

COST Costco Wholesale.



ROIC (Current): 28.40%



WACC: 6.30%



Net Profit Margin: 2.80%

MOAT ANALYSIS & COMPETITIVE STRENGTHS



COST ADVANTAGE (Scale & Efficiency)



Achieves unmatchable low prices through massive purchasing power, a highly efficient supply chain, and a no-frills warehouse model, creating a formidable barrier.



SWITCHING COSTS (Membership & Loyalty)



The annual membership fee creates a psychological lock-in, encouraging frequent visits and fostering intense customer loyalty, reducing churn.

ADDITIONAL KEY INSIGHTS

- Recurring Membership Revenue:** The membership fee provides a stable, high-margin revenue stream and encourages customers to maximize their membership value.
- High Inventory Turnover:** A limited SKU count and high sales volume lead to rapid inventory turnover, freeing up working capital and improving cash flow.
- Strong Private Label Brand:** The Kirkland Signature brand offers high quality at lower prices, enhancing customer value and building brand loyalty.