

Walmart to cut 11,000 jobs at Sam's Club subsidiary

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Sam's Club, a subsidiary of Walmart, announced Thursday that it would eliminate over 11,000 jobs, amounting to about 10 percent of its total workforce. Walmart is the largest retailer in the United States.

Most of the job cuts—about 10,000—will be among product demonstration workers who give out free samples to customers to promote new products.

Brian Cornell, chief executive of Sam's Club, said the company would contract out its product demonstration functions to Shopper Events LLC of Arkansas. Shopper Events already provides product displays and samples at Walmart stores, handing out about 2.8 million samples per week to customers. Shopper Events separately announced that it would hire employees to fill its new role as a contractor for Sam's Club, and that it might rehire some of the laid-off workers.

Cornell denied that the move was made to cut costs, instead claiming that the action was aimed to improve “customer experience,” sales and loyalty. It is, however, likely that the move was aimed at reducing sample workers' wages below those of other workers by having their jobs transferred to a contractor.

Although Sam's Club has more store locations than any other warehouse retailer, it has been losing ground to competitor Costco, which has had significantly higher sales.

Job losses among product demonstration workers will be compounded by the elimination of positions aimed at driving memberships to businesses, resulting in 1,200 job losses. Two “Business Membership Representative” positions will be eliminated from each Walmart store.

Sam's Club sells items in bulk to customers who sign up for annual memberships. The stores are housed in

warehouse-style areas, and items are sold directly off delivery pallets. The stores typically employ few sales staff, but offer lower prices than other stores.

Earlier this month, Sam's Club announced it would close 10 stores in California, Arizona and Texas. The stores closed on January 22, resulting in 1,500 job losses.

Sam's club, based in Bentonville, Arkansas, had 602 stores prior to the latest round of closures, with locations in Brazil, China, Mexico and Puerto Rico. It employed 110,000 people in the US prior to the cuts.



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