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Costco in Australia: Year 1 Case Study

Costco is ranked 9th in the U.S. National Retailers’ Federation global retailers list for 2009. Costco uses a cash and carry, warehouse membership format. The company has entered several international markets including the UK, Japan, Mexico, Canada, Puerto Rico, Taiwan and South Korea.

This year Costco established a cash and carry warehouse membership club in Melbourne, Australia. This retail format is not often implemented and has rarely succeeded.

Our case study commences with an overview of the Australian retail scene and then reports on Costco’s first year in Australia. We explore its entry strategies including adaptation versus standardization. Consumer responses to the new format are discussed. To conclude we present some of the responses of Aldi (ranked 10th) and Woolworths (ranked 22nd) to the new competitor.