Strategic Differentiation Management:
A Transnational Study of Costco

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ABSTRACT

Every company's duty is to develop and execute with strategic business level, which contains the integration and coordination of group of over-commitment and action for enterprises in a particular market to develop core competencies in order to gain competitive advantage, i.e., how to make a competitive option in a particular product market. Business-level strategy is the core strategy which is one of focuses of strategic management. Its purpose is to aim and create distinction in competitive marketing; therefore, enterprises must decide what or how to use different ways to complete the activities or procedure or different actions, to be distinct from the opponents. There are five kinds of business-level strategy: Cost leadership, differentiation, focus on cost leadership, focus on differentiation, and integration cost leadership/ differentiation strategy. Costco in Taiwan has been ranked into the world's top 20th out of 560 branch stores performance, their performance is always positive. Having become the second largest U.S. retailer, Costco treats employees with good benefits and good reputation over the past thirty years. According to the latest subject of the quarterly show, unlike the other retailers, Costco remains to maintain a strong sales, compared the performance with the same season but last year's, sales was increased eight % and profit rose to nineteen %. In addition, Costco also received the identified SRI (Socially Responsible Investment) excellent company, which is able to give consumers a high quality with low cost. Costco is also the enterprise which meets employees with psychological and essential needs (Costco site). By the alphabet of COSTCO, it represents the cost of whole sales for its characteristics. Thus, based on the literature review, field visits, and interviews, the research was conducted in Taiwan Costco for a differentiation strategy case study. The Costco Differentiation Strategy Research Questionnaire on Differentiation Strategy Value Chain (Porter, 1998) includes nine measurements was used to collect data from a randomly chosen Costco branch. Five-point Likert-type scales were used to measure consumers' perceptions. Linear Regression was used to analyze whether there is any valuable of Differentiation Strategy Value Chain that impacts on consumers' re-purchase and derivative behavior (satisfaction). The results showed that nine differentiation strategy valuables on repurchase derivative/satisfaction has a strong significant influence; the first three significant variables include operation, marketing, and enterprise infrastructure, and the operation explained the maximum force for repurchase derivative/Satisfaction behavior.
Keywords: Strategy Management, Retailer, Differentiation Strategy, Transnational, Marketing

INTRODUCTION

5P Marketing Strategy of Costco

Product costs could generally gain an additional revenue by reducing complexity not by cut costs only. High complexity products affect the customers to spend more time to find their desired products,

which is a disadvantage for customers to find the right products. Or it is difficult to link the appropriate product to the appropriate customer. Excessive complexity makes enterprise more difficult to clarify what the best-selling product is so that they are unable to maintain adequate inventory. The high complexity also will lead industry to use more discounts because there will be easy to store too many errors goods on the shelves. Therefore, Costco lower the product item and which allow Costco- buyers spend more time searching on each items, looking for those bring the highest value of goods. The fewer products represent less repetition and variation, with greater efficiency in the utilization of shelf space, a faster turnover rate and lower inventory holding costs. Having the fewer items also allows Costco members to have simple option in shopping, they do not need to spend a lot of time to find their desired brand, or desired size ─ since there are only one or two brands to choose, which save members' time cost and psychological risks. To create a treasure hunt atmosphere in the market, about twenty-five % of the product-item in Costco are replaced at any time probably because of the season, sales or other factors clearing or up into. According to its 5P marketing strategy: 1. Product strategy: to create a treasure hunt atmosphere marketing with a small amount of items in the store. 2. Pricing strategy: Product gross profit limited, from 1% to 14% (if the price more than 14% then Taiwan will have to explain why the price is so high, since the computer will automatically mark up the percentage). 3. Promotion-Word of mouth marketing: Make non-members feel "high quality and low price" services. 4. Place-Channel strategy: Simple decoration store. 5. Staff strategy: generous salary and good welfare (Costco's 5P strategy).

Operational Strategies of Costco
Inventory fast turnaround
1. Low-cost store operations
2. Direct Purchase: Most commodities are purchased directly from manufacturers, which can avoid the expensive cost arising from through dealers or distributor generated.
3. Minimize inventory losses and credit card costs: By means of the indeed export inspection the membership card and members' shopping, Costco will be able to reduce inventory losses less than 0.25 percentage point performance, much lower than other competitive industries. In the consumer payments, the company only accepts cash, Costco co-branded cards, and American Express cards. General credit card can be removed the cost from accepting the other credit cards; thus, the cost will not be passed to the members.
4. Control costs of advertising
5. The best way of business: Self-service stores instead of "expensive" group of sales team. (https://sites.google.com/site/costcoya/ying-yun-ce-e)

Distinction of Costco
1. Merchandise quality, reasonable price: Global membership is more than 66 million, they all have a strong purchasing power to bulk purchase products to reduce cost. each products prices as low as possible. Products are purchased directly by the pallets to the store display to reduce packaging costs.
2. Membership system, equity exclusive: A fixed annual membership fee can help to reduce the operation and management costs which also create more value feedback to the membership. And Costco membership card is worldwide the same rights and interest in the different Costco region store.
3. Imported goods, numerous choices: Compared to the other stores, there are forty percent of the merchandise imported. Through a rigorous screening procurement team, the merchandise is limited under 4,000 items, provide the best quality and the best price to members.

4. Commodity exhibition, high-quality selection: Commodity special exhibition event held in Costco, which is difficult to be seen for the kind of brand in other stores, often there are someone at the scene to provide instructions and service, you can learn more about merchandise information during the Expo.

5. Multi-commodity, seasonal: There are often a limited to a specific period of time for special commodity, so whenever members come in the store is always full of surprises and experience the commodity treasure hunt. All-inclusive, such as beauty care, clothing accessories, fresh fruits and vegetables, festive gift ... etc. (Costco website).

6. Other Features:

Membership Stores. Costco's business philosophy is to uphold the extent possible to provide at the lowest prices for members in exchange of high-quality commodity. Membership also provides a number of value-added services to meet once the life member's requirements.

Commercial Distribution.The highest standard of service (provide a convenient delivery service): Commercial distribution sector provides the highest standard of services to members. It contains the rapid latest information provided by Marketing Specialist, high-quality goods, complete inventory, 2-day delivery service, and professional delivery drivers.

Product Selection. Commercial distribution is committed to providing any industry the necessary goods, types of goods offered includes food, candy/snacks, beverages, fresh, meat, fruits and vegetables, refrigerated, and beauty care commodities.

Next Day Delivery. Your order in the commercial distribution center for purchase merchandise single amount of NT$10,000 (without tax), you can enjoy the free delivery service.

Related Literature/Research Review for Wholesale/Discount Stores

Lin (2003) studied the discount store, the representative industry as Costco, and analyzed, turned out as follows:

1. Discount stores take external growth strategy, its competitive strategy adopts differentiation strategy; while, internal growth strategy would adopt cost leadership types or differentiated types.

2. Discount stores adopt cost leadership strategy, their marketing mix strategy adopts low degree marketing mix strategy; Discount stores adopt differentiation strategy, marketing mix strategy adopts high degree marketing mix strategy.

3. Discount stores adopt different strategy in (a) Number of chain, (2) Number of chain annual growth rate, (3) turnover, (4) the overall business performance all superior to cost leadership strategy.

4. Discount stores adopt growth strategy and competitive strategy matched with the type of internal growth - cost leadership is the worst type of operating performance.

5. Discount stores take competitive strategy and marketing mix strategy matched with the type of difference - high degree marketing performance has higher result than cost leadership - low marketing.

Xu (2010) found that there is increasingly competitive in Taiwan's retail industry, coupled with the economic downturn and under the impact of consumer cautious attitude on spending, in the promotion, enable to make recommendations to the retailer's, competitors pass out DM as advertising and investigate the consumers with survey and analysis for a developed of understanding the customer needs factors.

Under the trend of globalization economic, the advanced industrialized countries have increased the investment on the transnational retailing. Therefore, transnational retail massively expands into Taiwan market, of which food and general merchandise (ie, retail-style discount stores) were the most dazzling. In addition to relying on the enterprise its own core competitiveness, transnational retailing must adjust their strategy in accordance with the government policies and cultural differences in order to meet the

needs of the local market. Localization of the business model is a prerequisite for success. Chen's (2010) study showed that transnational retail trade has made indeed an appropriate localization business strategy for the Taiwan market, including logistics and supply networks, policies and regulations, consumer market and culture three valuables; therefore, Costco belongs to transnational corporations.

Discount stores industry in Taiwan has more than 13 years of history and now exceeded 22% share of the retail industry. According to 2003 statistics, the number of large retailers is 97. Meanwhile, the growing number of discount stores has led competition in discount stores, and caused some local discount store operators and Makro from Netherlands collapse. Now R-Mart, Carrefour, Far Eastern A-mart, Tesco Branch and Costco have dominated Taiwan's discount store industry. Since those sub-retailers' success, for displaying their high competitiveness achieved and expansibility, they each need to have different strategies. Therefore, through Costco case study, Annan (2004) comes to the following conclusion:

1. Differentiation is the best strategy which may establish unique competitive advantage, and get higher sales and competitiveness.
2. Mixed development can increase the number of discount stores, expand market share, and achieve the best growth strategy with highest sales rate in every discount store.

Results: It is important to have competitive and developed strategy in the determination of the retailer's capabilities and advantages in the process.

There is more and more intense competition between Taiwan pathways, hardly for discount markets to survive in the marketing. Discount markets use consumer satisfaction on shopping experience as a reference. Hong (2011) studied consumers in Taiwan Carrefour and Costco by using Internet questionnaires to collect data on the Internet and conclude:

1. The higher experiential marketing felt, the higher the consumers' satisfaction is. There is a high significant positive effect with higher consumer's satisfaction.
2. The whole experience is related with positive effects on customer satisfaction such as sensory experience, emotional experience, and related experience.

Since modern possess moving into different consumption patterns, general corporate aims to target "customer satisfaction" as business objective; however, customer satisfaction doesn't enough increase the level of competitive advantage. The key to sustainable development is to advance and consolidate customer satisfaction into customer loyalty then enhance the lifetime value of the customer. Tsai (2012) studied Costco on two different branches in Kaohsiung, investigated the effect of a combination of service quality and marketing strategy on overall customer satisfaction and loyalty, and deeply explored Costco-the only collect unique annual fee, how to create high customer loyalty and high turnover record. The results showed service quality has a significant positive impact on customer overall satisfaction and loyalty, of which the dimensions - "professional services" is most affected; marketing mix is also a significant positive impact on overall customer satisfaction and loyalty, which "commodity promotion" the deepest influence overall customer satisfaction, and the dimensions of the "commodity choice" deepest influence customer loyalty; overall customer satisfaction has positive influence on customer loyalty, and service quality and marketing mix have the effect of mediation on customer loyalty. Therefore, in that study, Costco did provide good service quality and successful marketing mix indeed effectively enhance overall customer satisfaction, even consolidate customer loyalty to help local relative, retail and wholesale operations associated with transnational businesses for a better understanding of customer spending habits and effectively enhance overall customer satisfaction; thereby, Costco establish customer loyalty to achieve sustainable management and development.

Definition of Terms

Cost leadership strategy: Strategy used by businesses to create a low cost of operation within their niche. The use of this strategy is primarily to gain an advantage over competitors by reducing operation costs below that of others in the same industry. Goods and services must have a certain degree of competitiveness, energy for customers create value (Ireland & et. al., 2011).

Differentiation strategy: Approach under which a firm aims to develop and market unique products at acceptable cost.   They were placed emphasis on what customers need so that customers perceived to have some differences (Ireland & et. al., 2011).

Differentiation Strategy Value Chain. (Porter, 1998) There are nine dimensions as below:

1. Enterprise Infrastructure: By more advanced information systems to increase understanding of customer shopping preferences; whole company have stressed the importance of producing high quality products.
2. Human Resource Management: Salary plan encourages employees to improve innovation and creativity; extensive use of subjective rather than objective style type of performance measurement; better staff training.
3. Technological Development: Strong basic research capabilities; invest technology enable enterprises to make differentiated products.
4. Purchasing: Searching for the highest quality systems and procedures of raw materials and parts; purchase replacement parts with the highest quality.
5. Internal Logistics: Treatment approach of raw materials with appropriate, minimizing the damage rate and improving the quality of the final product.
6. Operation: Continuous manufacturing attractive products; rapid response manufacturing specifications of the customer's unique needs.
7. External Logistics: With correct and fast processing procedures; fast and deliver product to customers on time.
8. Marketing and Sales: Arrange customers' credit trading payment; extensively build relationships with customers and suppliers.
9. Services: Fully train customer to ensure that the product is installed correctly; retain full replacement parts inventory.

RESEARCH QUESTIONS AND PURPOSE

Taiwanese discount-store market has developed towards greater competition in oligopolistic, the industry is also developing large-scale marketing, chain, International cooperation management. However, every discount market uses different systems and ways of developments and business strategy, and to have excellent operating performance must master key on strategizing strategy. COSTCO started with cost leadership, so this study is to understand COSTCO industry in Taiwan with business level strategy especially differentiation strategy by the point of view of the executive officers, employees and customers, to analyze whether customers' perceived COSTCO products are different, not merely discount only, in order to become the industry's growth strategy, and competitive strategy, to provide strategic use of the discount store industry advice and information. Research questions were original as follows:

1. Is there any impact from the nine dimensions of differentiation strategy on their operations or sales?
2. Is there any difference on the perceived nine dimensions between administrative employees and customers?

However, after having randomly choosing and contacted Costco Taichung permission to interview and collect questionnaire their administrative employees in the store, the researcher was replied only the speaker of the house in Taipei headquarter can make the decision since they're only the division retailers which can't make any decision on behalf. We waited for several minutes due to the fact of phone extension lines; therefore, since it never quite executives/employees, research question 2 was changed to:

RQ-1: *What is the effect of Cosco Taiwan consumers' perceived nine dimensions on Costco operations or sales?*

H1-0: *Costco consumers' perceived nine dimensions have no impact toward Costco repurchase & derivative behavior (satisfaction).*

H1-1: *Costco consumers' perceived nine dimensions have an impact toward Costco repurchase & derivative behaviour (satisfaction).*

RQ-2: *What differences exist in perceived nine dimensions of Cosco Taiwan consumers based on age?*

H2-0: *There are no differences among Cosco Taiwan consumers' perceived nine dimensions based on their age.*

H2-1: *There are differences among Cosco Taiwan consumers' perceived nine dimensions based on their age.*

THEORETICAL FRAMEWORK

The theoretical framework used was focused on differentiation strategy of business-level strategy to create the hierarchy in the policy-based (Porter, 1998, Chinese ed., p. 129 -differentiation strategy value chain); also this study mentioned cost leadership, integration of cost leadership/differentiation strategy related literature, and Costco members-questionnaire, that was originally planned both and quantitative and qualitative research; unfortunately, in the end, the qualitative research could not be completed.

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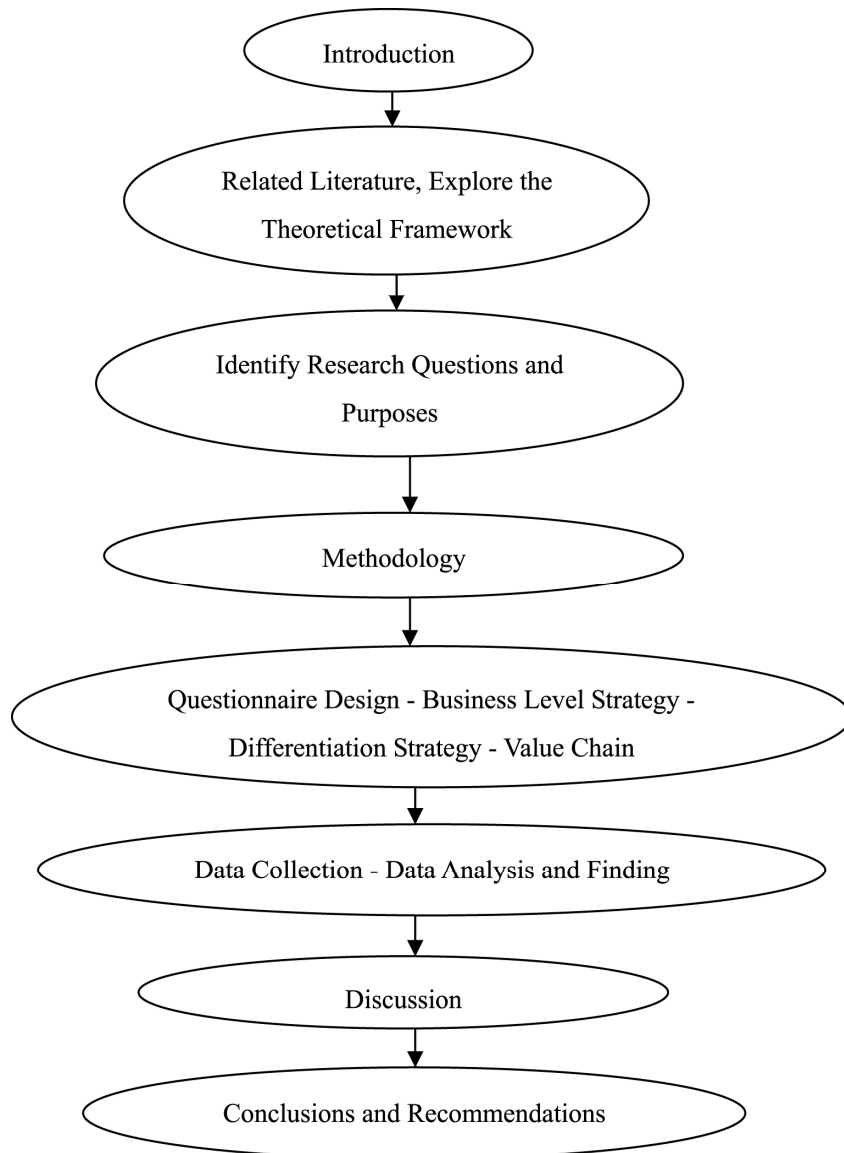
Flow Chart 1:

METHODOLOGY

According to the value chain of differentiation strategy (Porter, 1998), the Costco Differentiation Strategy Survey was developed. Expecting to explore and analyze Costco customers by using SPSS statistical methods whether there is different in understand extent for product/service, in order to know whether the differentiation strategy in execution, and there is impact on the operations or sales or not., as shown in Table 1:

Table 1: Research Questionnaire on Differentiation Strategy Value Chain Variables and Measure Item

Variables	Measure Item (Question)	Reference
1. Enterprise Infrastructure	Q1.More advanced information systems increase understanding of customer shopping preferences	Value Chain of Differentiation Strategy (Porter, 1998)
	Q2.The whole company emphasize on the importance of producing with high quality products	
2. Human Resource Management	Q3.Raise salary encourage employees to improve creativity and innovation	
	Q4.Extensive use of subjective rather than objective-style performance measurement formula	
3. Technological Development	Q5. Better personnel training quality	
	Q6.Super research capability	
4. Purchasing	Q7.Invest on the technology sufficient to enable enterprises in the production of highly differentiated products	
	Q8.Searching the systems and procedures of the highest quality on raw materials and parts	
5. Internal Logistics	Q9.Purchase the highest quality replacement parts	
	Q10.Effectively deal with raw materials, minimize the damage rate and improve the quality of the final product	
6. Operation	Q11.Continuous manufacturing attractive products	
	Q12.Rapid response of customer demand for unique manufacturing specifications	
7. External Logistics	Q13.Accurate and fast order processing procedures	
	Q14.Quick and on time product delivery to customers	
8. Marketing & Sales	Q15.Arrange customers for various credit cards transaction	
	Q16.Extensively build relationships with customers and suppliers	
9. Service	Q17.Comprehensive training to ensure that the product is installed correctly for customers	
	Q18.Retain full replacement parts in the inventory	

Table 2: Costco Customer Re-purchase/Derivative Behavior (Satisfaction)

Variables	Measure Item (Question)	Measure Scale
Re-purchase behavioral	S2. I will always shop at Costco if I need more supplying	Five-point Likert scale
	S5. Even if other discount fees are cheaper low, I wouldn't choose to replace Costco	
Derivative behavioral	S1. Costco offers low-cost and differentiated services, if I have the opportunity, I will want to be a Costco operators	
	S3. I am willing to share Costco discount experience with others	
	S4. I am satisfied with the currently Costco discount service, I would recommend it to my friends and family	

DATA COLLECTION, ANALYSIS, AND FINDINGS

The questionnaires of the study were mainly collected at the entrance of the Cosco Taichung Branch, randomly totally 103. (Whoever fills up the survey was sent a 10-dollar gift lovely pen; however, the research still got a lot rejected. So a team comprised by family and friends was organized to help finish surveys which took about two days to complete.) By SPSS statistical to analyze the surveys, which include reliability and validity analysis, correlation analysis, regression analysis, a single factor analysis of variance (ANOVA), as verification basis.

Reliability Analysis

Figure 1: Item Statistics

	Mean	Std. Deviation	N
EntInf	3.6214	.69121	103
Human Resources	3.6764	.60581	103
TechDev	3.7039	.71550	103
Purchasing	3.6456	.72636	103
InterLogis	3.8058	.79284	103
Operation	3.8738	.66317	103
ExtLogis	**3.9223**	.70626	103
Marketing	3.6505	.75028	103
Service	3.7621	.67825	103
Rep&Deri	3.7049	.69273	103

a) From the above, we found that External Logistics has the highest Mean:3.922

Figure 2: Reliability Statistics

Cronbach's Alpha	N of Items
.904	10

b) Cronbach's Alpha value of .904, is greater than .7 having high reliability.

Figure 3: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted(α-value)
EntInf	33.7453	22.568	**.544**	**.902**
Human Resources	33.6903	22.475	**.658**	**.895**
TechDev	33.6628	21.192	**.746**	**.889**
Purchasing	33.7210	21.384	**.701**	**.892**
InterLogis	33.5608	21.606	**.595**	**.900**
Operation	33.4929	21.693	**.726**	**.891**
ExtLogis	33.4443	21.914	**.636**	**.896**
Marketing	33.7162	21.356	**.678**	**.894**
Service	33.6045	21.639	**.716**	**.891**
Rep&Deri	33.6618	22.085	**.623**	**.897**

c) Total related fixed items (Corrected Item-Total Correlation) were greater than 0.5 for each so there is no necessary to delete any questionnaire item.

Validity Analysis

Validity is to verify the efficiency of the study, which refers to the measurement tools-questionnaires or others; this study is based on the related literature and the revised theoretical source on the questionnaire for this study. Therefore, the measurement tool used on this study matches the requirement of the validity of this study needs.

Correlation Analysis: Refer to the correlation analysis. Pearson correlation was used to examine the relationship for the nine dimensions and re-purchase and derivatives behavior (customer Satisfaction).

d) There were significant relationships existed not only between repurchase/derivatives and nine variables, but also between the nine variables themselves as the Correlations -1and Correlations -2, Sig. = .01 with **

Figure 4: Correlations

		EntInf	HumRe	TechDev	Purc	IntLogis	Operati	ExtLogis	MarkSa	Servic	RepD
EntI	Pearson Correla	1	.477(**)	.470(**)	.394(**)	.285(**)	.429(**)	.321(**)	.494(**)	.329(**)	.495(**)
	Sig. (2-tailed)		.000	.000	.000	.004	.000	.001	.000	.001	.000
	N	103	103	103	103	103	103	103	103	103	103
Huma	Pearson Correla	.477(**)	1	.712(**)	.554(**)	.426(**)	.450(**)	.384(**)	.453(**)	.507(**)	.412(**)
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000	.000	.000
	N	103	103	103	103	103	103	103	103	103	103
Tech	Pearson Correla	.470(**)	.712(**)	1	.735(**)	.537(**)	.582(**)	.449(**)	.463(**)	.586(**)	.394(**)
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000	.000	.000
	N	103	103	103	103	103	103	103	103	103	103
Purc	Pearson Correla	.394(**)	.554(**)	.735(**)	1	.620(**)	.537(**)	.438(**)	.414(**)	.534(**)	.402(**)
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000	.000	.000
	N	103	103	103	103	103	103	103	103	103	103
Inter	Pearson Correla	.285(**)	.426(**)	.537(**)	.620(**)	1	.382(**)	.472(**)	.420(**)	.488(**)	.352(**)
	Sig. (2-tailed)	.004	.000	.000	.000		.000	.000	.000	.000	.000
	N	103	103	103	103	103	103	103	103	103	103
Opera	Pearson Correla	.429(**)	.450(**)	.582(**)	.537(**)	.382(**)	1	.696(**)	.511(**)	.597(**)	.612(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000	.000	.000
	N	103	103	103	103	103	103	103	103	103	103
ExtL	Pearson Correla	.321(**)	.384(**)	.449(**)	.438(**)	.472(**)	.696(**)	1	.494(**)	.560(**)	.432(**)
	Sig. (2-tailed)	.001	.000	.000	.000	.000	.000		.000	.000	.000
	N	103	103	103	103	103	103	103	103	103	103
Mark	Pearson Correla	.494(**)	.453(**)	.463(**)	.414(**)	.420(**)	.511(**)	.494(**)	1	.654(**)	.607(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000		.000	.000
	N	103	103	103	103	103	103	103	103	103	103
Servi	Pearson Correla	.329(**)	.507(**)	.586(**)	.534(**)	.488(**)	.597(**)	.560(**)	.654(**)	1	.467(**)
	Sig. (2-tailed)	.001	.000	.000	.000	.000	.000	.000	.000		.000
	N	103	103	103	103	103	103	103	103	103	103
RepD	Pearson Correla	**.495(**)**	**.412(**)**	**.394(**)**	**.402(**)**	**.352(**)**	**.612(**)**	**.432(**)**	**.607(**)**	**.467(**)**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	103	103	103	103	103	103	103	103	103	103

** Correlation is significant at the 0.01 level (2-tailed).

RQ-1: *What's the effect of Cosco Taiwan consumers' perceived 9 dimensions on Costco operations/sales*

Regression Analysis

Regression analysis is to identify the relationship between two or more variables and then forecast trend. Let X identified as independent variables (enterprise infrastructure, and 8 others), and Y identified as the dependent variable (repurchase and derivatives behavior). Through regression analysis (Stepwise/Enter), to learn whether there is a causal relationship between repurchase/derivative behavior and operations, etc.

Figure 5: Model Summary (d)-1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	R Square Change	F Change	df1	df2
1	.612(a)	**.374**	.368	.55072
2	.701(b)	**.491**	.481	.49901
3	.716(c)	**.513**	.498	.49089

e) R squared = 0.374 / 0.491 / 0.531 express the moderate explanatory power

Figure 6: Model Summary (d)-2

Model	Change Statistics					**Durbin-Watson**
	Sig. F Change	R Square Change	F Change	df1	df2	**Sig. F Change**
1	.374	60.384	1	101	.000	
2	.117	23.021	1	100	.000	
3	.021	4.335	1	99	.040	**1.689**

a   Predictors: (Constant), Operation   b Predictors: (Constant), Operations, Marketing   c Predictors: (Constant), Operations, Marketing, Enterprise Infrastructure d Dependent Variable: Re-purchase & Derivative

f)   Durbin-Watson = 1.689 indicates data in compliance with sample independence

Figure 7: ANOVA(d)

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	18.314	1	18.314	60.384	**.000(a)**
1	Residual	30.633	101	.303		
	Total	48.948	102			
	Regression	24.047	2	12.023	48.285	**.000(b)**
2	Residual	24.901	100	.249		
	Total	48.948	102			
	Regression	25.091	3	8.364	34.709	**.000(c)**
3	Residual	23.856	99	.241		
	Total	48.948	102			

g) Sig. = .000 indicates that there is at least one of the independent variables is significant and has explanatory power.

Figure 8: Regression-Coefficients(a)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta	Lower Bound	Upper Bound	Tolerance	VIF	B.	Std. Error
1.(Constant)	1.230	.323		3.806	.000	.589	1.871		
Operation	.639	.082	**.612**	7.771	.000	.476	.802	1.000	1.000
2.(Constant)	.712	.312		2.280	.025	.092	1.331		
Operation	.426	.087	**.408**	4.916	.000	.254	.598	.738	1.354
Marketing	.368	.077	**.398**	4.798	.000	.216	.520	.738	1.354
3.(Constant)	.468	.329		1.425	.157	-.184	1.120		
Operation	.383	.088	**.367**	4.362	.000	.209	.557	.697	1.435
Marketing	.308	.081	**.334**	3.827	.000	.149	.468	.646	1.547
EntInfrsstr	.173	.083	**.173**	2.082	.040	.008	.338	.714	1.401

h) VIF is less than 2; and three tolerance of independent variables near .476, so the collinearity between independent variables is not clear. There is no overlap problem of the linear.

Stepwise analysis. Base on the above Table/Figure, three of the independent variable (operations / marketing / Enterprise Infrastructure) can interpret repurchase & derivative 37.4% / 49.1% / 53.1% of the variance, i.e., R-squared = 0.374 / 0.491 / 0.531 expressed moderate interpretation capabilities. p = .000 <.05 significance level - in the regression model, there is at least one predictor variable is significant on the dependent variable with explanatory power. From the above, VIF is less than 2; three tolerance of independent variables near .476, so the collinearity between independent variables is not clear. There is no overlap problem of the linear.

i) The most important thing is to learn from the table, operation, marketing, enterprise-infrastructure and repurchase & derivative have causal relationship, and operations, marketing, enterprise-infrastructure are cause and repurchase/derivatives behavior (satisfaction) as the result.

j)"Operation" variables is the most factor for affecting the repurchase and derivatives (satisfaction)

Operations, marketing, enterprise-infrastructure, three independent variable may explain the re-purchase and derivatives behavior 0.374 / 0.491 / 0.531% of the variance, with a significant impact (as in the above)- standardized coefficient, the operation (.612) is greater than the marketing (.398) and is also greater than the enterprise infrastructure (.173), the three significance of   .000 / .000 / .040   all < .05, indicating operations, marketing, enterprise-infrastructure explained the relationship with repurchase and satisfaction. In stepwise regression analysis, Operation explained maximum force of independent variables on repurchase and satisfaction derivatives.

Enter analysis. By "Enter" analysis, nine dimensions of the independent variable (service, & etc.) can interpret repurchase & derived 53.3% of the variance, the R-squared = 0.533 indicates moderate explanatory power, p = .000   < .05 level of significance, means that in the regression model, there is at least one predictor variable having explanatory power for the dependent variable. And VIF less than 2, so the collinearity between independent variables is not clear. There is no linear overlap problem on the table. From the table, the nine dimensions have casual relationship with repurchase & derivative, and the nine are cause and repurchase/derivatives are the result.

Figure 9: Regression Analysis of Nine Variables and Re-purchase & Derivative

Mode 1	R	R Square	After adjustment R Square	The standard error of estimate
1	.730(a)	**.533**	.488	.496

k) Nine Variables explain 53.3% (moderate explanatory power) of the repurchase & derivatives variance

Figure 10: ANOVA

Model	Sum of squares	DOF	The average sum of squares	F test	**Significance**
Regression	26.104	9	2.900	11.808	**.000(a)**
Residuals	22.844	93	.246		
Total	48.948	102			

a   Predictors: (Constant), service, enterprise, the inter and the ext logis, human resources, purchasing, marketing, operations, technology   b   Dependent Variable: repurchase derivative
*   The relevance of service, enterprise infrastructure, interal logis, external logis, human resources, purchasing, marketing, operations, technology, and repurchase & derivative is consistent with our hypothesis H1-1.

RQ-2: What differences exist in perceived nine dimensions of Cosco Taiwan consumers based on age?

5) ANOVA Analysis: For subjects ages on the nine variables, and repurchase and derivatives

Table 3: Differences in Perceived Nine Dimensions of Cosco Taiwan Consumers Based on Age

Strategy	Mean Under 20 (N = 10)	Mean 21-30 (N = 49)	Mean 31-40 (N = 19)	Mean Over 41 (N = 25)	F	p
EntInfra	3.66 (2,3)	3.38 (1)	3.23 (1)	3.27	1.86	.028*
Human resources	3.41	3.50	3.63 (4)	3.20 (3)	2.10	.033*
Technology	3.40	3.53	3.52	3.15	1.57	.414
Purchasing	3.52 (3,4)	3.50	3.23 (1)	3.14 (1)	2.34	.042*
Inter	3.90	3.55	3.36	3.40	1.00	.395
Operation	3.37	3.74	3.69	3.40	0.44	.723
ExtLostic	3.59	3.75	3.76	3.40	0.89	.448
Marketing	3.49	3.41	3.44	3.17	0.84	.477
Services	3.66	3.59	3.44	3.31	0.81	.492
RepurchDeriva	3.42	3.57	3.41	3.25	0.26	.853

*$p < .05$

One-way ANOVAs were conducted to compare Cosco Taiwan Consumers' Nine dimensions of Value Chain based on age. A Tukey's HSD test was used to follow up each of these significant ANOVAs. The consumers aged twenty or under, twenty one to thirty, and thirty one to forty indicated significantly differences for perceived Enterprise Infrastructure. F (3, 99) = 1.86, p = .028. The consumers aged thirty one to forty and over forty indicated a significantly stronger perception with Human Resource Management than the over forty year olds. F (3, 99) = 2.10, p = .033. The consumers aged twenty or under, thirty one to forty, and over forty indicated significantly differences for perceived Purchasing. F (3, 99) = 2.34, p = .042. Results of the ANOVAs are presented in Table 3.

This study ANOVA analysis found that there were significant differences between age groups in the enterprise infrastructure, human resources management, and purchasing dimensions.

The null hypothesis stated that there is no difference between Taiwanese Cosco-consumers' perceived Nine dimensions of Value Chain based on their age. However, the result from the ANOVA was significant, and thus the null hypothesis was rejected (see Table 6).

Table 4: Summary of the Hypotheses Findings

Hypothesis	Content	Results
H1-0	Costco consumers' perceived nine dimensions have no impact toward Costco repurchase & derivative behavior (satisfaction).	Rejected
H1-1	Costco consumers' perceived nine dimensions have an impact toward Costco repurchase & derivative behaviour (satisfaction).	Accepted
H2-0	There are no differences among Cosco Taiwan consumers' perceived nine dimensions based on their ages.	Rejected
H2-1	There are differences among Cosco Taiwan consumers' perceived nine dimensions based on their ages.	Accepted

FINDINGS AND ORIGINAL CONTRIBUTIONS

The following findings emerged from an analysis of the data collected for the study:

1. External Logistics has the highest mean: 3.922
2. Cronbach's Alpha value of .904, is greater than .7 having high reliability.
3. Total related fixed items (Corrected Item-Total Correlation) were greater than 0.5 for each so there is no necessary to delete any questionnaire item.
4. There were significant relationships existed not only between repurchase/derivatives and nine variables, but also between the nine variables themselves.

5. R squared = 0.374 / 0.491 / 0.531 express the moderate explanatory power.
6. Durbin-Watson = 1.689 indicates data in compliance with sample independence.
7. Sig. = .000 indicates that there is at least one of the independent variables is significant and has explanatory power.
8. By Stepwise, VIF is less than 2; and three tolerance of independent variables near .476, so the collinearity between independent variables is not clear; there is no overlap problem of the linear.
9. The most important thing is to learn from this study is that, operation, marketing, enterprise-infrastructure and repurchase & derivative have causal relationship, and operations, marketing, enterprise-infrastructure are cause and repurchase/derivatives behavior (satisfaction) are result.
10. Operation is the most variable for affecting the repurchase and derivatives (satisfaction); standardized coefficient, the operation (.612) is greater than the marketing (.398) and is also greater than the enterprise infrastructure (.173), the three significance of .000 / .000 / .040 all < .05, indicating operations, marketing, enterprise-infrastructure explained the relationship with repurchase and satisfaction.
11. By Enter Analysis, nine Variables explain 53.3% (moderate explanatory power) of the repurchase & derivatives variance.
12. There were significant differences between age groups in the enterprise infrastructure, human resources management, and purchasing by ANOVA.

DISCUSSION

When transnational enterprises enter Taiwan consumer market, it creates internal and external challenges. It is necessary to carry out the localization strategy that fit the needs and benefits with the local organizational structure and business to respond to the needs of local markets and consumers. Many companies invest in basic and support activities since generally consumers want to buy differentiated qualities of goods at a low prices. In order to efficiently produced differentiated product, companies are required to take integrate cost leadership/differentiation strategy. Efficiently producing is to maintain a low-cost source; differentiation is the root of the creation of unique value. The successful way of using integrated cost leadership/differentiation strategy is to adapt the fast changes in the external environment (Lee & Wu, 2011, p. 137). At the same time, the successful using integrated cost leadership/differentiation strategy possibly gets the considerable rewards more than the average does. However, it is a risky strategy since the enterprise is difficult to implement basic and support activities to produce relatively cheaper products, which create differentiated value level for their target customers (Lee & Wu, 2011, p. 140). As mentioned the above, Costco's English name- Cost (cost) Co. (the company) has been selling their products at low prices based on their cost leadership strategies as their characteristics (or Mission). This study is to explore if there are different on point of views of customers of the transnational Costco Taiwan based on surveys, or whether the differentiation strategy is successfully used to perform incorporated cost leadership/differentiation strategy so that the basic and support activities (i.e., protection of the natural environment) are effectively completed. It is by quite low cost/price to supply target customers with differentiated characteristics product; thus, that is just possible to estimate if this strategy has affected on consumers' re-purchase & satisfaction and Costco's operations/sale. The research survey shows that External Logistics has the highest Mean: 3.922 (Q13. Accurate and fast order processing procedures; Q14. Quick and on time product delivery to customers) both calculated Mean average are 3.922. The

dimensions of customer repurchase & derivative behaviors on "overall satisfaction" have 3.70 degrees of satisfaction, which is considered as moderately high and is on behalf of Costco' integration of cost leadership/differentiation strategies to have very good results!

CONCLUSIONS AND RECOMMENDATIONS

We need to understand our customers first in order to understand which is more profitable for us? Think which customers blocks is profitable for you; while finding which customers blocks is unprofitable to you. You need understand them and analyze the consumer behavior then organize it in the different division. Use the knowledge you know to gather the existing information which takes time, with good organizing to build your own advantage information. When you have those information then you can make more customer analysis. (Yang, 2014). Similar to any business whether they use certain strategies such as differentiation, or use analytical framework as low cost, economies of scale, vertical integration (train), outsourcing, efficiency, etc., to carry out the business research. We need to understand whether these enterprises have a competitive level that can create value for customers, which is one of the purposes of this study. Enterprise has to deeply understand the factors possibly to change variety of industry-wide that may modify the area or create another new industrial competition. Using their imagination to predict developments in the environment business model and continues using it. (Fung, 2014) The survey shows that there were significant relationships existed between repurchase/derivatives and nine variables, and significant impact on consumers repurchase or derived behavior from the **operation** (Q11 continuous manufacturing attractive products; Q12 rapid response to customer demand for unique manufacturing specifications), **marketing** (Q15 Arrange customers credit trading schemes;. Q16 extensively build relationships with customers and suppliers), and **enterprise infrastructure** (Q1. More advanced information systems increase understanding of customer shopping preferences; Q2.The whole company emphasize on the importance of producing with high quality products), which are the first three dimensions of better explanation the reasons customer repurchase or satisfaction by Stepwise. Operation is the most variable- explained maximum force, greater than the others for affecting consumers' repurchase and derivatives behavior. Not only focus we repurchase/derivatives and the nine variables, but also we need to pay attention to the relation between the nine variables themselves. R-squared = 0.374/0.491/0.531 expressed moderate interpretation capabilities, Costco doesn't only focus on the price, but Costco has been using successfully differentiation strategy! There are also significant differences of ages in the enterprise infrastructure, human resources management, and purchasing, which is rich information for STP Marketing! Hopefully, the future researchers that are interested research in Costco could be able to interview Costco Director or permit to bring surveys to the employees. Also researchers can make use of STP marketing except age to enhance more other academic or industry output win-win situation!

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