

The Record

Shoppers discount Walmart's lowest-price claims

August 3, 2011

By Joan Verdon

Walmart's reputation as the low-price leader has taken a beating, as shoppers have shifted to dollar stores, and supermarkets and other competitors have begun offering better deals, according to survey results released Wednesday by New York-based research firm **WSL/ Strategic Retail**.

The survey, which covered a variety of retail topics, included some 1,400 respondents identified as Walmart shoppers. It found that 86 percent of the Walmart shoppers no longer believe that Walmart has the lowest prices. The survey also found that lower-income Walmart shoppers are switching increasingly to dollar stores, and middle income shoppers are liking the recession-driven bargains they are finding at competitors like Target and other mass merchants, and supermarkets.

The survey results were released the same day Bloomberg News reported that, according to an internal company memo, visits to Walmart stores fell by 2.6 percent - or 82.8 shopper visits - from February through June of this year, compared to the same period last year.

"Shoppers have sent a clear message to Walmart," said Candace Corlett, president of WSL/Strategic Retail. "The biggest message is 'You don't stand for every day low price any more'," she said. "The second message is 'I just can't buy as much stuff as I used to'. And when you put those two together that means declining sales for Walmart."

Walmart's same-store sales - sales at stores open at least a year - have continued to

decline this year while competitors have posted gains. Same store sales declined 1.8 percent in the fourth quarter of last year and 1.1 percent in the first quarter of the current fiscal year.

WSL Strategic Retail conducts research on shoppers and publishes an annual How America Shops report. The theme of this year's report was "Where did the Walmart Shopper Go?"

Increasingly, Corlett said, the answer to that question is dollar stores for the lower-end Walmart customers, and supermarkets and competitors like Target and even department stores, which cut prices and offered more bargains during the recession.

"Throughout the recession a lot of retailers jumped on the lowest price story," she said. "And the Internet has really taught shoppers to really figure how to find the lowest price. And get the coupons. And Walmart doesn't have coupons."

"We had the perfect economy for other retailers to shout 'No we have the lowest price,' and an Internet culture developing that sees people of all income groups and ages signing on to find the lowest price online, and it all imploded in undermining Walmart," Corlett said.

A Walmart spokesman declined to comment on the survey results or the Bloomberg report. The company is scheduled to release its second quarter earnings August 16.