

## Public Affairs & Government Relations

March 20, 2020

Via Electronic Mail

U.S. Attorneys General (Distribution List)  
Consumer Frauds & Protection Bureau

**RE: Walmart Reaction to COVID-19 and Consumer Protection**

Dear Attorneys General:

Walmart is taking great efforts to support associates, customers and communities through the COVID-19 pandemic by providing them with a variety of resources and support. Below are links to key steps the company has taken to date in response to the spread of COVID-19:

**For our Customers:**

- We continue to [take proactive measures](#) in our Walmart stores and Sam's Clubs.

**For our Associates:**

- We are [supporting our associates](#) working in our stores, Sam's Clubs and distribution centers in this time of uncertainty.

We want to provide some insight on several key issues in the pandemic battle which we believe are top of mind for you, your staffs and constituents. This correspondence is not designed to be, and is not, a complete narrative of the countless things we are doing, and you should feel free to contact me directly if you have questions about the below or want information about a subject not addressed. As you know, this is a quickly, constantly evolving issue and we are working diligently, minute by minute, to predict the next flash event or issue.

### **PRICE GOUGING POLICIES**

One critical issue we have addressed, and continue to monitor in real time, is suspected price gouging. Walmart's business model is Everyday Low Prices, Everyday Low Cost and we work hard to provide our customers with great prices. The prices we set are first and foremost based on our cost of goods and if you shop with us much, you will notice that they traditionally don't vary significantly day over day, month over month. Given the unprecedented circumstances surrounding the Covid-19 pandemic, we have taken additional steps to ensure fair pricing to protect our customers:

- **STORES AND CLUBS**

Earlier this week the Walmart and Sam's Club Home Offices (Home Office) implemented a systems-based price freeze on certain products, including critical items like soaps, hand sanitizers, water, and cleaning supplies sold in our stores and clubs (Discount Stores, Supercenters, Neighborhood Markets and Sam's Clubs). Pricing of product is established centrally at the Walmart Home Office and is coded into our Point of Sale (POS) system. The price freeze currently in place prevents prices from being raised or lowered by our Home Office Merchandising teams until the price block is lifted. Again, just to be clear on this critical point, prices in our POS system were "locked" earlier this week and we have taken no steps at the Home Office to unlock those prices.

While the price freeze is in place, stores and clubs do not have the ability to independently change prices in our POS system, but can during individual transactions adjust the price of items to resolve pricing discrepancies with customers. Stores and clubs are also able to raise the price of an item back to the original pricing established by the Home Office, if they previously marked down the item. However, stores and clubs cannot systematically raise prices on items to levels that exceed the prices established by the Home office.

Please understand that if the current situation impacts Walmart's cost of acquiring goods, the home office may need to adjust prices. If we believe a supplier is taking advantage of the situation and artificially inflating their prices to us, however, we will report that conduct to the proper authorities.

- **ONLINE**

Walmart.com and Samsclub.com also have implemented pricing measures to attempt to address price gouging concerns. For products sold by Walmart and Sam's Club online, we are monitoring the prices on commodities and consumer household items to ensure that prices, which typically are dynamic and may fluctuate based on competitive pricing, remain at a reasonable level.

On Walmart Marketplace, which is a platform to enable third-party sellers to offer their products for sale to consumers, Walmart has a number of processes in place to attempt to prevent price gouging by third party sellers. First, Walmart requires all sellers to comply with its Pricing Policy. Although sellers price the items that they sell in their discretion, they are required to maintain fair pricing practices. Under our Pricing Rule, Walmart will automatically unpublish items that are priced substantially in excess of prices recently offered on Walmart Marketplace or on competing sites, or that appear to be the subject of price gouging, or other unfair or abusive pricing practices.

In light of the volatile circumstances surrounding the pandemic, beginning in January 2020, we reviewed relevant products and pricing to ensure that our automated rules were appropriately capturing

new and existing items to protect against violations of our Pricing Policy. We also have amended our existing automated rules to review the entire catalogue of items to target any Marketplace items that appeared to make unauthorized medical claims related to the coronavirus, and automatically removed those items. The items removed in accordance with this rule often also violate the Pricing Policy.

We will continue to enhance these rules to take new issues or risks into account, including seller behavior that appears to attempt to circumvent our automated detection rules. In addition, we have tasked policy specialist teams to conduct systematic site searches and audit listings against the Pricing Policy and immediately remove items in violation. Finally, in addition to the removal of items, we have engaged in seller outreach and education to reinforce the Pricing Policy and its requirements. We also have strengthened our enforcement against sellers to combat potential price gouging, including suspending sellers, and restricting sellers from listing new items in certain categories.

### **MONITORING PRODUCT CLAIMS RE: CORONAVIRUS**

Walmart and Sam's Club expect our suppliers to offer our customers quality products and obligate them to ensure their products meet all applicable laws and regulations, including those related to labeling. As the current contagion concern expanded, we communicated with the teams responsible for purchasing items for our shelves and provided specific guidance related to medical claims specific to the coronavirus.

Specifically, on March 12 we sent a note to all Walmart and Sam's Club merchants and buyers advising them to be especially vigilant as they consider buying products making any claims related to Coronavirus and/or the COVID-19 disease. We reinforced that before buying any product making such claims, they should confirm that the product is registered with the U.S. Environmental Protection Agency (EPA) for disinfectant products, approved by the U.S. Food and Drug Administration (FDA) for claims about mitigation of the virus on humans, and that all such claims are substantiated. Our guidance specifically referenced the federal requirements for claims about disinfectant products and those for products claiming mitigation of the virus on humans. We directed our merchants to require the supplier verify the following before buying any product with claims related to/ COVID-19:

- EPA registration for disinfectant products (or independently confirm registration at the EPAs dedicated Coronavirus database).
- FDA approval for products claiming to mitigate the virus' impact on humans.
- That all claims are truthful and substantiated.

### **OPERATION ADJUSTMENTS and CLEANING/SANITIZING**



While we continue to fulfill the needs for food, essential household goods, medical items and pharmacy services, we continue to be thoughtful and deliberate in our operations. As you may have seen, on Wednesday we announced that we were further restricting hours of operation to enable additional cleaning and stocking. We are also introducing a designated “senior shopping time” each Tuesday, beginning March 24. After overnight deep cleaning and stocking are concluded each Tuesday morning, we will open our doors one hour early to exclusively allow senior customers to secure the items they need in a freshly cleaned environment. We are hopeful this will alleviate some of the concern which may currently be causing some of those most vulnerable to forgo the essential items and services they need to cope and strive. The most recent changes we have made can be found here:

<https://corporate.walmart.com/newsroom/2020/03/18/latest-walmart-store-changes-to-support-associates-and-customers>

Finally, we are continuously enhancing our health and safety measures to better ensure a clean shopping and working environment. We have provided our store and distribution center management with facility cleaning guidelines to help ensure appropriate hygiene standards are maintained. Our guidance is based on information gathered from the Centers for Disease Control (CDC) on prevention and follows their recommendations for environmental cleaning and disinfection for businesses. We are constantly evaluating this evolving situation and will continue to provide guidance to ensure that we maintain safe and healthy spaces for our customers and associates.

Thank you again for the opportunity to provide information on these efforts. This crisis has brought unprecedented challenges to the private and public sector. At an appropriate time in the near future, we look forward to discussing more specific policy ideas to protect the consumer.

Sincerely,

Walmart Public Affairs and State and Local Government Relations