

## Walmart U.S. Manufacturing FAQ

### **Q: What has Walmart committed to do?**

A: In January 2013, Walmart committed to American renewal by announcing it intends to help boost job creation and U.S. manufacturing through buying an additional \$50 billion in U.S. products over the next 10 years. To help put this in perspective— over the next decade, when you add up what we spend each year, we our pledge is to buy an additional \$250 billion in American products. That means that by 2023, we will sell 15 percent more U.S. products than we do today.

### **Q: How does the manufacturing program work?**

A: Walmart is collaborating with manufacturers and is prepared to give long range demand forecasts, make longer term product commitments on basic goods and help connect manufacturers with the best resources so they can make the most informed decisions about capital investments.

For Walmart, growth will include products that we're not offering today as well as growth in existing products and shifting existing items to U.S. production. Importantly, we believe there should be sufficient volume for us to develop this U.S. sourcing initiative over the next 10 years as well as continue to source from a variety of countries around the world, including those we currently source from.

As with all Walmart commitments, we believe our leadership can raise awareness and motivate other companies to join. Our commitment to U.S. manufacturing is good for business and requires collaboration and innovation, at which our suppliers excel.

### **Q: Why is Walmart making this commitment?**

A: Growing the economy and creating jobs are at the heart of our national political conversation today. It will take all of us doing our part - business, government, labor, nonprofits and private citizens. The retail industry must help lead and we believe the retail industry can further drive American renewal.

Increasing domestic manufacturing will help create additional jobs in the U.S. - that's good for American businesses.

### **Q: Why now?**

The time is right to bring manufacturing back to the United States. Labor costs in Asia are rising while energy costs in the U.S. are lower than in many other countries. Global tax policies are changing and with the expansion of the global middle class, it increasingly makes sense to build things closer to the point of consumption. America is where the innovation is happening.

### **Q: What categories or products can we expect to see produced in the U.S.?**

We have over 1,300 categories and we're evaluating every one of them. Some categories such as textiles or apparel are more difficult to bring back to the U.S. Those categories that are rising to the top are ones where:

- Transportation is a high percent of the cost
- Labor is a low percent of the cost
- Energy is a high percent of the cost
- Highly seasonal categories where “being close” matters to keep products on the shelf. Having that flexibility is great for the customer, supplier and meeting customer needs.

The economics are changing. Our suppliers are already considering this, and we know that because of our size and scale we are in a position to help speed the process and increase in the U.S.

**Q: Does this mean Walmart will be paying more for products if the company will be sourcing more of them in the United States?**

A: That's not the case at all. Our intention is to offer the best value for the customer at the best price. Our modeling suggests the U.S. can offer very competitive manufacturing options, especially given many rising cost variables overseas.

One of the benefits to producing closer to home is responding to actual sales trends and seasonal business trends and customer demand changes rather than long-range forecasts. Having that flexibility is great for the customer, supplier and meeting customer needs.

Products made closer to the point of purchase also mean increased flexibility because of shorter transportation time, lead time and less freight costs. This offers the ability to save additional costs through the supply chain.

**Q: How much does Walmart currently spend on products sourced in the U.S.?**

A: According to data from our suppliers, items that are made here, sourced here or grown here account for about two-thirds of what we spend to buy products at Walmart U.S.

**Q: What impact on jobs do you think this could have?**

A: This could create jobs in manufacturing and industrial engineering, management, accounting, large equipment maintenance, and service providers like medical, retail, restaurants, and all the other services required to meet the needs of a workforce.

**Q: What products does Walmart expect to buy more of?**

A: For Walmart and Sam's Club, this would include categories like sporting goods, apparel basics, storage products, games, and paper products.

We see opportunities across a number of categories, such as patio furniture, bikes, furniture, electronics, floor care and vacuums. More importantly, it's around the characteristics of the categories - things that are highly automated, things that do not ship efficiently or things where the raw materials are available here. Those are characteristics that lend themselves very well to domestic manufacturing.

**Q: Are there any products currently available as part of this initiative?**

A: Yes. We've already seen some success stories from our suppliers. Below are some of the items available in select Walmart stores and on Walmart.com:

- 1888 Mills is manufacturing towels at a factory in Griffin, Ga. The towels are in 600 of our stores now, and we will be adding them to another 600 stores this fall.
- As a result of Walmart's partnership with Authentic Comfort, 20 percent of Walmart's memory foam mattress topper business is now being manufactured in the U.S. in 2013.
- Coleman has brought valuable manufacturing back to the U.S. for its hardside cooler and personal floatation device businesses.