

Costco's supersized store offers a glimpse of how it aims to marry online and offline retail

Article

The plan: Costco proposed building a new facility in Fresno, California on the order of 241,342 square feet, which is about 65% larger than the company's typical warehouse club.

- The company aims for the facility to combine online and offline retail under one roof, dedicating roughly 47,000 square feet of the space to ecommerce fulfillment.
- In addition to the warehouse, the project would also include 32 fuel pumps, 889 parking stalls, a drive-through car wash, and a cross-docking logistics hub.

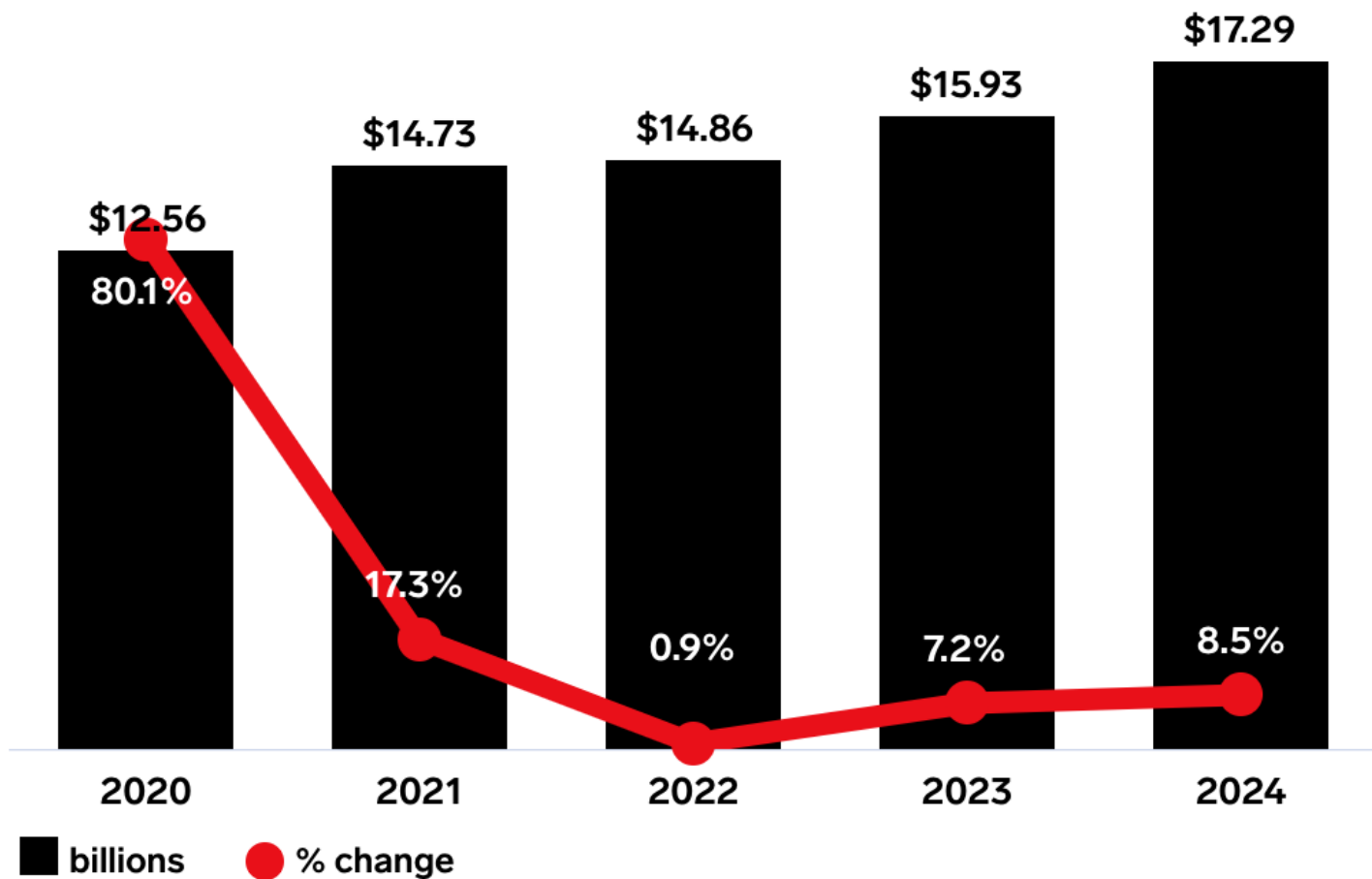
Looking ahead: Ecommerce accounts for a relatively small share of Costco's overall revenues (our [forecast](#) expects it to generate \$15.93 billion online this year, which is less than 10% of the \$160.28 billion it generated in the first three quarters of this fiscal year).

- But the proposal represents Costco's recognition that improving its ecommerce fulfillment is a critical part of its growth.
- The company's plan echoes a similar format from **Target**, which last November [announced](#) a new 150,000-square-foot format that has about five times more backroom fulfillment space than its other stores.

The big takeaway: The next wave of big-box stores that will be built throughout the US suburbs and exurbs will likely borrow from Target's and Costco's hybrid store models.

Costco Retail Ecommerce Sales

US, 2020-2024



Note: represents the gross value of products or services sold on costco.com (browser or app), regardless of the method of payment or fulfillment; excludes travel and event tickets

Source: Insider Intelligence | eMarketer, June 2023

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