Wal-Mart's U.S. namesake business, which accounts for 62 percent of the company's total revenue, had suffered because of the economic woes hitting its low income shoppers, who have been having a hard time stretching their dollars to the next paycheck.

Wal-Mart Stores Inc.'s low-cost strategy during the holidays both helped and hurt its performance in the fourth quarter: The world's largest retailer reported an almost 15 percent decline in profit, but its namesake U.S. business continued to draw in more shoppers.

During the period, Wal-Mart guaranteed shoppers it would give them the lowest price on a given item, no matter when they bought it during the holiday season. That resulted in its first gain in customer counts in several years.

But those efforts also came at a cost. The company said that operating income growth for the quarter was slower than the rate of sales for Wal-Mart's U.S. business as gross profit margin declined.

Wal-Mart shares dropped $1.88, or 3 percent, to $60.60 in premarket trading Tuesday.

"Core customers remain cautious about their finances," said Mike Duke, president and chief executive of Wal-Mart Stores Inc. in a statement. "They rely on Walmart's (everyday low price) promise to help them manage through today's economic challenges."

Wal-Mart's results are considered a bellwether of consumer spending because the company draws nearly 10 percent of all nonautomotive spending in the U.S. So the fact that it's re-energizing its business is a positive sign for the retail industry and the economy as a whole.

The discounter, based in Bentonville, Ark., said Tuesday that net income was $5.16 billion, or $1.50 per share in the three months ended Jan. 31. That compares with $6.05 billion, or $1.70 per share, in the year ago period.

Including results from benefits from certain tax matters and real estate transactions, Wal-Mart recorded $1.51 per share for the latest quarter. The year-ago results included benefits from discontinued operations; excluding those benefits, earning were $1.41 per share.

Net sales, excluding membership fees from its Sam's Club division, rose 5.9 percent to $122.28 billion.

The company's namesake business had a 1.5 percent increase in revenue at stores opened at least a year, its second consecutive quarterly gain after facing a more than two-year slump. Analysts had expected a 1.6 percent gain.

Analysts were expecting earnings per share of $1.46 on revenue of $123.9 billion.

By division, Wal-Mart had its fastest growth from its international business, which increased 13.1 percent to $35.49 billion. The company's Sam's Club division enjoyed a 6.8 percent increase to $14.01 billion. Wal-Mart's U.S. business had a 2.4 percent increase in U.S. sales,

posting revenue of $72.79 billion.

Overall, the company's U.S. namesake business had a 2.1 percent increase in revenue at stores opened at least a year. That included a 1.5 percent increase at Wal-Mart U.S. stores and 5.4 percent increase at Sam's Clubs. The company noted that it saw an increase in customer traffic, reversing more than several years of declines in customer counts.

Wal-Mart's U.S. namesake business, which accounts for 62 percent of the company's total revenue, had suffered because of the economic woes hitting its low income shoppers, who have been having a hard time stretching their dollars to the next paycheck.

But its business also was hurt because of mistakes it made on prices and selection. Wal-Mart, based in Bentonville, Ark., strayed away from is bedrock philosophy of "everyday" low prices, and in late 2010, switched back to emphasizing low prices across the whole store, instead of promoting select items.

Reclaiming its reputation as the lowest-prices leader is critical to sustaining the upward sales trend. The company also has restored thousands of products it culled during an effort to de-clutter its stores.

For the current quarter, Wal-Mart expects revenue at stores opened at least a year to be anywhere from flat to up 2 percent.

For the current year, it expects earnings per share to be $4.72 per share to $4.92 per share. Analysts had expected $4.90 per share.