Walmart Supercenter Changes in the Food Chain
“Imagine the Possibilities”

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WAL-MART
Supercenter
“Changes in the Food Chain”

“imagine the possibilities”
Changes in the Food Chain

**Discussion Topics**

1. Wal-Mart Supercenter
2. Advertising and Promotion
3. Technology
## Supercenter Growth

<table>
<thead>
<tr>
<th>Date</th>
<th>Number of Supercenters Open</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/31/92</td>
<td>10</td>
</tr>
<tr>
<td>1/31/93</td>
<td>34</td>
</tr>
<tr>
<td>1/31/94</td>
<td>72</td>
</tr>
<tr>
<td>1/31/95</td>
<td>147</td>
</tr>
<tr>
<td>1/31/96</td>
<td>239</td>
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<tr>
<td>1/31/97</td>
<td>344</td>
</tr>
<tr>
<td>1/31/98</td>
<td>441</td>
</tr>
<tr>
<td>1/31/99</td>
<td>564</td>
</tr>
<tr>
<td>1/31/00</td>
<td>721</td>
</tr>
<tr>
<td>Projected 1/31/05</td>
<td>1500</td>
</tr>
</tbody>
</table>

**FY Locations Open**
Supercenters Open FY 2000

- 34 States 721 Supercenters

Revised 11/23/99
Fiscal Year 2001 Openings

- 165 New Supercenters
- 41 States

Revised 11/23/99
WAL-MART
Neighborhood Market

- Current Open Locations:
  - Bentonville, AR
  - Springdale, AR
  - Sherwood, AR
  - Ft. Smith, AR
  - Fayetteville, AR
  - Oklahoma City, OK 2 locations
Food Self Distribution Growth
<table>
<thead>
<tr>
<th>Location</th>
<th>Season</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarksville, AR</td>
<td>Spring</td>
<td>1993</td>
</tr>
<tr>
<td>Temple, TX</td>
<td>Spring</td>
<td>1994</td>
</tr>
<tr>
<td>London, KY</td>
<td>Winter</td>
<td>1995</td>
</tr>
<tr>
<td>Winterhaven, FL</td>
<td>Fall</td>
<td>1996</td>
</tr>
<tr>
<td>New Albany, MS</td>
<td>Fall</td>
<td>1996</td>
</tr>
<tr>
<td>Pageland, SC</td>
<td>Spring</td>
<td>1997</td>
</tr>
<tr>
<td>Olney, IL</td>
<td>Summer</td>
<td>1997</td>
</tr>
<tr>
<td>Bedford, PA</td>
<td>Summer</td>
<td>1998</td>
</tr>
<tr>
<td>Los Lunas, NM</td>
<td>Winter</td>
<td>1999</td>
</tr>
<tr>
<td>Pauls Valley, OK</td>
<td>Summer</td>
<td>1999</td>
</tr>
</tbody>
</table>
Food Centers Announced

Corinne, UT       FYE 2001
Terrell, TX       FYE 2001
Tomah, WI         FYE 2001
Johnstown, NY     FYE 2001
Opelika, AL       FYE 2001
Monroe, GA        FYE 2001
Shelbyville, TN   FYE 2002
Wal-Mart International - September 30, 1999

**Argentina**
- 10 Supercenters
- 3 Sam's Clubs

**Brazil**
- 9 Supercenters
- 5 Sam's Clubs

**Canada**
- 160 Wal-Marts

**Puerto Rico**
- 9 Wal-Marts
- 6 Sam's Clubs

**Mexico**
- 27 Supercenters
- 31 Sam's Clubs
- 379 Cifra Format

**Germany**
- 95 Hypermarkets

**Korea**
- 5 Units

**China**
- 5 Supercenters
- 1 Sam's Club

**U.K.**
- 229 Units

**TOTAL**
- 974 units
The Growth Challenge

CORE BELIEFS: Customer Focus

- One Store at a Time
- Associate & Supplier Involvement
  - De-Centralized Decisions
- Low Resistance to Change
- Lowest Expense Structure
- Global Learning

1978: WAL*MART – Regional

1999: WAL*MART – Global
Keys to Global Success

- Global Sourcing
- Knowledge Transfers
- Global Branding
WAL-MART Stores, Inc.

Units: 3,875
Associates: 1,035,000

Canada
USA
Mexico
Puerto Rico
Brazil
Argentina
Germany
United Kingdom
China
Korea
Advertising and Promotion

- Every Day Low Price (EDLP) - result of how we conduct our business - anything that adds expense is our enemy (aidant to commodity markets).
- Need Every Day Low Cost Suppliers - Consumers deserve it.
- Rollbacks
- Save Even More (SEM)
- EDLP
  - cause = expenses as low as possible
  - effect = can afford to sell for less
**Technology**

- Fresh Meat Packaging Process → MAP
- Food Safety/Improved Quality → Irradiation → HACCP → Tenderness research
Technology

• Category Enhancement
  ➔ Sales data
  ➔ Decisions based on facts Vs. opinions
  ➔ Sharing data with suppliers

• Order/Delivery Methods
  ➔ Fresher product
  ➔ Shelf Life belongs to Customer
  ➔ Increase flow (velocity) of merchandise
Order/Delivery Diagram

Consumer

Store

Home Office → Processor → Distribution Center

48 Hour Turn Around
The Customer is #1.