



CASE STUDY

Costco

Relationship that
builds results



Costco, Canada Post combine forces to meet challenges of retention, acquisition

In 40 years, Costco has grown into a global retail powerhouse – the No. 5 retailer in the world with 848 warehouses in 14 countries generating \$251 billion (CAN) in revenue last year alone. Since its debut in Canada in 1985, the company has become the country's No. 2 retailer, with 108 locations.

Costco's unique warehouse business model offers a variety of products and services, including grocery, clothing, optometry, pharmacy, home furnishing and travel, to its more than 15 million members.

As the retailer has discovered, however, success can drive its own challenges – and those challenges often require a partner with creative solutions.

Retention and acquisition

In Canada, Costco does not face a direct challenge from other membership-based chains, yet overall competition remains stiff thanks to numerous big box retailers north of the border. But Costco's biggest competitor might be its own success, as nearly half of the adult population in Canada is already a member.

That means both membership retention and acquisition are key to the company's success.

"While our focus is on new member acquisition, we have an even greater goal of ensuring our members are taking full advantage of all the benefits of a Costco membership," said Shannon Ambrose, Director of Marketing, Costco. "When a member makes the most of their membership – not only by buying products at the best value, but booking a trip through Costco Travel, shopping online at [Costco.ca](https://www.costco.ca), using home and auto insurance services, for example – it strengthens their engagement and loyalty."

When it comes to acquisition, however, the challenge is less about explaining the opportunities and more about locating the new customers.

"With the penetration we have attained in Canada – almost 50% – we are always looking for new and creative ways to reach people we feel should be members but aren't," Ambrose said.

“

Canada Post is like an internal agency to us. It has been an evolution of working together, customizing and fine-tuning along the way.”

Shannon Ambrose

Director of Marketing, Costco.

To learn how Canada Post can help you optimize your marketing strategy, go to canadapost.ca/smm.

™ Trademarks of Canada Post Corporation



Smartmail
Marketing™

Relationship-building

Costco didn't need a one-off solution – they wanted to work with a business that could collaborate with them to help achieve their goals over the long run. Company management were certain that Canada Post was the answer.

“Direct mail has the unique ability to put our brand physically into the hands of our members and prospective members, further connecting them with our business,” Ambrose said. “Canada Post and its extensive data solutions allow us to reach and inform members of upcoming discounts right in the comfort of their home. Sending mail to our members is the right thing to do.”

Over the last five years, the Costco-Canada Post relationship has grown, from helping get savings books into the hands of members, to locating potential new members, to developing sophisticated, customized plans that connect with Costco's desired marketing segments.

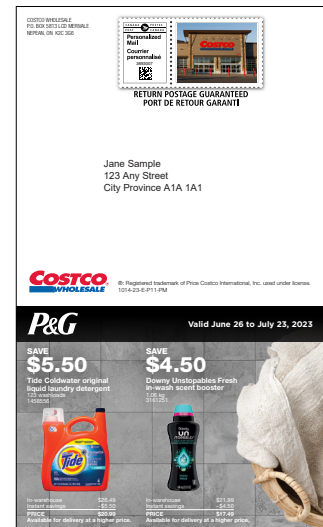
To accomplish this, a dedicated Canada Post team has tapped into nearly every Canada Post Smartmail Marketing™ solution to accomplish a number of goals, including:

- Strategic and customized data targeting;
- Delivery of savings books and Costco Connection magazine to members;
- Announcements of warehouse openings and business centre quarterly promotions;
- Acquisition in rural areas;
- Matchback analysis of new membership signups demonstrating direct mail's influence on acquisition;
- Analysis of each mailing results aligning to Costco's specific metrics;
- Foot traffic analysis and visualization tool mapping.

“We're proud Costco considers us an extension of their marketing team,” said Karin Girard, Customer Success Manager for Smartmail Marketing Major Retail Vertical at Canada Post. “We work side by side with the Costco team, on strategy and execution, we're proud to do whatever it takes to achieve success.”

Ongoing success

Over the last year, Costco has mailed a combined millions of pieces of Personalized Mail™, Neighbourhood Mail™, and Postal Code Targeting on behalf of warehouses across the country. The results have been impressive:



- **40% lift in responses from prospects and members receiving direct mail vs. a control group that did not receive direct mail.**
- **94% lift in new memberships from targeted areas receiving direct mail over those exposed to Costco's other marketing channels alone.**
- **Thousands of new memberships attributed to direct mail and \$84 million in sales attributed to direct mail in 2022.**

“Canada Post not only understands our marketing challenges, but also our core culture,” Ambrose said. “Together, we leverage different ideas and formats to go a step further in order to enhance our marketing approach while keeping our members' interest at the heart of every communication we develop. Canada Post has been committed to our campaign success from the definition of a given project to the measurement of it so we can, together, always optimize our next campaign.”

All about relationships

For Canada Post and Costco, success continues to be rooted in the consistency and dependability of the relationship – and a commitment to the journey forward.

“It has been an evolution of working together, customizing and fine-tuning along the way,” Ambrose said. “I am always challenging Canada Post, and they are always challenging us to try new things.”

“We're not at the destination yet – if there even is one. We can always be more efficient, target more precisely, or optimize just a bit more. The exciting thing is that we're always evolving, and Canada Post is truly dedicated to be part of this journey.”

Find out how our direct mail solutions can boost your performance. Contact your Canada Post representative or reach us at 1-866-282-8053.

Sources:
Company profile, Costco Wholesale, 2023.
“A look at the 2022 Top 50 Global Retailers,” National Retail Federation, March 23, 2022.



**Smartmail
Marketing™**