

An Evaluation of **Costco's** E-Commerce UX

Essential Insights for CMOs

SUMMARY

In-Store Excellence Lost in Digital Translation

Costco, a leader in the wholesale retail market, has built its reputation on providing exceptional value thus encouraging and securing customer loyalty. Despite its remarkable success in its brick-and-mortar locations, Costco falls short in providing a seamless online shopping experience. The disconnect between Costco's in-store prowess and its online user experience (UX) highlights a critical gap in an otherwise formidable market strategy. The digital shortcomings not only undermine Costco's potential to dominate the wholesale space but also pose a significant threat to its long-term viability amidst fierce online competition.

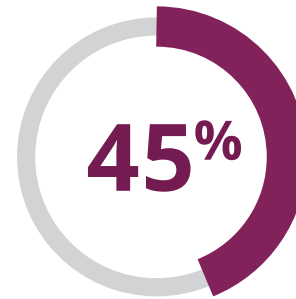
An in-depth examination of Costco's online shopping experience reveals several critical issues that derail the digital customer experience. These deficiencies, ranging from challenging product discovery to ambiguous information and complex navigation, highlight a substantial inconsistency between Costco's online service offerings and the high standards customers have come to expect.

This report aims to shed light on these critical disparities by providing a detailed analysis of the shortcomings within Costco's digital domain.

Key Insights



85% of user dissatisfaction is due to **information architecture and the overall structure** of the website



45% of the challenges encountered are associated with **broken user journeys and restricted functionality**



RESEARCH METHODS



Heuristic evaluations



Usability testing



Thematic analysis

DEMOGRAPHICS



 Female



 Male



 Desktop



 Mobile

 Age range

25 - 45



Income range

\$40k - \$175k

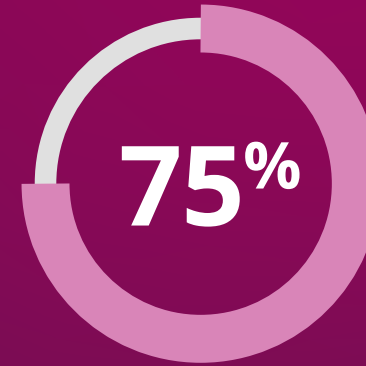
INSIGHT 1

Misaligned Product Categories Leads to Poor Product Discovery

Costco's extensive product range necessitates a website with straightforward and intuitive categories enabling customers to quickly locate the items they need. However, the current layout of product categories on Costco's website falls short. Customers struggle to locate specific products because the categories in the main menu don't align with their search intentions.

To improve the online shopping experience, Costco must rethink its product categorization strategy. By refining the categories to align more closely with user search behavior and expectations, Costco can significantly enhance the website's navigation. This will foster a more intuitive website, ensuring customers can efficiently locate and purchase their desired products.

USABILITY TESTING HIGHLIGHTS ↗



75% of users had difficulty finding desired products through Costco's product categories



100% of users pointed out that they were presented with unrelated products when using the search function to find specific items

INSIGHT 2

Search Functionality Yields Irrelevant Results

When users encounter difficulties in finding products via Costco's main navigation, they naturally turn to the site's search feature. Unfortunately, this tool also falls short of user expectations. Specifically, users frequently face situations where their search for specific items or categories yields unrelated products, which indicates a disconnect between the search queries and the results provided.

Additionally, there are also occasions when the search function indicates that no relevant products are available, despite the presence of similar or related items on the same webpage. Improving the search feature to more accurately interpret and align with users' search intentions is essential. By making these adjustments, Costco can greatly enhance its website's functionality, simplifying the product discovery process.

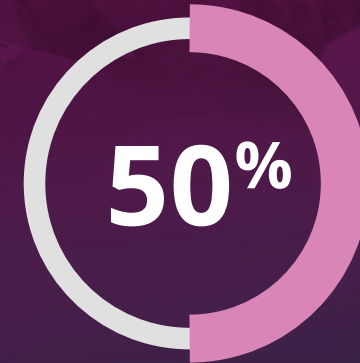
USABILITY TESTING HIGHLIGHTS ↗

INSIGHT 3

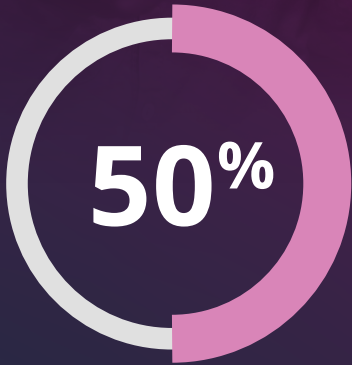
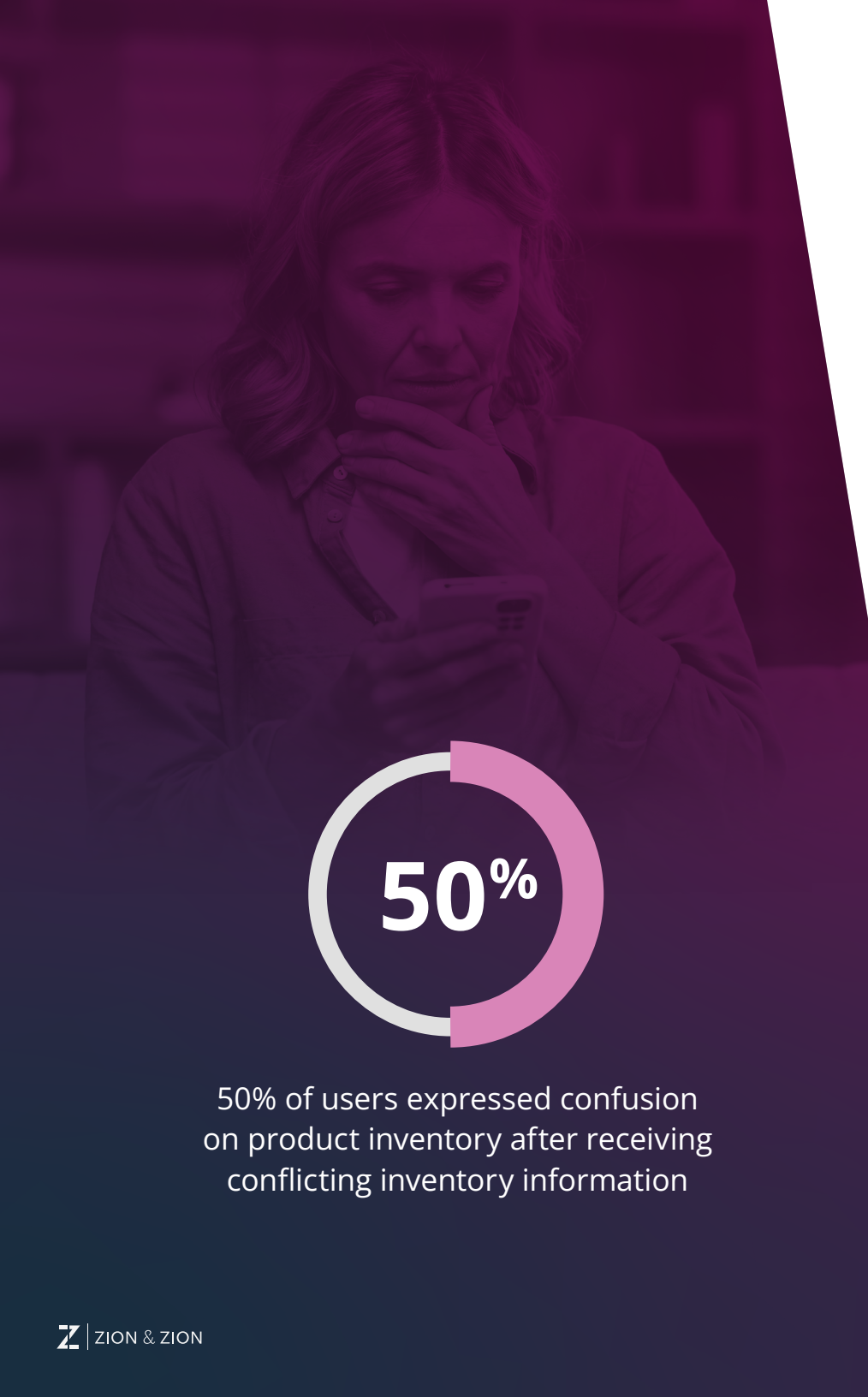
Ineffective Filter Options Confuse Users and Hinder Navigation

When users access a shopping page on Costco's website, they encounter filters that do not effectively refine product selections. Instead of employing a clear sort-and-filter method to quickly identify desired items, users are presented with additional subcategories that unnecessarily complicate the search process. Additionally, when users attempt to select a nearby store location, the site introduces an additional set of filter options that differ from those on the main shopping page, causing confusion. This disjointed filter functionality, particularly the store-specific filters, is inefficient and confusing, diminishing the user's ability to easily discover products. These inconsistencies not only disrupt the shopping experience but also divert users from efficiently locating their desired products, adding unnecessary complexity to what should be an otherwise simple process.

USABILITY TESTING HIGHLIGHTS ↗



50% of users shared frustrated experiences on the Costco website due to the filter functionality



50% of users expressed confusion on product inventory after receiving conflicting inventory information



INSIGHT 4

Inventory Discrepancies Derail the Shopping Experience

When shopping online at Costco.com, users frequently face inconsistencies between the products listed as available and those actually available for purchase. By default, the website shows out-of-stock items in both search and category results, requiring users to filter these out, which could easily be avoided with more thoughtful design. This inaccuracy not only complicates the shopping process but also misleads users about available inventory.

Moreover, the website permits users to add out of stock items to their cart, only to disappoint them with an error message at a critical point in their purchase process. This not only is an inconvenience but can also frustrate customers who are at a decisive moment in their purchasing journey. A clearer indication of availability, such as an “out of stock” cue before a user adds it to their cart, would significantly enhance the shopping experience.

USABILITY TESTING HIGHLIGHTS ↗

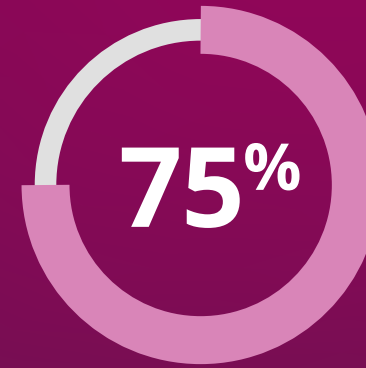
INSIGHT 5

Gated Pricing Undermines User Trust and Transparency

While Costco is known as a members-only club, it's crucial to acknowledge the importance of transparency in the online shopping experience. Prospective customers often compare products across different retailers to make well-informed choices. Costco's requirement for users to log in to a membership account to view product prices creates a significant barrier, leading to potential customer dissatisfaction. This opacity in pricing can deter users from completing a purchase on the platform. The demand to preview prices without logging in reflects a broader desire for transparency and accessible information, which, if addressed, could enhance user satisfaction.

By allowing non-members to view product prices, Costco would not only meet the transparency of modern online shopping expectations but could also encourage more users to consider membership by transparently showcasing the value comparison with other retailers.

USABILITY TESTING HIGHLIGHTS ↗



75% of users expressed frustrating user experiences due to gated information and pricing on the website





INSIGHT 6

Visual Clutter Complicates the Shopping Experience

The Costco homepage presents a visually cluttered layout, where promotional content is mixed with category listings in a manner that fails to effectively direct users further into the site. This initial visual overload impedes navigation from the onset, as customers struggle to discern a clear path forward.

The abundance of banner advertisements and promotions across the pages adds to the clutter, overwhelming users rather than facilitating a smooth shopping experience. This visual chaos detracts from the site's usability and interferes with customers' ability to locate their intended purchases, thus diminishing the efficiency of their overall online experience.

USABILITY TESTING HIGHLIGHTS ↗



CONCLUSION

Heed Costco's Digital Shortcomings to Forge Superior Online Experiences

By addressing the current functionality issues—clarifying information presented, streamlining navigation, enhancing search capabilities, and improving the overall design—Costco has the opportunity to transform its online experience. These improvements go beyond remedying existing problems; they represent a commitment to excellence, innovation, and, most importantly, customer satisfaction.

Moving forward, the key is to leverage these insights to develop an online shopping experience that mirrors the value and convenience customers have come to expect from Costco's in-store experience. Through strategic enhancements, Costco can elevate its digital presence, ensuring it not only meets but exceeds the evolving expectations of today's consumers. As a result, Costco could enhance user engagement, increase conversions, and foster greater customer loyalty, thereby strengthening its position in the fiercely competitive e-commerce landscape.

