**Walmart - Script**

Hi. Good afternoon. Today, I want to try and talk to you for ten minutes about Walmart, the American supermarket chain. And, before that though, don't forget, if you click on the link in the description below here, you can find the script for this talk, you can find sample questions, answers and the MP3. Practice your English. You will get better. I promise you.

All right. Ten minutes about Walmart. Here we go. Three two one go.

OK. Before we had Walmart, before we had supermarkets, one hundred, hundred and fifty years ago, early shops were much different to they are today. A shop would be small, obviously, and you would have assistants. You wouldn't touch the produce yourself, you would tell the assistant what you want, and they would go and get the things for you. Things were not canned, they were usually loose in bags or baskets or drawers, and you would say to the assistant how much of something you want, and they would weigh it out for you. Shops only sold things that were grown very locally, of course, because there was no way of getting them around, there was no distribution network. You would buy fresh local produce, sometimes dried things, and that would be it. You wouldn't have much choice. Obviously, shops like that, things were not prepackaged. There was no plastic of course back then. It wasn't self-service. The assistants would serve you. It wasn't cheap, obviously, because you're buying a few things. There are not a lot of things being sold, so the price was quite high and you don't have a lot of choice. You can only choose from the things that are grown locally and, of course, there are no pineapples. Well, it depends where you live. If you lived in America, of course, there were no pineapples, no avocados, nothing from other countries. People would have never even seen a pineapple, probably. Then, of course, 1920s, 1930s, after the First World War finishes, after the Great Depression finishes, canning becomes a big thing. People start to can a lot of things. The ownership of cars starts to take off. Obviously, cars have been around for a long time by here. Well, forty years by here, but people can't really afford cars until about the 1930s. So, the ownership of cars starts to take off. Ships get faster, obviously. Trains get faster. The train network expands, and we have planes that are now much faster and can travel quickly to other countries. What does all that mean? Well, because you can can things, they last a lot longer. And, because you have trains, planes and ships that travel quickly, you can now bring in produce from other countries. You can have international distribution networks, so your small shop will now sell things that it didn't sell before. Maybe even avocados.

OK. So, the next logical progression from here, 1916, a man called Clarence Saunders, he invents the world's first supermarket. What he does is he buys a big empty building. He puts lots of shelves in it and he puts the cash desks at the front. It's kind of like a supermarket you know today. People would go up with baskets. They would choose the produce they want. They would come to the front and they would pay for it at the cash register. Very similar to what we have today, except, of course, his shop was in the middle of a city. All shops were in towns and cities. That was the done thing.

1930, a man called Michael J. Cullen, he realized that shops didn't have to be in the center of cities anymore. More and more people are owning automobiles, cars, and he realizes that if he puts his supermarket outside of the city he can get cheaper land and he can get more land. So, what he does is he buys a big empty building and he surrounds it with a parking lot, car park, and, because of that, people can now drive out from the city to his supermarket. They can park, they can do a weekly shop and they can drive back. So, 1930, this is really changing the way we shop. Things are starting to shift here.

Now, how does a supermarket make its money? Well, basically, they rely on high volume. They rely on a lot of people buying things. They sell things at low prices and they sell a lot of them. Now, one reason they can sell at low prices is because they are out of town. It's much cheaper to buy land when you're out of the city, of course. If you have cheap rent, cheap building, you can bring prices down. There are many other ways they reduce prices as well but, basically, they sell things cheaply and they sell a lot of them.

1962, Sam Walton, he sees this idea and thinks, “That's a great idea. I can do that.” And he starts his first shop, which he calls the Five and Dime. What he does is he combines low prices with a very low profit margin and that equals a high volume of sales. He looks at other supermarkets and sees that they are still making a profit of a certain percentage on what they're selling, and he thinks, “well, I can cut that down. If a supermarket is making a dollar profit on something and I only make ten cents profit, I'm going to get more customers. I won't make as much profit on one thing, but if I sell a million of those things, I'm going to make more profit.” So, here begins the idea behind Walmart: very cheap prices passed on to the customers, of course, in a very high volume. This is hugely popular. Of course. It's cheap. Lots of people come and his shops start to take off and he starts to expand.

Now, here's a few dates for you. 1971, they make their first distribution center. They realize that it's cheaper to have things in a local center … sorry … in a national center and ship them out themselves, rather than have individual companies ship to their individual stores. 1975, they come up with the idea of the greeter. That comes from Korea. Korea and Japan, these countries, when you walk into a shop you're shout … you're greeted with a loud greeting, and he liked that idea and he took that idea and he introduced it to his shops. So, you have the greeters, 1975. 1980, they make a billion dollars in a year.

1988, they make their first supercenter. Up until now they've been basically supermarkets, but 1988, their super centers, they sell pretty much everything. Then they start to expand internationally. 1991, Mexico. 1994, Canada. ‘96 China. ’98, U.K. 2002, Japan.

Now, at this point, they're making a lot of money. 2009, Walmart makes … Walmart sells $400 billion worth of things and it becomes the world's biggest company. On the Forbes 500 list it's number one. It is the biggest company in the world. 2010, they go to India. 2011, they go to South Africa.

Now, they have eleven thousand stores around the world in twenty-seven different countries. They employ 2.3 million people and here … this is a figure that's going to stagger you … it certainly staggered me … they have 200 million customers a week! 200 million people go to shop at a Walmart's every week! That's just a staggering figure.

OK. Aaagh … I’ve only got four minutes. … So, there are obviously good and bad things about companies like Walmart. Let's look at the bad (good) things first of all. Walmarts are very cheap. They buy things cheaply, they sell them cheaply, and you can buy cheap things. Walmarts actually saves people a lot of money. A lot of people in America, or in different countries, that don't have much money, they shop at Walmart's and they save a lot of money. So, Walmarts is actually working towards poverty. They employ people. Each store of theirs employs about three hundred people. Plus, the infrastructure that grows up around it. They’re convenient. You can shop in one building to buy all the things you need. And globalization, of course. Walmart is a big push behind globalization. Because people in Walmart are buying things made in China, somebody in China has a job. They might have more money than before. So, those are some of the good things. Oh, also, in the Hurricane Katrina, the New Orleans disaster, when the government was in trouble, the government couldn't help these people, Walmart actually utilized its distribution network and sent lots of free food and clothes to the people in New Orleans. I mean, sure it was just a P.R. stunt, but still they helped these people by using their distribution networks which the government themselves couldn't do.

OK. A few bad things. Reliance. We rely on these stores too much. When they actually close down, which they do sometimes, people lose their jobs and whole towns can be destroyed when one Walmart closes. Unfair pay structures. The C.E.O. of Walmart makes $22 million a year. Your average worker makes $12 an hour, basically. The high street. When a Walmart comes into a town, basically, small shops close down because they cannot compete. You don't have to go to individual shops anymore, you could just go to your Walmart, and your small Mom and Pop … Ma and Pa stores start to close down. Unemployment. When, of course, these local shops close down, people lose their jobs. People work at Walmart, but other people lose their jobs as well.

And, of course, price control. One of the things Walmart is probably most famous for is using its power to push down prices. Say, for example, I'm selling clocks to Walmart and it costs me a dollar to make a clock, and I say to Walmart, “I want to sell this for one dollar fifty.” Walmart will say, “No. It cost you a dollar. We’ll sell it for a dollar ten.” And, if I say, “Well, no. I can't do that.” Then Walmart will say, “OK. We'll go to another distributor. We're going to buy it from somewhere else. We won’t use you anymore.” And I want to access these two hundred million people a week, so I'm going to say, “OK. I will take one dollar ten for this and you can sell it.” But, then, Walmart year on year want to bring their prices down. So, next year, they'll come to me and say, “We want it for a dollar nine now. A dollar eight. A dollar seven. And I cannot do that. And I will reach a point where I cannot make these anymore in my country, so I have to outsource and get them made in China, or Vietnam, or a cheaper country. So, Walmart pushes prices down by using its power. That helps people, of course, but it also hurts people. Talk about that in a second … in one minute.

OK. Price versus cost. We want cheap things. We all want cheap things. We go and look for cheap deals and we buy things that are cheap, but when we do that, we're not thinking of price versus cost. We are thinking of the price of something not the cost of it. And, in this case, Walmart is both the cure and the disease. So, let's look at this. Walmart pushes prices down so much that say, for example, this clock is now one dollar. You cannot make this clock in America because you have to pay your workers more than a dollar an hour to make these clocks. So, you cannot afford to sell them for one dollar. So, you have to outsource to China where you can pay a worker less and you can afford to make them for a dollar. But, if you do that, of course, jobs are leaving America and going to China, which puts people out of work. If people don't have work, they don't have much money, which means they cannot afford to buy expensive things. So, they go and shop at Walmart. They are now buying things cheaply that they used to build and now they don't have jobs because these things are cheap. Walmart is both the cure and the disease. … I almost made it. Almost made it. … So, it's a kind of a circle, I suppose.

Walmart, after decades of expansion, recently started to close a few stores, partly because of Amazon, of course. Amazon is now potentially doing to Walmart what Walmart has done to a lot of other shops. But, Walmart is competing. They are buying up online sites left right and center, and they're starting to have a much stronger online presence. So, Amazon probably won't destroy Walmart, but Walmart will have to change its business idea … its business structure.

And that's it. Thank you for listening. I hope you understood that. If you have any questions or comments or ideas for things you'd like me to talk about, please put them in the comments section below here. Don't forget, if you click on the link down there, you can read the script for this, you can find some questions, multiple choice and essay type, and you can find some answers, and you can listen to the MP3 of this as well. If you liked it click like. If you want to subscribe, please subscribe, and you can listen to these talks every week when I make them. Thank you. Have a nice day. I'll talk to you next week. Bye.

**Walmart – Questions**

1. All of these are true about shops 150 years ago EXCEPT

A: Only the assistants would handle the produce.

B: They were usually out of town.

C: Things were kept loose in drawers to be weighed out.

D: They only sold local produce.

2. Steven says, “OK. So, the next **logical progression** from here, 1916, a man called Clarence Saunders, he invents the world's first supermarket.” Which of these expressions is the closest in meaning to “logical progression”?

A: obvious step

B: surprising jump

C: twist of fate

D: form of evolution

3. Why did Michael J. Cullen think locating shops out of the center of the city was a good thing?

A: People would have to take the bus.

B: He could make larger signs for his shop.

C: People could find his shop more easily.

D: He could get cheaper land.

4. How do supermarkets make a profit?

A: They try to sell as many different things as possible.

B: They only sell brightly colored items.

C: They sell a lot of things cheaply.

D: They have no staff.

5. How did Sam Walton improve on the supermarket idea?

A: He lowered his profit margins.

B: He made superstores in every city.

C: He increased the number of staff.

D: He only sold things for 5 cents.

6. When does Walmart open its first store in China?

A: 1991

B: 1994

C: 1996

D: 1998

7. Steven says, “Plus, the infrastructure that grows up around it.” What does this mean?

A: If a Walmart store opens most of the smaller shops in that town are forced to close.

B: All Walmart stores are strongly constructed.

C: Every Walmart has a support network that springs up when it opens.

D: A Walmart has to have a series of roads leading to it.

8. What does “price control” mean?

A: Labelling items in a store with the incorrect prices.

B: Making the customer pay more than the product is worth.

C: Using purchasing power to force suppliers to lower their prices.

D: Keeping an inventory of all stock in a store.

9. Why are American jobs outsourced to China?

A: Because Chinese workers are paid less.

B: Because American companies don’t pay their workers enough.

C: Because Chinese companies have better quality.

D: Because American companies cannot make enough products.

10. What is Amazon doing to Walmart?

A: Making it cut its prices.

B: Pushing it to open more stores.

C: Helping it to supply the American market.

D: Forcing it to close stores.

11. Why did canning have such an impact on food?

12. Why will Walmart have to change its business structure?

13. Is there a future for brick and mortar shops?

14. What does Steven mean by “price versus cost”?

15. Donald Trump says he wants to bring jobs backs to America. Is this possible?

**Walmart – Answers**

1. B 2. A 3. D 4. C 5. A 6. C 7. C 8. C 9. A 10. D

11. Why did canning have such an impact on food?

The canning process actually began when Napoleon was trying to find a way to feed his troops. He offered a reward to anybody who could come up with a way to safely preserve food for long periods of time. A Frenchman called Nicolas Appert. He realized that heat killed the microbes (he didn’t know that was what they were) and kept the food safe. He sealed the food in glass jars and then heated them. In 1812 the glass was replaced with tin, to make the tin can. All of the cans were made by hand and they were extremely expensive. Most of the cans were sold to the armies and navies of the world as it was an excellent way of keeping their soldiers and sailors fed. It wasn’t until World War 1 that the can became cheap enough for the average person to buy. As with most things, when a war starts, money is thrown at research and development. When the British Government realized that they would need millions and millions of cans, they developed a cheaper method of making them.

So, what impact did canning have on food? Three. Firstly, it allowed soldiers to fed, meaning they could venture further away from their bases and could concentrate on fighting rather than having to keep themselves fed. Before canning, soldiers would have to spend most of their time raiding the local area to find food.

Secondly, it reduced the infant mortality rate. Safe canning methods, along with milk pasteurization methods, allowed children to have a safe supply of food. Infant mortality rates noticeably fell.

Thirdly, it allowed food to be shipped around the world. Food in cans would last for years so, food canned in France could be safely sold in America. It allowed an international food trade to develop.

12. Why will Walmart have to change its business structure?

Amazon’s success has shown that customers are no longer willing to go all the way to a shop to buy things. Customers want to sit in the comfort of their own home, browse the store, order the product and have it delivered. It is convenient. Amazon’s sales have increased year on year and last year, 2017, they made up 4% of all US retail sales. That number is not that high. That is nowhere near as high as Walmart, 8%, but, Amazon’s sales are rising, and Walmart’s are falling.

Walmart is well aware of this. They have seen many companies such as Sears and ToysRUs fold and they don’t want to go the same way. To that end they are rapidly moving online. They have their own site, but they have been making significant moves to buy other already established sites to increase their online presence. They have been left behind by Amazon, but they are catching up rapidly.

13. Is there a future for brick and mortar shops?

Yes. There is. For now. People look at Amazon’s rising sales and they toll the bell for the death of the retail industry, but, this will not happen in the near future. There are two main reasons for this. Firstly, yes, people prefer to shop online and, yes, things bought online are cheaper, but delivery is not instant. If you order something, it will take a few days to reach you. Groceries and perishables cannot be sold online. Until Amazon can work out a way for delivery within 30 minutes either by drone or driverless car, they will not replace real shops. And, secondly, people like to go to a shop. However, there is one invention that could lead to the end of the retail industry as we know it. 3D printing. If we can 3D print anything that we need at home then, yes, there would not be a need for even an Amazon. However, for that to happen, the 3D printing process must become a lot faster, and a lot cheaper. Even then, unless there is a serious improvement in the technology, people are not going to want to print everything. It would take too much time and be too much trouble. There will probably be a site like Amazon that will print anything that you want. They will have industrial 3D printers and materials. You will be able to send them a scan of your feet and they will send you a perfect pair of shoes. So, shops as we know them now will not exist. But, that is largely due to Amazon and not 3D printing.

14. What does Steven mean by “price versus cost”?

Price versus cost means that we merely look at the ticket price of something and we don’t think about the cost, societal, economic, psychological, environmental, that went into the production of it. For example, a pair of jeans at Walmart are about $15. That is cheap, so people buy them. They don’t consider the fact that those jeans must be made in Vietnam because they can’t be made that cheaply in America. They don’t consider the lower environmental standards Vietnam has and the pollution that is caused. They don’t think of the CO2 released in shipping the jeans. They don’t think of the effect it has on the American community where the people who were making jeans now have no jobs. There are many hidden costs in that $15 price. This is price versus cost.

15. Donald Trump says he wants to bring jobs backs to America. Is this possible?

No, it isn’t a viable claim. He has basically told the manufacturing sector that he will bring the jobs back, but this will not happen because of the American customers’ desire for cheap TVs.

In order to buy a TV for $79 (I checked on Amazon), the company have to be able to make it for a fraction of that cost. They have to buy the parts, pay labor, shipping charges, import taxes and still make a profit. The only way to make a profit at this price is to cut costs, and they do that on the labor, as it is the only negotiable variable. So, they make the TVs in China, or Myanmar these days, where labor is cheap, and ship them to America. This is how Americans can buy a TV for $79. Americans can either have cheap TVs or they can have jobs in America. They cannot have both. And Donald Trump must know that.

If Donald Trump were to succeed in bringing these labor jobs back to America, then one of two things would have to happen. The $79 TV would cost $379, or the factory would have to be entirely automated to keep the price at $79. If the TV costs quadrupled, people wouldn’t buy it, and the factory would close. If the factory is automated, people will not have jobs. Either way, these jobs have gone for good.

Of course, there is another reason. In the 1970s and 80s in the UK, Margaret Thatcher shut down the coal mines and ship yards because they could no longer compete. Over the next twenty years the UK transitioned to a service economy. America, as with most developed countries, is currently making that change. Unfortunately, a lot of people lose their jobs in that process. It is not pretty, but it appears to be necessary. At least Margaret Thatcher had the guts to be honest about what she was doing. Donald Trump doesn’t. That’s why he is lying.