



JOHN ANDERSON

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February 27, 2008

James Sinegal
CEO
Costco
PO Box 34331
Seattle, WA 98124

Dear Mr. Sinegal,

I am writing you to express my deep concerns regarding an experience I encountered this evening at your Merced, CA store. I have been a loyal member for years, and was incredibly disappointed in the way your staff handled a rather routine request this evening.

On November 11, 2007, I purchased a pair of glasses from your optical department. My decision was made in no small part due to the positive write-up your chain received from Consumer Reports. I paid a total of \$219.97 for a pair of glasses, and received them approximately 2 weeks later.

Yesterday, as I was walking up the stairs to my office, I tripped and fell, and the right arm of the glasses became severely bent in the process. When I tried to bend it back, the arm broke off. I wasn't worried, as I had purchased the glasses from Costco.

This evening, I went to the Merced Costco with both the glasses and my receipt. I went to the Optical department which was staffed by an employee named Phillip. I shared my experience with Phillip, who told me that Costco would not cover the cost of the frames if I wanted the glasses replaced, only the lenses. I then asked Phillip about the sign at the customer service desk that stated "We guarantee your satisfaction on every product we sell with a full refund." I told Phillip that I felt that the frames should be able to handle everyday wear and tear, including rare events such as falling or being dropped. He told me that the policy posted at the customer service desk did not apply because optical "was a different department." I told him that I didn't understand that, and asked that he show me where in the optical department the conflicting policy was stated. He was unable to show me any signage in the department, nor any wording on my receipt, that stated that the optical department had a different return policy than the one shown at customer service. After a few minutes, Phillip called up the Membership/Marketing Manager on duty at the time, named Lainy Matthew. When Ms. Matthew arrived, I again stated that I was disappointed with the quality of the frames I had purchased, and would like either a replacement or refund as stated on the large signs at the customer service desk.

At this point, Ms. Matthew became somewhat aggressive, and began to tell me that since I had "abused" the product, I was not entitled to a refund. I stated that I didn't consider the event abuse, and that given the situation, the normal Costco satisfaction guarantee should apply. She then said that the Optical department had a different return policy. When I asked her to show me where this policy was documented, she began to look around and act indifferent to my request. After stating that Phillip was also unable to show me this policy, she said "Well, it was on the agreement you signed when you joined." I asked her to show me a copy of this agreement, and she left, stating that she would find it and show it to me.

At this point, Phillip provided me the name & number of the absent Optical manager, a gentleman named Bob Ballard, and said that I should call him. When I asked about his schedule, I was only told he worked days.

I then proceeded to the customer service counter and waited. Eventually Ms. Matthew returned with the membership agreement, and showed me the section that discussed the return policies. I began to read the section aloud, as it only stated exceptions for electronics, diamonds, and cigarettes. At that point, she turned her back to me, and said "You need to talk to Bob", then walked off to get his information. When she returned, she said she couldn't find his card, so she wrote his name and the store number on a slip of paper. I then asked her for her name, and she gave me her card. I expressed my concern to her that if it was indeed Costco policy that returns & customer satisfaction in the Optical department did not match those of Costco in general, that notices should be placed in the Optical area, and that the appropriate information should be printed on any optical receipt. She replied with an uninterested response that she'd mention it to Bob.

The reason I am bringing this to your attention is because these actions and attitudes seem to go completely against the corporate culture you so care about. In this case, I was treated not as a long time customer with many thousands of dollars of purchases, but as some kind of adversarial troublemaker. I simply asked why the 100% customer satisfaction guarantee did not apply to my glasses, and was treated in an atypically hostile fashion.

Additionally, the glasses I bought were in fact "Kirkland Signature" frames. As you are well aware, the Kirkland Signature house brand is discussed frequently on your website and in the Costco Connection magazine as being as good or superior to the national brands, and again, with a 100% satisfaction guarantee.

I feel that, while not everyday normal activity, tripping and falling should not cause a high-quality pair of glasses to break in fewer than 5 months after purchase. I was not 100% satisfied with my Kirkland Signature frames, and mentioned to Phillip that I would be open to either a replacement of the same frames, or to switch to frames that he might recommend as more durable. Since you have recently changed your return policies on items such as televisions and MP3 players, you have placed large stickers on each package notifying customers about the change. There was absolutely zero notifications anywhere within the optical department that their return policy was in any way different than the posted store return policy.

Mr. Sinegal, I understand you cannot manage the everyday activities of all of your employees, but please understand that I feel, in this case, that your goals of total customer satisfaction were simply not met. I would like you to repair the glasses completely, or return my money so that I may shop at another optical store that is willing to stand behind their products to a complete degree of satisfaction. Additionally, I ask that you contact the Merced store to help them clarify the corporate Costco return policies, and if needed, place relevant information clearly within the Optical department.

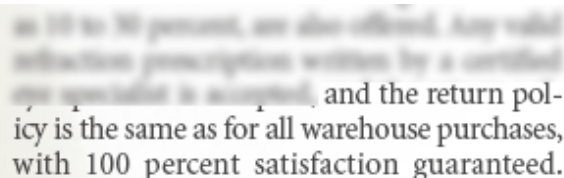
I eagerly await your reply, and will be happy to answer any questions you may have.

Sincerely yours,

John Anderson

P.S. (March 2, 2008) - I originally sent this via e-mail, and am extremely disappointed that I received no response, or even a simple acknowledgement that my correspondence had even been received.

Additionally, since I originally sent this message, I received the latest issue of Costco Connection magazine, which had a feature on the optical department. In the article was this snippet, which I have included below (focus was added by me)



...and the return policy is the same as for all warehouse purchases, with 100 percent satisfaction guaranteed.

I will re-send this message to your e-mail, and will also send a copy via Postal Mail. Again, I hope you will understand that, as a long-time Costco member, I deserve at least an acknowledgement of my correspondence.