

## An Economy with Wal-Mart Lowers Prices for Consumers *Families Now Save \$2,500 a Year, Thanks to Wal-Mart\**

- New research conducted by Global Insight – a leader in economic and financial analysis – concludes that Wal-Mart saved American families \$2,500 in 2006, showing that an economy with Wal-Mart lowers prices for consumers.
- This study confirms we continue to excel at what our company was founded on – saving our customers money. These savings add value to individuals and communities as a whole.
  - Global Insight's updated research reveals that Wal-Mart saved American families \$2,500 in 2006, up 7.3% from \$2,329 in 2004.
  - With more money in their pockets, consumers can better afford the items they need the most for themselves, for their children and for their future

The savings figure is based on a recently completed update of research first conducted by Global Insight in 2005. Global Insight analyzed Wal-Mart's national and local impacts in terms of jobs, wages, prices, consumer buying power and GDP.

### National Study Methodology

Global Insight originally measured Wal-Mart's direct and indirect impact in communities in 2004 using historical consumer price indexes in communities across the country from the Bureau of Labor Statistics, historical data from Wal-Mart about store locations and square footage, and Global Insight's economic databases. The study was executed again using data from 1985- 2006, and the same methodology as the 2004 study. The study and its background are available on [www.livebetterindex.com](http://www.livebetterindex.com).

The Global Insight study, *The Price Impact of Wal-Mart: An Update Through 2006*, takes into account multiple factors that influenced price growth over the past 20+ years in various communities across the U.S. and statistically determines their individual contributions to overall price growth. These factors included each community's service price growth, changes in unemployment rates, employment growth in high-wage industries and energy price growth, as well as the expansion of the square footage of Wal-Mart's retail stores (both regular Wal-Mart stores and Supercenters). The statistical analysis of U.S. and community Consumer Price Indexes (CPI) concluded that each unit increase in Wal-Mart square footage per capita over the 1985-2006 lowered the CPI by 2.2%.

### State by State Methodology

Global Insight also quantified the direct and indirect impacts that Wal-Mart had on prices and savings for households in each U.S. state. Consumer prices and price impacts were estimated for each state using the model structure developed in the national study and state measures for service prices, employment, energy prices and Wal-Mart square footage. Thus, just as in the national study, each unit increase in Wal-Mart square footage per capita in a State over the 1985-2006 period is assumed to have reduced the State's CPI by 2.2%. The percentage reduction in prices attributed to Wal-Mart in each State was applied to the State's 2006 consumption and divided by its number of households to estimate average savings per household.

***Savings are based on Wal-Mart's impact on the economy and will be realized no matter where consumers shop. Global Insight, The Price Impact of Wal-Mart: An Update Through 2006, 9/4/07."***