

EconoMag — Loss Leaders and Rotisserie Chickens

by Alex Hurst — Updated Edition 2025–2026

Hello, this is Alex Hurst from EnglishWaves radio, and you're listening to EconoMag. As you may have guessed from the intro music, today we're going to talk about... chicken.

Here's a question I've been wondering about for quite some time: how can rotisserie chickens be so cheap? The price of a raw chicken and that of a cooked rotisserie chicken are often the same — and sometimes the rotisserie chicken is even cheaper. It almost feels as if the store is doing all the work for you — the butter, the herbs, the cooking — without charging anything for it.

So what is really going on?

The \$4.99 Chicken: A Price That Defies Inflation

The website Priceonomics investigated this question several years ago and found that, in general, you save between \$1 and \$3 per pound by buying a raw chicken and cooking it at home. That observation is still largely true today — but it hides a far more interesting business strategy.

The most striking example is the American retailer Costco. Its famous rotisserie chicken sells for \$4.99, yet it actually costs more to produce than the price at which it is sold. In other words, Costco loses money on every chicken it sells — and it has maintained that price for more than a decade, despite inflation.

The price has become something of a legend in the retail world. In 2023, Costco sold 137 million rotisserie chickens, about 20 million more than the year before, illustrating just how central this product has become to customer loyalty. Each chicken costs roughly \$6 to \$7 to produce and prepare when you include the price of the poultry, labor, packaging, and the energy required for cooking.

So why keep doing it?

Costco reported \$249.6 billion in net revenue in 2024. But the company's real source of profit is its annual membership fees. That same year, Costco collected about \$4.8 billion in membership revenue, which represents the majority of its net profit.

The rotisserie chicken isn't meant to be profitable on its own — it's meant to get you through the door.

The “Loss Leader”: Losing Money to Make Money

This strategy is known as a loss leader. A company deliberately sells one product at a loss in order to attract customers into the store, hoping they will then buy other items with higher profit margins.

I experienced something similar myself when I was sixteen, when Gillette sent me a free Fusion 5 razor for my birthday — along with a can of shaving cream in a bright orange box. The company was clearly giving away the handle at a loss, knowing that for years afterward I would continue buying their very expensive replacement blades. It's exactly the same mechanism.

For supermarkets, rotisserie chickens play this role perfectly. Customers know exactly how much they cost, and any increase would be noticed immediately. The price of the rotisserie chicken helps shape the overall perception of value in a store — setting it too high could damage the brand's reputation far beyond the poultry section.

At Costco, the chickens are deliberately placed at the very back of the store. To reach them, customers must walk past rows and rows of products sold in bulk — and many shoppers end up leaving with far more than they originally intended to buy.

Massive Investments to Maintain the Price

To keep the price at \$4.99, Costco has gone to remarkable lengths. The company invested \$450 million in a poultry processing complex in Nebraska, capable of handling more than 100 million chickens per year and supplying roughly 40% of Costco's poultry needs.

By controlling its supply chain from start to finish, Costco can reduce costs — though not enough to make the product profitable at that famous price.

In 2024, Costco also changed the packaging of its rotisserie chickens, switching from rigid plastic containers to resealable bags. The move eliminates about 4,000 metric tons of CO₂ emissions and saves approximately 17 million pounds of plastic every year.

An environmentally positive change — but one that may also slightly increase the losses associated with the product.

A Success with a Shadow Side

However, this commercial success is not without controversy. A report by the organization Farm Forward, based on USDA data between 2020 and 2024, revealed that Costco's Nebraska processing plant received the worst Category 3 rating for salmonella contamination 92% of the time since it opened in 2019 — and 100% of the time between September 2023 and July 2025.

It's a reminder that behind the lowest price on the market, there may be trade-offs worth examining.

Conclusion: The Real Cost of a Bargain

So the next time you take advantage of a big sale or a surprisingly cheap product, ask yourself a simple question: who is losing money in this transaction — and why?

Loss leaders are everywhere: in supermarkets, in digital subscriptions, and in free trial offers. Costco's genius lies in this: its \$4.99 chicken doesn't feel like a marketing trick — it feels like a gift.

And that feeling of getting a great deal is exactly what keeps customers coming back... and spending far more than they expected.

As for me, I did eventually stop buying Fusion 5 blades. But the Friday night rotisserie chicken? That's a habit I'm probably not going to give up anytime soon.

This is Alex Hurst for EnglishWaves. You've been listening to EconoMag. Tune in next time for more economics explained simply.

Vocabulary :

Loss leader – Produit d'appel / Leader de perte

Rotisserie chicken – Poulet rôti

Retailer – Détaillant / Commerçant

Price – Prix

Inflation – Inflation

Cost of production – Coût de production

Revenue – Revenu / Chiffre d'affaires

Profit – Profit / Bénéfice

Membership fees – Frais d'adhésion

Customer loyalty – Fidélité des clients

Marketing strategy – Stratégie marketing

Brand reputation – Réputation de la marque

Supply chain – Chaîne d'approvisionnement

Bulk sales – Vente en gros

Packaging – Emballage

Resealable bags – Sacs refermables

Environmental impact – Impact environnemental

CO₂ emissions – Émissions de CO₂

Plastic waste – Déchets plastiques

Poultry processing plant – Usine de transformation de volaille

Salmonella contamination – Contamination par la salmonelle

Trade-offs – Compromis / Arbitrages

Consumer behavior – Comportement des consommateurs

Discount – Réduction / Promotion

Marketing trick – Astuce marketing

Free trial – Essai gratuit

Digital subscription – Abonnement numérique

Bargain – Bonne affaire

Massive investments – Investissements massifs

Commercial success – Succès commercial