 - Grocery section with fresh items
- Proximity vs. Convenience
 - Convenience, 20,000+ Locations in 5-mile Radius of 75% of U.S. Pop.



HOW CAN TARGET BEAT COSTCO?

- Convenience
 - Focus on quick, same day fulfillment
 - More express lanes and easy location tools for customers who value time
- Promote their Target Circle 360 program
 - An unnecessary but beneficial membership program
 - Same-day delivery, free shipping, exclusive sales
- Excel where Costco is weak
 - Clothing, school supplies, beauty, skincare, and home decor



HOW CAN WALMART BEAT COSTCO?

- No membership
 - Combined with low prices, more attractive to price-sensitive shoppers.
- Retail ecosystem strength
 - Walmart is stronger in curbside pickup, same-day delivery, and online ordering
- Product variety
 - Broader selection both across categories and within the same categories.
- Operational efficiency
 - Excels in scale and logistics efficiency