

Costco holds firm on DEI

Article

The insight: Costco firmly rebuffed a shareholder proposal that challenged its diversity, equity, and inclusion (DEI) initiatives—a marked contrast with retailers like [Walmart](#) and [Lowe's](#) that have scaled back DEI measures in response to pushback from activist investors.

Taking a stand: Costco is far from the only retailer to find itself in the crosshairs of [conservative activists](#) like the National Center for Public Policy Research (NCPPr). But it is one of the few to offer a full-throated defense of its DEI measures, calling them “appropriate and necessary” to support its standing as an “enterprise rooted in respect and inclusion.”

- DEI efforts are critical to attracting and retaining employees who will help the company grow, Costco’s board wrote in a proxy statement.

- Having a more diverse set of employees also enhances customer satisfaction, particularly as Costco’s membership base diversifies. In addition to promoting “originality and creativity” when sourcing merchandise to create a treasure-hunt experience that resonates with shoppers, workers from diverse backgrounds can offer valuable insights into members’ tastes and preferences.
- The retailer emphasized that its investment in DEI is “not ... only for the sake of improved financial performance but to enhance our culture and the well-being of people whose lives we influence.”

The arguments are a forceful rebuttal of the NCPPR’s assertion that DEI policies create legal, reputational, and financial risks for companies and their shareholders.

Our take: While anti-DEI campaigners like the NCPPR and **Robby Starbuck** have claimed high-profile victories against companies like Walmart and **Harley-Davidson**, the reality of corporate DEI activity is more nuanced.

- Forty-three percent of companies had quantitative, time-bound DEI goals in the first seven months of 2024, and roughly 80% of those goals were unchanged from 2023, per [Teneo](#).
- Despite a surge in anti-ESG proposals, support for such measures fell to 2% during 2024’s proxy season, compared with 5% the year prior, according to the Conference Board.

Costco’s response to anti-DEI measures may embolden other retailers—particularly those with diverse audiences—to take a stand and embrace DEI when it’s authentic to their brand. On the other hand, Trump’s administration will likely add fuel to DEI dismantling efforts, which could force companies to roll back their policies to avoid triggering backlash.

Importance of Sustainability and DEI to the Company/Brand According to CMOs Worldwide, June 2024

% of respondents

	Sustainability	DEI
Is an important part of what our brand stands for	42%	40%
Will be more important in the future	38%	33%
We are ahead of our competitors on this topic	31%	31%
Is a commercial opportunity for us as a brand	29%	26%
Is an area where we can differentiate vs. competitors	29%	26%
Our customers expect us to address this issue	28%	25%
Important to how we operate as a business, but not to our marketing	19%	18%
Is a topic for politicians, not brands	10%	11%

Source: NielsenIQ and GfK, "CMO Outlook," Nov 7, 2024

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