

10/20/96

THE 'BIG BOX' PAYOFF

After two years, Costco exceeds all expectations

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Costco shoppers such as Greg Hines have helped bring more than \$500,000 in sales-tax revenue to Santa Cruz.

Dan
Coyro/
Sentinel

TWO YEARS AFTER its splashy opening near Harvey West Park, the Costco warehouse store is displaying something even bigger than its apartment-size cereal boxes and enough-for-a-boarding-school tubs of laundry soap: profits.

The store not only has exceeded corporate expectations, but has also enriched the coffers of the city of Santa Cruz, which has been able to continue to finance many public services with the added revenue.

Mayor Mike Rotkin says the so-called "big box" store has brought more than \$500,000, perhaps as much as \$750,000, in sales-tax revenue

to a city that was desperate for the cash after the 1989 earthquake.

"It's worked really, really well for us," Rotkin says.

It's also worked really, really well for PriceCostco, the warehouse store's parent company, which runs 266 retail operations in six countries and racked up \$19.2 billion in sales last year.

The Santa Cruz Costco had \$92 million in sales in the fiscal year ending Sept. 1, and nearly \$4 million in profits.

"Santa Cruz has been a very strong market for us," says John Booth, PriceCostco regional manager for Northern California.

The store also has been adding employees as it has prospered, with 190 now.

As Costco booms, other chains and superstores are preparing to come into a market once thought to be too small to support such enterprises.

With its Costco "unique experience" featuring a food court, promotions, food samples, and enough super-size mayonnaise, sugar, videos, hot dog buns and diapers for every man, woman and child in Santa Cruz County, the warehouse giant professes to be a friendly neighbor unafraid of any competitors.

For the full story on the success of the store — and the man who helped make it possible — plus a look at the effect Costco has had on smaller, local businesses, see Page D1 of today's Business section.