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To: Interested Parties

From: Celinda Lake and Joshua Ulibarri, Lake Research Partners

Re: Recent Polling on Walmart¹

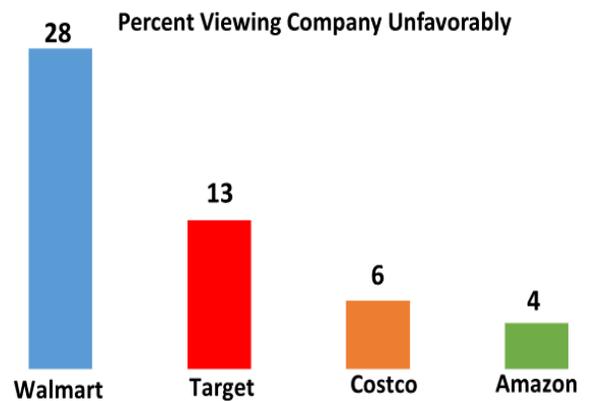
Date: June 5, 2014

A recent survey conducted by Lake Research Partners among an online sample of national consumers, shows that the conversation about Walmart's treatment of employees is influencing consumer decisions. An important share of consumers do not believe Walmart treats their employees well. This affects how they feel about Walmart and their willingness to shop there.

Consumers also believe that Walmart is a successful company, capable of treating employees better, and support efforts to do so. **The data is clear that Walmart's record of treating workers poorly is harming the company's reputation. Furthermore, the concerns about Walmart's pay and treatment of workers is putting its market share at risk, leading even some of its most loyal customers to consider avoiding the store.**

Though popular, Walmart has the highest negative ratings of any big retailer in the United States.

- Around three-in-ten Americans (28%) have an unfavorable view of Walmart, compared to 71% favorable; for Target it is 13% unfavorable and 82% favorable; for Costco it is 6% unfavorable and 57% favorable; and for Amazon 4% unfavorable and 82% favorable.
- Despite having an established identity, after hearing both positive and negative facts and messages about Walmart, those numbers change dramatically, with only 32% viewing Walmart favorably compared to 60% unfavorably.



- When asked what word describes the experience of shopping at Walmart, one-in-four (26%) consumers chose overtly negative words like “guilty” or “stressed.”ⁱⁱ

A plurality of consumers express concern about Walmart’s treatment of workers.

- When asked how well “treats its employees well” describes Walmart, a plurality (42%) say it does not describe Walmart well, compared to just 27% who say it does.
- When asked whether “well paid employees” describes Walmart well, 55% say it does not, while only 16% say it does.

Negative opinions about Walmart, including the poor treatment of workers, are prompting consumers to shop at the retailer less.

- More consumers say they have recently been shopping at Walmart less (21%) than more (13%).
- Among Walmart’s most loyal customers, those who shop there weekly, 9% say they have been shopping there less. Among the weekly shoppers, 25% cite poor treatment of workers as a reason why they have been shopping there less.
- Among those who shop at Walmart at least monthly, 21% say they have been shopping there less. Among monthly shoppers, 13% cite poor treatment of workers as a reason why they have been shopping there less, and 13% also cite paying workers too little.
- Among the 27% of consumers who rarely or never shop at Walmart, 36% cite “poor treatment of workers” as a reason and 26% cite “pays workers too little.” This puts these worker-related issues ahead of other common reasons, such as “prefer local businesses” (17%), “does not buy American products” (13%), and “long lines...” (19%).
- Other reasons cited for shopping at Walmart less point to concerns related to staffing issues: among weekly Walmart shoppers 45% cite long lines as a top reason they are shopping at Walmart less and 28% say it is because of understaffed stores.

The data also make clear that Walmart’s treatment of its workers is a major issue that is driving these increasingly negative attitudes toward the company.

- Walmart’s treatment of workers raises doubts about shopping there for 23% of American consumers.
- Among people planning to shop at Walmart less, poor treatment of workers and paying workers too little, are cited as reasons by 21% and 16% respectively.

- Beyond this, 28% of consumers who rarely or never shop at Walmart say they have personally encouraged friends and family not to shop there because Walmart “does not treat [its] employees fairly.”

Walmart has an opportunity to turn things around. Consumers say that improved treatment of workers would encourage them to shop at the retailer. Twenty-nine percent of all consumers and 29% of people who rarely or never shop at Walmart say they would shop there more if the company treated its employees better.

Consumers believe Walmart treats its workers poorly and that the way the company treats its employees is symbolic of what is wrong with the economy. By a 56% to 17% margin, consumers agree with the statement “Walmart is a real example of what’s wrong with our economy – the CEO is making millions and the workers are making minimum wage with poor benefits.”

By overwhelming margins, consumers believe that Walmart can, and should, provide better pay and benefits to its employees. When asked whether they would support an effort to improve conditions for Walmart employees, 66% say they would support such an effort and only 5% say they would oppose it.

- Two-in-three consumers (67%) agree with the statement “Walmart is a very profitable corporation that could afford to pay higher wages and better benefits if it chose to.”
- By a better than two-to-one margin (47% to 18%), consumers believe that “if Walmart increased its employees’ wages and offered affordable healthcare benefits, then the economy as a whole would benefit.”
- A strong majority (59%) support requiring some large, profitable retailers to provide full-time hours and a minimum annual salary of \$25,000 a year.

Taken together, the implications are clear: Walmart's reputation as a low-paying employer is becoming a growing problem for the company's bottom-line. The good news for Walmart is that over a quarter of consumers confirm that if Walmart's treatment of workers improved, their likelihood of shopping at the retailer would increase.

ⁱ **Methodology:** Lake Research Partners designed and administered this survey and it was conducted online May 28 – June 2, 2014. The survey reached a total of 813 consumers over the age of 18 in the United States. The margin of error for the total sample is +/- 3.5% and larger for sub-groups.

The research panel consists of over 6.5 million active members. Respondents can be selected by age, race, region, gender, and a host of other consumer data. The panels are recruited through a partner network of ubiquitous brands utilizing a "By-Invitation-Only" approach and through online marketing with over 300 diverse online affiliate partners and targeted website advertising. The recruitment method allow them to gain access to hard-to-reach business

professionals and low-incidence consumers who are typically less likely to join panels. This means they can control and manage the demographic make-up of the panel and enroll individuals who share known characteristics.

Respondents receive a thank you reward when they participate, determined by survey length, interest, complexity and the topical expertise of the respondent.

On our end we set quotas as we would any phone survey—based on the demographics of the universe we’re looking to reach. We quota on age, race, education, gender, and region.

ⁱⁱ Words are: stressed, unhappy, have no choice or no other options than shopping at Walmart, guilty, bad, tired