



## Costco: Shopping in Bulk

### Listening Questions 1:

1. Where and when did the first Costco open?
2. What company did Costco merge with in 1993?
3. How many locations did the company have after the merger?
4. What happened in 1997?

### Listening Questions 2:

1. What is Costco's philosophy?
2. How many members does it have?
3. What was the company's sales total in FY11?
4. How much is the lowest membership fee in the U.S.?

## Transcript 1:

The first Costco warehouse opened in Seattle in 1983. By 1989, the company reached \$3 billion in annual sales. The Costco business model was similar to other wholesale companies; customers paid an annual membership fee in order to shop at the stores.

In 1993, Costco merged with a similarly sized wholesale company called Price Club. The resulting company, PriceCostco had 206 locations and \$16 billion in revenue. It then focused on expanding internationally to Mexico, South Korea, and England. The executives from the original companies disagreed on the new company's direction so Sol Price, the founder of Price Club, left with his son Robert to create a new wholesale company at the end of 1994. In 1997, PriceCostco changed its name to the current Costco Wholesale and rebranded all of the Price Club locations with the new name.



## Transcript 2:

Costco Wholesale has a simple philosophy; keep costs down and pass on the savings to its customers. There are over 55 million members worldwide and about 142,000 full or part-time employees. In FY11, its sales total was \$88.915 billion. Thanks to its tremendous buying power, Costco can get very low prices from manufacturers. This also leads to the company selling products in large quantities with low prices per unit.

Over the years, Costco has gradually expanded the variety of products and services available at the stores. You can find products ranging from snack food to TVs to car tires and services such as photo processing and eye exams.

As of February 2013, the lowest membership fee in the U.S. is \$55 per year.