

## What the Experts Are Saying About Wal-Mart's Economic Impact

Scholars across the United States have conducted ongoing analyses on Wal-Mart's economic impact on communities and concluded that the retailer's entrance into neighborhoods has a positive effect on the local economies. Among the benefits of Wal-Mart's presence in local communities is the company's cost savings to customers and its influence on surrounding retailers' prices. Here's what experts are saying about Wal-Mart's price leadership.

- "We conclude that **Wal-Mart Supercenters have a positive welfare effect** on price-sensitive consumers." (The Effect of Wal-Mart Supercenters on Grocery Prices in New England, Richard J. Volpe III and Nathalie Lavoie, *Review of Agricultural Economics*, 30 (1):4-26, 2008).
- "Consumers who seek to purchase their groceries as inexpensively as possible **benefit from the presence of Supercenters.**" (The Effect of Wal-Mart Supercenters on Grocery Prices in New England, Richard J. Volpe III and Nathalie Lavoie, *Review of Agricultural Economics*, 30 (1):4-26, 2008).
- "Price decreases are most significant in the dry grocery and dairy departments...**Wal-Mart sets grocery prices significantly lower than its competitors.**" (The Effect of Wal-Mart Supercenters on Grocery Prices in New England, Richard J. Volpe III and Nathalie Lavoie, *Review of Agricultural Economics*, 30 (1):4-26, 2008).
- "Wal-Mart's focus on **low-cost products and healthcare is resonating with consumers across income groups** as they seek new ways to make more limited funds go further." (Wal-Mart Helping Consumers Navigate a Transforming Economy, Times and Trends, Information Resources, Inc., 2008).
- "[Wal-Mart] has **reduced prices on hundreds of food products by as much as 30 percent** this past year." (Wal-Mart Helping Consumers Navigate a Transforming Economy, Times and Trends, Information Resources, Inc., 2008).
- "At a time when the cost of a typical grocery market basket has gone up 6.9 percent, and prices on staples...are as high as 20 to 55 percent higher than they were 18 months ago, **Wal-Mart's commitment to low prices holds significant meaning for consumers.**" (Wal-Mart Helping Consumers Navigate a Transforming Economy, Times and Trends, Information Resources, Inc., 2008).
- "Yet **Wal-Mart saves consumers a significant amount of money** that they can then spend on other goods and services..." (Does Small Business Decline When Wal-Mart Enters the Market? Has Wal-Mart Buried Mom and Pop?, Andrea M. Dean and Russell S. Sobel, West Virginia University, *Regulations*, 2008).
- "**Wal-Mart's direct effect – prices are 10% lower** – suggesting the benefits from Wal-Mart Supercenters accrue mostly to consumers who shop [at Wal-Mart]." (The Evolving Food Chain: Competitive Effects of Wal-Mart's Entry into the Supermarket Industry, Emek Basker and Michael Noel, The University of Missouri and the University of California-San Diego, June 2007).
- "**Wal-Mart's own prices on the basket of food items in our study are about 10% lower than its competitors...**" (The Evolving Food Chain: Competitive Effects of Wal-Mart's Entry into the Supermarket Industry, Emek Basker and Michael Noel, The University of Missouri and the University of California-San Diego, June 2007).

- “The largest supermarket chains – Kroger, Albertson’s, and Safeway – reduce their prices in response to Wal-Mart’s entry by less than half as much as its smaller competitors.” (The Evolving Food Chain: Competitive Effects of Wal-Mart’s Entry into the Supermarket Industry, Emek Basker and Michael Noel, The University of Missouri and the University of California-San Diego, June 2007).
- “Wal-Mart’s prices are, on average, **10 percent lower than competitors’ prices.**” (The Causes and Consequences of Wal-Mart’s Growth, Emek Basker, University of Missouri, April 2007).
- “Wal-Mart’s entry tends to **lower prices that incumbent competitors charge**, and, in that way indirectly affects **even consumers who shop elsewhere.**” (The Causes and Consequences of Wal-Mart’s Growth, Emek Basker, University of Missouri, April 2007).
- Wal-Mart has lowered retail prices and increased the true disposable income of individuals, then it is likely to have **increased personal savings as well.**” (The Wal-Mart Revolution: How Big-Box Stores Benefit Consumers, Workers, and the Economy, Richard Vedder and Wendell Cox, American Enterprise Institute for Public Policy Research. Washington D.C., 2006).
- “We conclude that Wal-Mart Supercenters have a **positive welfare effect on price-sensitive consumers.**” (The Effect of Wal-Mart Supercenters on Grocery Prices in New England, Richard J. Volpe and Nathalie Lavoie, Department of Resource Economics, October 4, 2006).
- “**Consumers who seek to purchase their groceries as inexpensively as possible benefit from the presence of Supercenters.**” (The Effect of Wal-Mart Supercenters on Grocery Prices in New England, Richard J. Volpe and Nathalie Lavoie, Department of Resource Economics, October 4, 2006).
- “Wal-Mart Supercenters price their **national brands and private label products significantly lower than conventional supermarkets.**” (The Effect of Wal-Mart Supercenters on Grocery Prices in New England, Richard J. Volpe and Nathalie Lavoie, Department of Resource Economics, October 4, 2006).
- “Wal-Mart’s food prices are estimated to be anywhere from **8-27% lower than large supermarket chains** for an identical market basket across different U.S. metropolitan areas.” (The Local Costs and Benefits of Wal-Mart, Elena G. Irwin and Jill Clark, The Ohio State University, February 23, 2006).

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