

# Economic impact of wal-mart via two studies



The Economic Impact of Wal-Mart, a 2005 study done by Global Insight, Inc. , is a good example of macroeconomics and several of its widely used tools.

The company analyzed data provided by Wal-Mart in the areas of sales, purchases and details of employment and samples of wages.

From a macroeconomic standpoint, such a study focuses on the portion of economics that looks at the variables of a national and regional economy as a whole. In part, this study focused on answering the macroeconomic question: " How Would the economies of the United States and Dallas Ft. Worth had been different in 2004 in Wal-Mart has not existed?

" Global Insight has proven its ability to provide an objective fact-based analysis of the retailer in question. The organization took into consideration previous studies and gathered new information to help draw its conclusion.

They first set out to determine the net economic impact of Wal-Mart on national and local levels. The national impact of the study " found evidence that Wal-Mart has directly raised the economy's potential to produce by investing in more capital, by using all its factors of production more efficiently, and by helping suppliers operate more efficiently.

The higher supply potential raises productivity, lowers consumer prices, and increases real consumer purchasing power (The Economic Impact of Wal-Mart, 2005). " Global Insight also found that Wal-Mart contributed to lowering prices for consumers. This was in large part also contributed to the expansion of Wal-Mart from 1984 to 2004, which was linked to the cumulative decline of 9. 1% in food-at-home prices for consumers.

Global Insight employed a collective indicator in the form of the Consumer Price Index to help understand how the economy as a whole functions.

Global's study ascertained that when measured against the Consumer Price Index, a 3.1% decline in overall consumer prices was determined. This index is a mathematical gauge created to compare how the prices of some types of merchandise and services, when grouped together, differ between time periods or geographical locations. Additionally, Global Insight took other factors into consideration that restricted consumer price inflation to widen the economic scope of its findings.

The company explored Wal-Mart's modern logistical and distribution methods, which found to increase total factor productivity lowering the chain's overall cost structure. This enables Wal-Mart to provide its goods to consumers at lower prices than other stores. Another way the retail chain passes on savings to consumers is by enjoying discounts from its suppliers. The chain's integrated purchasing system and large buying power positions it in an attractive way to suppliers by making their processes easy to use and more efficient.