



How Do I Get Approved?



The operational requirements determine approval and how to position your brand as ready to scale.

Many suppliers assume that if the product tastes good, looks good, tests well, or is differentiated enough, approval will follow.



But Costco is evaluating something much broader.

Approval in Costco is about trust in execution.

Costco buyers need confidence that your business—not just your product—is ready to scale. They're evaluating whether your packaging, supply chain, operations, and execution model can support long-term success while continuing to deliver value to the member.

The strongest suppliers do not just pitch a product. They prove they are ready.

1. Approval Starts Before the Pitch

By the time you are filling out an inquiry form or preparing for a buyer conversation, Costco is already evaluating your readiness.

The questions may sound basic:

- **What is your annual sales volume?**
- **Where are you currently distributed?**
- **What is your manufacturing capacity?**
- **Where is the product made?**
- **How long have you been in business?**
- **What is your growth plan?**

But these questions reveal risk.

Costco wants to know if you are stable, experienced, and operationally prepared enough to support the business if the item takes off.

A good product may get attention. Readiness earns confidence. Show the buyer that you've done the work. When your product, packaging, operations, and value proposition are aligned with Costco's expectations, you move from being just another pitch to a Costco-ready solution.



2. The Four Pillars of Costco Approval

Most people assume Costco buyers are focused on finding the next great product. In reality, they're focused on protecting member value. The product matters, but so does the packaging, pricing, supply chain, and execution behind it. Every decision is filtered through the same lens: Is this genuinely better for the member?



Pillar 1: Product

The product needs a clear reason to exist at Costco.

It should offer:

- **Strong value to the member**
- **Clear differentiation**
- **Quality that meets or exceeds expectations**
- **A format that makes sense for the club channel**
- **A reason for members to buy now**

A standard product in a larger pack is usually not enough.



Pillar 2: Operations

The supplier must be able to execute consistently.

Costco is looking for:

- **Manufacturing capacity**
- **Supply reliability**
- **Inventory discipline**
- **Forecasting ability**
- **Quality control**
- **Scalability**

If the item works in a test but cannot scale, the program is at risk.



Pillar 3: Supply Chain

Costco values predictability.

Buyers and operators want to see:

- **Known country of origin**
- **Strong factory control**
- **Audit-ready documentation**
- **EDI and EFT capabilities**
- **Traceability**
- **Compliance readiness**

Surprises create risk. Predictability builds trust.

Reliable supply chains help protect inventory flow, reduce disruptions, and support the consistency Costco members expect.



Pillar 4: Packaging

At Costco, packaging must do more than look good.

It must support the full system by:

- **Protecting the product**
- **Improving pallet efficiency**
- **Reducing freight friction**
- **Minimizing labor**
- **Merchandising clearly**
- **Supporting sustainability expectations**
- **Holding up at scale**
- **Communicating value**
- **Packaging is one of the most overlooked approval factors.**

It is one of the few decisions that simultaneously affects freight, labor, sustainability, replenishment, operational efficiency, and margin.

That's why packaging is part of the approval equation—not just the presentation.

3. Packaging as the Profit Lever

At Costco, packaging decisions show up in margin long before price does.

Packaging influences:

- Cube efficiency
- TI/HL and pallet integrity
- Freight cost per unit
- Depot flow
- Labor touches
- Damage rates
- Floor execution
- Replenishment efficiency

A package that looks good in a presentation may fail when volume increases.

The real question is not, “What is the cheapest box?”

The real question is:

Does this packaging still work when volume spikes, labor is tight, and there is no slack in the system?

That is how margin is protected at Costco: through smart packaging decisions made before the first purchase order is issued.

The right packaging reduces total system cost—not just packaging cost—by improving freight efficiency, reducing labor, minimizing damage, and supporting long-term scalability.



4. The Pallet is the Shelf

Costco does not sell from traditional shelves.

It sells from pallets, steel, and warehouse floor space.

That means the pallet display has to do the job of both packaging and merchandising.

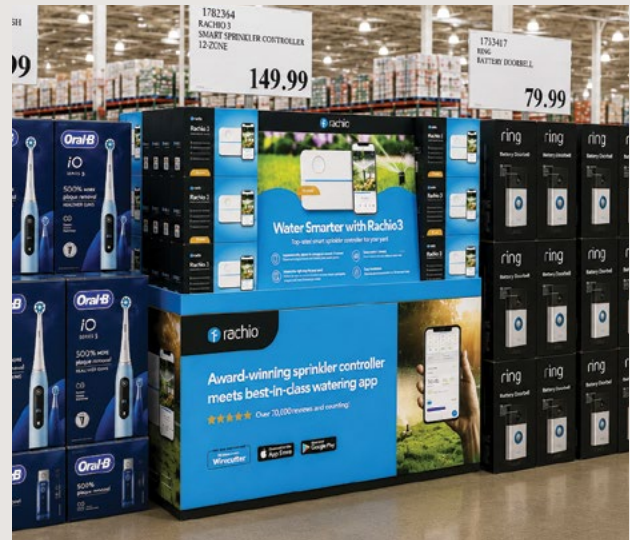
A Costco-ready pallet should support:

- **Three-side shoppability**
- **Clear messaging from a distance**
- **Easy forklift movement**
- **Stable stacking**
- **Minimal warehouse labor**
- **Clean sell-through as inventory decreases**

If the pallet cannot sell cleanly, the program will suffer.

Operational friction kills good products.

The easier a program is to receive, stock, replenish, and shop, the more efficiently it performs throughout the Costco system.



5. Test Small, Scale Fast

Costco often uses a disciplined test-and-scale model.

A program may begin with:

- **Limited warehouses**
- **Regional placement**
- **A roadshow**
- **Limited quantities**
- **Seasonal or rotational testing**

If the product performs, the scale can increase quickly.

That creates an important requirement: suppliers must be ready before the test.

A successful test is not the finish line. It is the beginning of pressure.

If demand increases and packaging, production, or logistics cannot keep up, momentum can disappear quickly.



6. Roadshows Are Auditions

For many suppliers, roadshows are one of the most valuable ways to prove an item.

It is live validation.

Costco buyers are watching:

- Does the product stop the member?
- Can the story be explained quickly?
- Does the member understand the value?
- Will they buy it immediately?
- Can the supplier execute professionally?

A strong roadshow can generate meaningful sales in just a few days and provide real-time feedback.

But more importantly, it gives buyers proof.

A roadshow is not just a demo. It is an audition for floor space.



7. Sustainability and Compliance Must Be Built In Early

Sustainability is no longer a “later” conversation.

Material choices, recyclability, plastic reduction, EPR, SB 54, and long-term packaging viability can all affect approval and future scalability.

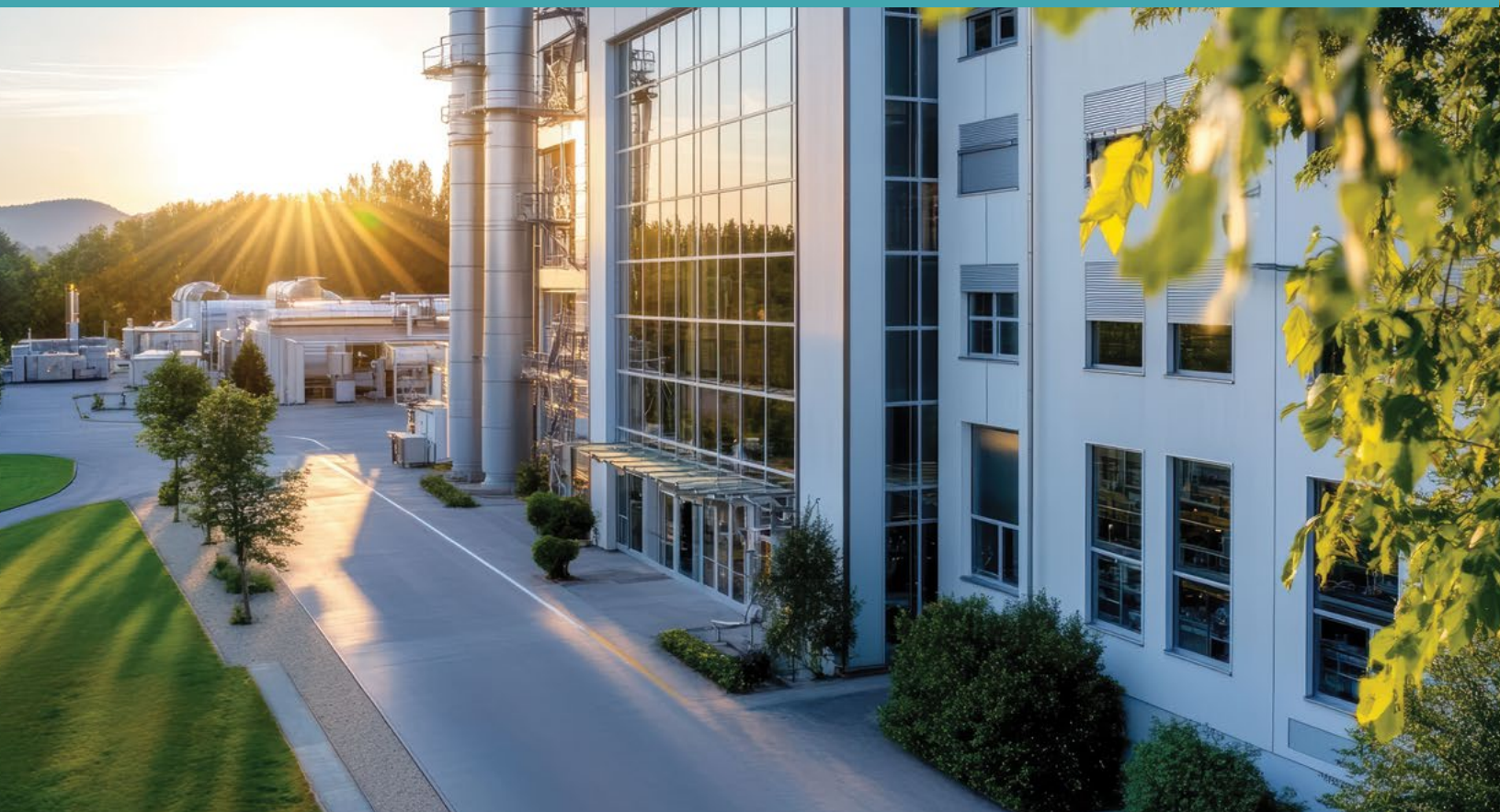
Costco’s approach to sustainability is practical and measurable. The goal is not simply to swap materials. The goal is to reduce waste, improve recyclability, and support circularity without increasing cost to the member.

For suppliers, this means packaging decisions need to account for:

- **Material reduction**
- **Recyclability**
- **Plastic-to-corrugate transitions**
- **Lifecycle impacts**
- **Regulatory readiness**
- **Scale practicality**

Sustainable packaging only works at Costco if it can perform at Costco scale.

When sustainability also improves freight efficiency, reduces material use, and supports operational performance, it creates long-term value for both Costco and the supplier.





8. Supplier Code of Conduct: Trust Is Operational



Doing business with Costco also requires a high level of supply chain transparency.

The Supplier Code of Conduct is not a formality. It reflects how Costco evaluates trust.

Suppliers need to be prepared for:

- **Disclosed and approved facilities**
- **No unauthorized subcontracting**
- **Audit-ready documentation**
- **Labor and employment compliance**
- **Health and safety standards**
- **Environmental responsibility**
- **Full transparency across the supply chain**

At Costco, trust is earned through execution, visibility, and consistency.

Your packaging partner should be prepared to meet that same standard.

9. Costco Readiness Checklist

Before pursuing Costco approval, pressure-test the following:

Product Readiness

- Is the value clear?
- Is the product differentiated?
- Does the format make sense for Costco?
- Can it drive velocity quickly?

Operational Readiness

- Can production scale?
- Are lead times realistic?
- Is quality control consistent?
- Can the business handle increased demand?

Packaging Readiness

- Is the package built for palletized selling?
- Does it communicate value instantly?
- Can it survive warehouse handling?
- Does it reduce unnecessary labor?



Supply Chain Readiness

- Are facilities disclosed?
- Is documentation audit-ready?
- Are EDI and EFT capabilities in place?
- Is traceability clear?

Profitability & Margin Readiness

- Does the cost structure hold at volume?
- Is cube efficiency optimized?
- Are freight impacts understood?
- Does packaging support the final retail target?

Success at Costco is rarely about one big decision.

It is about making a series of smart, early choices that reduce risk and support scale.

Approval is not just about product quality. It is about execution confidence.

The suppliers who get approved are not always the flashiest. They are the ones who show Costco they are ready.

Bay Cities Perspective

At Bay Cities, we help suppliers think through packaging, displays, palletization, packout, and execution before they become roadblocks. Our goal isn't just to help brands get approved. It's to help them build programs that scale efficiently, protect margin, and perform long after launch.

We help brands pressure-test programs through a Costco-realistic lens so they're prepared not just for approval, but for long-term success.

Because approval is not just about getting in.

It is about proving you are ready to scale.

Are you maximizing how your products are getting noticed in-store?

Bay Cities is a full-service designer and manufacturer of packaging and in-store displays that drive sales at major retailers nationwide. Our Los Angeles headquarters offer comprehensive solutions for brands looking to move products off the shelf. This includes in-house design and structural engineering, manufacturing, fulfillment, logistics, and distribution to retailers. Bay Cities is committed to sustainability which is why our corrugate is SFI™- and FSC™-certified, 100% recyclable, and is made with 99% post-consumer waste.

As leading experts in retail design, we have assembled the TrendSpotters — a unique team of our top structural, graphic and brand designers, combined with our top marketers. We are consistently tracking trends such as shopper behavior, technology, new or unique products and brand innovations. We use this data to validate our design decisions and marketing efforts and share with our customers for continued collaborative success in retail.



To learn more about Bay Cities' services, visit bay-cities.com

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