Did Wal-Mart Wake Up?

How Strategic Management Handled Wal-Mart’s Reputation

[ABSTRACT]
The nation’s largest private corporation and retail giant Wal-Mart has faced multiple opposition from labor unions, grassroots organizations, religious groups, and even from its own employees, impacting its corporate reputation and ultimately its bottom line. This case study will demonstrate the strategic communication Wal-Mart used for its corporate reputation management (CRM). In particular, the case describes the company’s response to criticism regarding its current business policies and practices.
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Introduction

Starting off with Sam Walton’s idea of low prices in the 1940s, Wal-Mart has since then become the world’s largest public corporation, topping the list of Fortune’s Global 500 for the sixth time in seven years.¹ With headquarters in Bentonville, Arkansas, this retail giant has over 2 million employees worldwide, with 1.4 million within the United States alone, making it one of the largest private employers in the nation.² (For Corporate Fact Sheet see Appendix A).

As with any global corporation, Wal-Mart engages in multiple and complex relationships with a number of different stakeholders. Labor unions, environmentalist groups, grassroots organizations, religious groups and community members have criticized Wal-Mart for its perceived lack of concern in its current business practices and policies. Complaints have included unequal employment opportunities to lack of health insurance leading to lawsuits, which were close to 5,000 in 2000.³ The opposition came to a head in 2005, as two advocacy groups specifically targeting Wal-Mart were formed in spring 2005 to unite disgruntled community members: Wake-Up Wal-Mart, a union group backed by the United Food and Commercial Workers, and Wal-Mart Watch, a joint project of the Center for Community and Corporate Ethics. The mission of both groups was to cause the corporation to improve its practices for its employees, its customers, and the surrounding communities in a more ethical and acceptable way.

A documentary directed by Robert Greenwald, Wal-Mart: The High Cost of Low Price, was released on November 4, 2005, which was highly critical. Through a series of interviews and video footage interspersed with statistics, Greenwald attempted to depict the unethical business practices Wal-Mart implemented on a daily basis and the negative
effects these practices had on employees and small business owners. A study on the impact of Wal-Mart supercenters in rural communities found that small towns can lose up to 47 percent of their retail trade as soon as 10 years after the establishment of a Wal-Mart.  

Wal-Mart soon found itself witnessing the repercussions of this negative coverage. By November 2006, Wal-Mart’s stock was down 30 percent since 2000, and its sales growth slowed to 1.5 percent in the third quarter, compared to the 4.6 percent growth of competitor Target. (See Appendix B) A confidential report for Wal-Mart by McKinsey & Co. that was soon publicized by Wal-Mart Watch also found that 2 to 8 percent of consumers no longer wanted to shop at the store due to the negative press they have encountered. The growing opposition to Wal-Mart was quickly becoming detrimental to the growth of the company, not only externally, but internally as well. It was imperative that Wal-Mart take matters into its own hands and handled these issues through effective communication and strategic organization, as its very reputation and image depended on it. This particular case study details exactly how Wal-Mart used an effective strategic communication function of corporate reputation management (CRM) to quell the negative press it has been facing for almost the past decade. It will recount the measures taken by Wal-Mart to salvage its relationships with its employees and customers and reverse a tarnished reputation becoming indelible in the perceptions of its many stakeholders.
1. Company History

An in-depth glimpse into Wal-Mart’s history is vital in order to understand its rapid growth and relationship with its employees and customers, and how its history has developed the company’s image and reputation.

1.1 Wal-Mart’s Early History: 1960s to 1970s

The first Wal-Mart was opened in 1962 by founder Sam Walton in Rogers, Arkansas with the help of brother J.L. (Bud) Walton. A mere five years later, the company had increased to 24 stores within Arkansas and had reached up to $12.6 million in sales. By 1968 Walton opened his first stores outside of Arkansas, in Sikeston, Missouri, and Claremore, Oklahoma, and a year later in 1969 incorporated all of these ventures as Wal-Mart Stores, Inc. on October 31st.

The next decade showed a great increase in growth and popularity for the company. The first year in the 1970s saw Wal-Mart’s first distribution center and Home Office in Bentonville, Arkansas, and by this point had 1,500 employees with a revenue stream of $44.2 million. Wal-Mart also began to share stocks over the counter as a publicly-held company and soon found its first 100 percent split in May 1971 at a market price of $47. Its second 100 percent split occurred in 1972, after being approved and listed on The New York Stock Exchange, at a market price of $47.50. By 1974 Wal-Mart had expanded into eight states: Arkansas, Kansas, Louisiana, Missouri, Oklahoma, Tennessee, Kentucky and Mississippi.

By the middle of the decade, Wal-Mart had over 7,500 employees (or associates, as they were called) in 125 stores across now nine states, with the addition of Texas. At
this point the company had sales of $340.3 million and experienced its third stock split at a market price of $24.\textsuperscript{10} By 1978, the company had two acquisitions, 16 Mohr-Value stores in Michigan and Illinois, and the Hutcheson Shoe Company, leading to the introduction of the Wal-Mart pharmacy, auto service center and jewelry divisions. It reached $1 billion in sales in 1979, being the first company to do so in such a short period of time, and ended the decade with 276 stores, 21,000 associates, and stores in 11 states.

1.2 Wal-Mart Expands and Goes International: 1980s to 1990s

Wal-Mart continued its rapid growth in the 1980s, experiencing its fourth stock split and its third acquisition of 92 Kuhn’s Big K stores. In 1983, \textit{Forbes} magazine named Wal-Mart No. 1 among general retailers for the eighth year straight, since its store opened in Midwest City, Oklahoma.\textsuperscript{11} It was also in this year that Wal-Mart began placing the now famous “people greeters” at all of their stores’ entrances, along with the first 1-hour photo lab in Tulsa, Oklahoma. By the end of 1983, Wal-Mart acquired U.S. Woolco Stores and saw another 100 percent stock split at a market price of $81.625.

Wal-Mart celebrated its 25\textsuperscript{th} anniversary in 1987 with 1,198 stores, 200,000 associates and sales of $15.9 billion. In commemoration of its anniversary, the company introduced the Wal-Mart Satellite Network, the first private communication system in the United States that linked all components of the company and the Home Office. In 1988 David Glass was named Chief Executive Officer of Wal-Mart Stores, Inc., and closed out the decade operating in a total of 29 states.

The 1990s also proved to be fruitful for the company, being named the No. 1 retailer in the nation and opening a Wal-Mart’s Visitor’s Center in Walton’s original 5-10
store in Bentonville, Arkansas. On April 5, 1992, Sam Walton passed away at the age of 74 just after receiving the Medal of Freedom from President George H.W. Bush, one of the nation’s highest civilian honors. After Walton’s passing the company expanded even further, operating in 45 states, Mexico, and Puerto Rico.

By 1993 Wal-Mart formed an international business division led by Bobby Martin and saw its first billion dollar sales week that December. Shortly thereafter in 1995, Wal-Mart Stores Inc. operated 1,995 stores, 239 Supercenters, 433 Sam’s Clubs and 276 international stores with sales of $93.6 billion and 675,000 associates. Today, Wal-Mart International serves more than 49 million customers per week in 13 international markets, including Japan, Brazil, Argentina and Mexico. This international reach has led Wal-Mart to become not only the largest private employer in the United States, but in the world, with over 1 million employees total by the end of the 1990s.

1.3 Attack of the Advocacy Groups: 2000 to Present

Wal-Mart entered the new millennium by appointing H. Lee Scott Jr. the third CEO of Wal-Mart Stores, Inc. The company began the new decade with accolades, honors and awards from various organizations. By 2004, Wal-Mart was named fifth in Fortune magazine’s “Global Most Admired All-Stars”, first in America’s most admired companies, one of Hispanic Business magazine’s “Top 25 Diversity Recruitment Programs”, a recipient of the Ron Brown Award, and a recipient of the Corporate Patriotism Award.

However, though the new millennium brought forth positive recognition to the company, it also experienced negative publicity from groups and individuals critical of
the million-dollar company. In 2005, two main advocacy groups formed to unite against Wal-Mart: Wake-Up Wal-Mart and Wal-Mart Watch. Through their Web sites and funding provided by various labor unions and organizations, these two advocacy groups have banded together to increase public awareness of claims against Wal-Mart of unethical business practices and policies. Their efforts attempted to educate communities on their perceived notions of Wal-Mart and urged consumers to question the moral responsibility of the nation’s largest employer. Though the two groups only have a few million dollars in budget (compared to the over $1 billion advertising budget of Wal-Mart), they have leaked embarrassing internal documents and other misdeeds through news outlets and new Internet campaigning technology.

1.4 Repercussions

The actions of Wake-Up Wal-Mart and Wal-Mart Watch, along with other various factors such as domestic oversaturation and failed international efforts, have created negative repercussions in the first decade of the new millennium. Although the company generated $349 billion in revenue in 2006, its share price remained fairly stagnant since 2000 and its domestic same-store sales only increased by a mere 1.9 percentage points, the worst showing in Wal-Mart’s history. In 2007, Wal-Mart shares fell 81 cents to $43.16, a 6.5 percent drop.

Negative coverage affected the perceptions of the consumer public. According to a national poll conducted over the course of two years by Westhill Consulting, Wal-Mart’s overall favorability rating dropped by eight percent and more than a quarter (27%) of respondents reported a developing negative opinion of Wal-Mart. In particular,
according to poll results, Wal-Mart’s business and labor practices caused 11 percent of current Wal-Mart shoppers to change their shopping habits and caused nine percent of shoppers to buy less. (See Appendix C)

2. The Issue: Employee Relations and Workers’ Rights

Over the past several years Wal-Mart has been criticized for its large number of violations regarding wages and work hours for its employees. In 2003, Wal-Mart associates made $8.23 an hour, amounting to $13,861 a year, almost $1,000 below the federal poverty line for a family of three. However, by 2008, the average hourly wage for full-time employees had increased to $10.83 and is even higher in more urban areas.

But, in spite of the increased wages, there have been an increasing number of lawsuits against Wal-Mart regarding managers forcing employees to work off the clock, requiring associates to skip lunch and short breaks, and tampering with time and wage records. By 2008 the company was simultaneously facing 80 different lawsuits that involved these labor-related issues. One of these cases was a $50 million settlement involving 69,000 workers in Colorado in 2000. Another awarded back pay to 83 workers in Oregon who were forced to work off the clock. According to attorney Justin Perl, who was a part of the team that represented 56,000 Wal-Mart and Sam’s Club hourly workers in Minnesota, “Wal-Mart knew what they were doing. They knew why they were doing it, and they were hiding the evidence to avoid liability.”

Managers were fully aware of these violations and seemed to fail to take action. Evidence that many of these cases use against Wal-Mart was what has become known as The Shipley Audit. Conducted by auditor Bret Shpley in June 2000, 128 Wal-Mart stores
across the country were audited to determine if they were complying with company policy and government regulation regarding employee’s meals and breaks. As part of this particular audit, time clock records were reviewed in order to check whether or not managers were enforcing the two 15-minute breaks or one 30-minute break as part of company policy. The report was released on July 17, 2000 and declared “Wal-Mart may face several adverse consequences as a result of staffing and scheduling not being prepared appropriately.” The findings showed that there were over 75,000 various violations in 127 out of the 128 stores studied during a short one-week period. (See Appendix D)

Wal-Mart has also been criticized in terms of gender discrimination against women associates. On February 6, 2007 the ninth circuit court of appeals ruled that the company must face a class-action lawsuit of 1.6 million female workers who claim that they were not treated fairly in terms of pay and promotions. Though Wal-Mart attempted to appeal this order and have each woman sue the company individually, Wal-Mart now faces the largest class action lawsuit in the history of the United States. If the company will be found liable, they could be faced with paying damages up to $10 billion, a full year’s worth of profit.

3. Opposition

There are a large number of different organizations that have formed in opposition to the retail giant Wal-Mart. Labor unions, religious groups, environmentalist groups, grassroots organizations, and community members have been created throughout the nation to serve an activist role and convince the company to change its current business
practices. There are many different reasons why groups have organized, from the Christian groups claiming that Wal-Mart is being unjust and enforcing inequality\textsuperscript{25}, to the environmentalists such as those in California claiming that Wal-Mart creates air and traffic pollution, decaying the community’s land\textsuperscript{26}. These groups have made their presence known through blogging, lawsuits, protests and rallies. Though every group is instrumental to the progression of Wal-Mart’s opposition, for the sake of brevity only those pertinent to the issue of employee relations will be mentioned in detail.

3.1 Labor Union-Funded Groups

Two organizations backed by labor unions were formed in the spring of 2005: Wake-Up Wal-Mart and Wal-Mart Watch. These two groups were created, in part, as a result of the seemingly anti-union stance of the company. In 2000 a group of butchers in a Jacksonville, Texas store voted seven to three to join the United Food and Commercial Workers. A week later, Wal-Mart decided to convert all of its meat packaging to case-ready, phasing out butchers completely\textsuperscript{27}. Five years later, a store in Jonquiere, Quebec was shut down after workers voted to make their Wal-Mart the first one to be unionized in North America, in a country where 28.6 percent of workers were in unions, compared to the United States’ 12.5 percent of workers in unions\textsuperscript{28}.

The Wake-Up Wal-Mart campaign was started with a vision of changing Wal-Mart’s focus from profits before people to putting people first. Wake-Up Wal-Mart’s belief is that workers are paid a reasonable wage with proper benefits and are treated equally, whereas their perception of Wal-Mart seems to be poverty level wages and gender discrimination. Uniting activists across the nation to fight against Wal-Mart and

Wal-Mart Watch, also formed in the spring of 2005, was originated to challenge Wal-Mart to act more morally responsible and have a positive impact on society as the biggest corporation in the nation. Wal-Mart Watch desires that the retail giant will acknowledge that it must change its business practices in order to make any sort of progress. Like Wake-Up Wal-Mart, Wal-Mart Watch disseminates information through its Web site, blog, research reports and publications. Wal-Mart Watch also partners with other organizations such as grassroots constituents and religious groups to further champion its cause.

3.2 Gender Discrimination

Currently Wal-Mart finds itself facing the largest class action lawsuit in the history of the United States, having to fight against 1.6 million female employees who claimed that they were treated unfairly in their positions. Important statistical evidence being used by the women is a report conducted by Richard Drogin of Drogin, Kakigi & Associates, who was retained by the plaintiffs of the Dukes vs. Wal-Mart Stores, Inc. case (See Appendix E). The report was composed using personnel and compensation data collected from 1996 to 2002, and its findings strongly help defend the plaintiffs. Among the results, Drogin found that it took longer for women to rise to a management position, at an average of 10.12 years since date of first hire, as opposed to 8.64 years for men. In general, women make up 92 percent of Wal-Mart’s cashiers, but only 14 percent of store
management. The lawsuit also claims that the average proportion of female managers in the nation’s 20 largest retail stores is 20 percent higher than at Wal-Mart.

Women are also being compensated unfairly as opposed to their male counterparts. According to Drogan, women earned about $5,200 less than men overall in 2001 at Wal-Mart. Contrasting hourly vs. salary employees, women working hourly earned about $1,100 less than men. Women in management earned a salary of $14,500 less than men. Women also asserted that the 5 to 15 percent additional pay that men are receiving has nothing to do with seniority or performance reviews, as many of these women felt that men would get promoted before them because of gender alone.

If these women were to win the case, Wal-Mart would have to face very serious repercussions that could ultimately affect its bottom line. Not only would the company have to pay what could be up to $10 billion in damages, but there would also be an increase in pay to about 60 percent of their current workforce, which in turn would boost prices and reduce not only sales, but its share price as well. In July 2005, about a year after the plaintiffs were certified as a class, Wal-Mart’s shares fell 3.9 percent to $50.51.

3.3 Wal-Mart: The High Cost of Low Price

The documentary film directed by Robert Greenwald, *Wal-Mart: the High Cost of Low Price*, was produced by Brave New Films, released in select theatres on November 5, 2005 and opened nationwide November 13, 2005 to thousands of free screenings. According to the film’s Web site, the feature documentary’s premise is to uncover “a retail giant’s assault on families and American values.” Using a series of interviews to
uncover personal stories surrounding Wal-Mart, the film tells the tales of a working mother, a Missouri family and a city mayor and how their lives were inhibited (or even threatened) by their community Wal-Mart.

Greenwald started researching for the film after talking with a neighbor about the lack of health coverage he was receiving in spite of working full-time at Wal-Mart. As his investigation went on, Greenwald felt a passion and a desire to create a film that would tap into the hearts and souls of the American people about how society is being affected by the policies of Wal-Mart. Though millions of people work for the company, Greenwald found it difficult to find people who were willing to come forward and talk about their experiences with Wal-Mart. When Greenwald went public with the project, he asked for a pledge from the company not to fire anyone who was interviewed; however, Wal-Mart refused. When asked to interview CEO H. Lee Scott, Greenwald found himself being rejected by Mona Williams, Wal-Mart’s Vice President for Corporate Communications. Thus, with the help of many supporters, Greenwald was able to weave together video clips and news coverage of the CEO to serve as a narrator to his film, and not use the CEO himself.

With a tight budget and a multitude of volunteers, Greenwald and Brave New Films were able to launch their project into the communities of America. Using the method of alternative distribution, Greenwald showed the film in house parties, to local groups, in high profile screenings at major metropolitan areas, along with a limited theatrical showing. With this method, Greenwald hoped to reach out to a younger and more diverse audience in order to make them aware of the fear and intimidation this company apparently holds over many of its employees. The film received mixed reviews,
from The Los Angeles Times calling it “polemical in nature” and “not a classic balanced documentary”\textsuperscript{36} to The Boston Globe calling it “advocacy journalism at its most unsparing, and it demands to be seen, discussed, argued with, and acted upon.”\textsuperscript{37}

4. Wal-Mart’s Response

In April 2005 Wal-Mart opened its doors for the first time and held a two-day press conference at its headquarters in Bentonville, Arkansas. Representation from about 50 news organizations attended, including Steve Greenhouse of the New York Times and Ron White of the Los Angeles Times. At this media conference, CEO H. Lee Scott defended his company’s policies and condemned his opposition. According to journalist and broadcaster Don Elkins, who attended the conference:

One also has to ask about the "poor little me" attitude coming from Wal-Mart during these sessions. If that was intended to improve the company’s image, it didn't work. Regardless of what Scott says about wages, and regardless of what Wal-Mart USA President Mike Duke told reporters about his company’s dedication to making Wal-Mart a better place to work for its employees, critics have made viable complaints about wages.\textsuperscript{38}

Wal-Mart took another step several months later by hiring a team of 35 consultants from the Washington DC office of New York-based Edelman Public Relations, along with highly prominent political advisers and lobbyists to comprise the “war room” (known as Action Alley) that was set up at the Home Office in Bentonville. Those among this team included two well-known presidential advisers, Michael K. Deaver, who was Ronald Reagan’s communications director, and Leslie Dach, Bill Clinton’s media adviser. The Edelman team divided into three groups: “promote,” “response,” and “pressure.” The promotion team’s main objective was to ensure the
smooth arrival of new stores within urban areas and build relationships with minority
groups. The response team’s mission was to counter criticism being found in the press or
on the Web, and the pressure group worked on opposition research to counter the unions
and the press. Wal-Mart, with the help of Edelman, set out to reverse the negative
reputation it had acquired the past several years. Wal-Mart also planned to expand its
200-person internal marketing staff by 30 percent in 2006.

4.1 Response to Labor Union-Funded Groups

In response to groups such as Wal-Mart Watch and Wake-Up Wal-Mart, the
company and Edelman created Working Families for Wal-Mart on December 20, 2005.
The mission of the advocacy group was to portray the positive contributions of Wal-Mart
to communities and to society as a whole. Critics of the group later condemned the
organization for not explicitly mentioning its financial ties to Wal-Mart and to Edelman,
making Working Families for Wal-Mart; thus a front group rather than an actual
grassroots organization. Working Families for Wal-Mart also created the Wal-Mart Facts
Web site, in order to openly defend the accusations being made against the company and
to provide their side of the story. To this day, Wal-Mart Facts is still on the Web as a part
of the company’s corporate Web site.

As the debate between the groups grew more heated, Wal-Mart launched
Paidcritics.com in July 2006 to reveal what it described as “the real motives of the union
leaders behind the campaign against Wal-Mart.” In response to this site, Wake-Up Wal-
Mart launched its own site the following week:
http://www.abunchofgreedyrightwingliarswhoworkforwalmart.com, which attacked the company’s public relations efforts and lobbying figures.

4.2 Response to Gender Discrimination Lawsuit

Part of the documents the women employees will present in the Dukes vs. Wal-Mart Stores, Inc. case is 47,000 pages of depositions, or sworn statements derived from lawyers’ questioning from March 2002 to March 2003. Wal-Mart, in turn, counterattacked these claims with more than 3,000 exhibits portraying its gender equality initiatives. Among these exhibits are company documents stating the creation of a diversity committee and task force to ensure the development of women and minorities to management potential. A mentoring program was to be established in 2000 in order to achieve professional development for its employees. However, the pilot program was never carried out and the diversity committee and task force was disbanded in January 1999. In response to this, Celia Swanson, executive vice president in Bentonville, stated that the committee was disbanded because it had achieved its goals in terms of diversity and retention, and the committee was no longer needed.

Wal-Mart also refuted the accusations made regarding its female employees. The company purported that its 1997 diversity report showed great progress, with 63.4 percent of all Wal-Mart workers and 32.4 percent of salaried managers being female. The company compared this data with the U.S. Equal Employment Commission, stating that the nationwide average of women in the U.S. retail workforce was only 55.7 percent all workers and 38.6 management.
4.3 Response to Greenwald’s Film

On October 26, 2005 Wal-Mart called on Robert Greenwald to correct the misrepresentations of the company being depicted in his film’s trailer, claiming that his trailer is “neither fair nor honest to his audience or the American people.” When Greenwald refused, Wal-Mart released a 10-page press kit which included press releases, statements on the errors of the film, facts on Wal-Mart’s contributions to working families, three pages of bad reviews Greenwald has received over the past 20 years, and an announcement from Ron Galloway on the making of a rebuttal film, *Why Wal-Mart Works and Why That Makes Some People C-R-A-Z-Y.* (See Appendix F)

The film by Galloway was also in a documentary format that portrayed Wal-Mart’s positive impact on society, a notion that Galloway personally believed in, stating, “Wal-Mart literally provides their customers more freedom in their daily lives.” However, shortly two years later Galloway himself would turn against the company, stating that Wal-Mart was a heartless employer: “They just instituted a wage cap for long-term employees—people making between thirteen and eighteen dollars an hour. It’s a form of accelerated attrition. They can’t expect me to defend that.”

4.4 Wal-Marting Across America: Jim and Laura’s Blog

From September 27th to October, 9, 2006, a couple by the name of Jim and Laura took a journey across America in an RV where they parked in several Wal-Mart parking lots and spoke to employees. Laura kept a blog on their travels, *Wal-Marting Across America*, where she wrote about the feedback she was receiving from several Wal-Mart associates on their positive experiences with the company. The couple claimed that they
were being funded by Working Families for Wal-Mart. They failed to mention, however, that the organization was funded in turn by Edelman and Wal-Mart itself, in a publicity stunt that soon created a huge controversy.

First of all, Jim and Laura was not even a married couple, but have been living together for eight years in Washington, DC. Laura is Laura St. Clair, freelance writer and sister of Edelman’s staff member Greg St. Claire, and Jim is James Thresher, staff photographer for *The Washington Post*. Though the trip was originally Laura’s idea, she worked an agreement with Working Families for Wal-Mart where Wal-Mart would fly the couple to their starting destination, provide them with the RV, pay for gas, pay for the set-up of the blog, and pay Laura for her entries. None of these agreements were mentioned anywhere on the blog, nor was their affiliation with Edelman or Wal-Mart mentioned.

When news of this PR stunt spread throughout the nation, Edelman was silent a week after the culmination of Jim and Laura’s journey. Then, on October 16, 2006, Richard Edelman wrote the following on his blog:

> For the past several days, I have been listening to the blogging community discuss the cross-country tour that Edelman designed for Working Families for Wal-Mart. I want to acknowledge our error in failing to be transparent about the identity of the two bloggers from the outset. This is 100% our responsibility and our error; not the client's. Let me reiterate our support for the WOMMA guidelines on transparency, which we helped to write. Our commitment is to openness and engagement because trust is not negotiable and we are working to be sure that commitment is delivered in all our programs.  

(For an example of responses to Edelman’s blog post, see Appendix F)

In an interview conducted two years later by *Advertising Age’s* Matthew Creamer, Edelman reflects on his actions regarding the controversy:
In every step forward, you have to make sure you're constantly educating your staff, that we have a checking process. If you fall down, you have to get up. People respect that. We've proved our commitment to doing it right. Retreat was not an option. This was too central a focus to the strategy of the firm to go back.  

4.5 Corporate Social Responsibility

For the past two years, Wal-Mart has proudly been named by the Chronicle of Philanthropy as the largest corporate cash contributor in America, in which 90 percent of its charitable cash donations were at the local level. One effort in particular contributed positively the company’s reputation: its relief for victims of Hurricane Katrina in 2005. As local, state and federal officials geared up for the nation’s worst natural disaster in history, Wal-Mart had 45 truckloads of relief supplies ready to be shipped before Katrina hit the mainland. A week after Katrina hit, Wal-Mart sent 1,900 trailer loads of emergency supplies to affected areas. Wal-Mart also pledged more than $2 million in contributions towards the relief fund and stores, giving away free merchandise in several evacuation areas. The mayor of Kenner, Louisiana would later comment on MSNBC that the Federal Emergency Management Administration should have taken a lesson from Wal-Mart. Wal-Mart would continue this trend of disaster relief by contributing a total of $4 million in cash and products to assist with major natural disasters.

Other charitable contributions made in 2007 include $5 million coupled with $35 million in product donations to America’s Second Harvest, the nation’s largest hunger-relief organization, $67 million towards supporting education through literacy and scholarships, $32.5 million in donations to The Salvation Army’s bell-ringers in front of Wal-Mart stores, and $39 million to the Children’s Miracle Network in support of local
children’s hospitals and healthcare initiatives. Wal-Mart also strives to be a leader in environmental sustainability and donates millions towards several sustainability causes. CEO Scott stated: “We’re keeping our commitment to be a responsible citizen. Responsible citizenship means that we contribute to the charities and organizations in our communities.”

5. Did Wal-Mart Wake Up?

The issue of employee and labor relations is but only one of the many obstacles Wal-Mart is currently facing, as it continues to operate as the largest private corporation in America. From its many challenges and blunders in public relations strategy, to its success in changing negative perceptions, Wal-Mart’s strategic communication response to its critics included many ups and downs, failures and successes. It will be interesting to observe whether Wal-Mart will learn its lessons from the past and reshape its communication strategy to enhance its position in society as a corporate good citizen and leader.
Teaching Notes

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Teaching Notes

1. Introduction

Studying the case of Wal-Mart Stores, Inc. in respect to its corporate reputation management (CRM) is an excellent opportunity for students to learn how this large corporation handled criticism and opposition from various organizations and individuals. The case study focuses primarily on the issue of labor relations and discusses what actions Wal-Mart took in order to quell bad press regarding its business practices and policies. It draws from a variety of examples and sources: from films, to legal instances, to trade magazines, blogs, and even the Wal-Mart corporate Web site. Through this case study, students can learn the many challenges public relations practitioners face when dealing with a tainted reputation, as well as the ethical implications of representing a company where expectations are that it will be a corporate leader in society. Students can also learn the importance of implementing sound public relations and corporate communications strategy in order to cultivate and sustain relationships with its stakeholders.

The case of Working Families for Wal-Mart allows students to learn the concept of astroturfing, which is prohibited by the code of ethics of the Public Relations Society of America. Astroturfing refers to campaigns that disguise themselves as independent grassroots efforts when in reality they are funded and backed by a corporation, non-profit, or activist organization. In this case, Edelman engaged in astroturfing, in spite of the fact that the firm helped to write the Word of Mouth Marketing Association’s (WOMMA’s) code of ethics, which emphasizes transparency with the public. This irony
can demonstrate to students the ethical pitfall of not being transparent in its grassroots lobbying efforts.

The Wal-Mart case also invites the exploration of the emergence of Internet campaigning and social media. What brought the corporation help but also challenges was the use of the Web and blogging by both sides to share their side of the story to millions of people in a short period of time.

The actions of Wal-Mart to enhance its image are fairly inconsistent and in some ways even considered unethical when compared to best public relations practice and sound reputation management. This is illustrated even more clearly when students attempt to apply the Page Principles to the communication strategies and tactics of Wal-Mart within the past decade alone. Students can then analyze how they would have strategized differently if they were in Edelman’s position, and how they would have worked in order to reduce the opposition towards the retail giant. Keeping the Page Principles in mind, students should think about attempting to change Wal-Mart’s poor relationships with strategic constituents, remaining transparent with internal and external publics, and evoking an environment of trust throughout the corporation.

2. Purposes of the Case Study

1. To offer students the opportunity to analyze reputation management in a corporate setting.

2. To identify how issues impact an organization’s reputation over time, and how organizations can take action regarding those issues.
3. To allow students to apply the Page Principles to Wal-Mart’s public relations and corporate communication efforts regarding their reputation management.

4. To help students understand that:
   
   a. The reputation of a corporation is developed over time through its policies and practices, and that reputations can be managed more effectively through proactive measures rather than avoidance.

   b. A successful reputation can only be earned through open relationships with internal and external stakeholders, relying on trust, commitment and satisfaction.

   c. A crisis can change a company’s reputation practically overnight, and effective crisis management measures are the only means of reversing a tainted reputation.

   d. Taking the time to build a good, solid reputation is vital to any organization.

   e. The Internet, especially social media, are tools that are being used more frequently to enhance or tarnish reputations in corporate America.

3. Overall Synopsis of the Case for Presentation

   The criticism and opposition against Wal-Mart has been an issue that has received media attention since the beginning of the new millennium. The corporation received its first major hit in 2005 with the formation of two union-backed organizations, Wake-Up Wal-Mart and Wal-Mart Watch. These two organizations would cause an Internet war with Wal-Mart, using competing blogs and Web sites to promote their various missions.
Later that year, director Robert Greenwald released a documentary film titled *Wal-Mart: The High Cost of Low Price* that used video footage, employee interviews, and company statistics to highlight the negative practices of the company. The company’s reputation was damaged even further when the issue of gender discrimination came to a head in 2007. That February, the ninth circuit court of appeals ruled that Wal-Mart would have to face a class-action lawsuit comprised of 1.6 million female employees who claimed that they were denied higher pay and company promotions.

The initial responses of Wal-Mart could be seen as aggressive. The company formed a rival advocacy group, Working Families for Wal-Mart, and hired Edelman Public Relations, along with famous presidential media advisers to form its Action Alley at company headquarters. From their “war room,” staff members responded to criticism through blogging, press releases, and media conferences. The company suffered a major credibility crisis when it was revealed that they had funded the blog Wal-Marting Across America, and was condemned for their blatant astroturfing. In spite of this, Wal-Mart continued to revamp its reputation through its charitable contributions and corporate social responsibility initiatives. Though it may seem that Wal-Mart has done everything possible to reverse its poor reputation, analyzing the Wal-Mart case will demonstrate to students the need for continuing strategic communication as a corporation becomes global and expectations for its social contributions increase.
4. Teaching Components

4.1 Assignments and Activities

Students should be expected to read the Wal-Mart case in its entirety prior to discussion in class. Pre-class preparation could include review of the company’s corporate Web site, in particular walmartfacts.com, review of Wal-Mart Watch and Wake-Up Wal-Mart’s sites and review of Greenwald’s Wal-Mart documentary site. Students could also investigate the number of Wal-Mart stores in their hometowns and how these establishments have affected their surrounding communities, perhaps even inviting Wal-Mart spokespersons to discuss their communication functions and goals.

In class, instructors can show clips of Wal-Mart: The High Cost of Low Price and Why Wal-Mart Works and Why That Makes Some People C-R-A-Z-Y and compare the two films for their differing perspectives and interpretations of the company. Students can also compare the facts page of Wal-Mart’s corporate site with the facts pages of the two union-backed groups and Greenwald’s film to check for inconsistencies and bias and to analyze how their various perspectives influence how they disseminate information to publics.

A recommended activity would be an in-class debate of Wal-Mart versus their various opponents. Students would be responsible for researching different sides of the issue beforehand and coming prepared to argue how Wal-Mart could improve its communication to build and strengthen relationships. Students can be split up into various teams: Wal-Mart Stores Inc., Wal-Mart Watch, Wake-Up Wal-Mart, Greenwald, female employees, etc. The instructor would serve as the moderator and determine which team argues the best case.
4.2 Explanation of Corporate Reputation Management

Instructors should explain to students what is meant by corporate reputation management:

Often contained within a corporate communications function, reputation management is about building a sound corporate reputation and maintaining its strength. While some define corporate reputation as “corporate identity,” others define it as the “collective opinion of stakeholders toward an organization” based on its past record. It has also been described as a method of building and sustaining an organization's good name, generating positive feedback from stakeholders that will result in meeting strategic and financial objectives.

4.3 Teaching Points in the Wal-Mart Case

1. The reputation of a corporation is developed over time

The rapid growth of Wal-Mart in such a short period of time is absolutely commendable, but it also proved to be very suspicious for many community members. Due to Sam Walton’s reticence from the media, for many years Wal-Mart remained behind closed doors and refused to acknowledge the very issues that were proving to damage its reputation. By the time Wal-Mart took action it was already too late: a variety of organizations had formed and openly voiced their dissent and opposition. If Wal-Mart had invested in stakeholder relations discussing problems with its practices and policies, the company might have avoided a damaged reputation developed between 2000-2008.
Questions for Discussion:

- With advance knowledge of the issues threatening to damage its reputation, what proactive measures should Wal-Mart have taken?
- Why should Wal-Mart engage in these issues proactively instead of avoid them?

2. A positive reputation can only be earned through open relationships

Instead of creating an open, trusting environment with its internal and external publics, Wal-Mart created an atmosphere of fear and intimidation. In regards to its internal publics, which are the company’s associates, Wal-Mart should have engaged in more effective employee relations and created an open forum for associates to voice their concerns. Instead, store managers were expected to prevent associates from unionizing and suppressing those having such ideas. One example is 60-year-old maintenance man Pierre Martineau, who helped organize the union that led to the shut down of the Quebec store: “I felt treated worse than an animal.”

Wal-Mart should have engaged in an open relationship with its external publics as well. Both Wal-Mart Watch and Wake-Up Wal-Mart did not want to bring down Wal-Mart as a company, but to just enlighten the company on how it can improve its business practices. Instead of creating an aggressive rebuttal Web site, Wal-Mart should have opened discussion with the advocacy groups and tried to find ways to reach a win-win solution for both parties. Wal-Mart also refused to play a
role in Greenwald’s film, and refused to grant immunity to individuals interviewed in the film. Instead the company just based its review of the film on the theatrical trailer and released a 10-page press kit, followed by another defaming document in November on Greenwald’s lack of credibility.

Questions for Discussion:

- What additional public relations strategies and tactics could Wal-Mart have undertaken to create an open, trusting environment with its internal and external stakeholders?
- Could Wal-Mart cooperate and collaborate with its associates and still maintain its low prices and its bottom line?
- Should Wal-Mart remove its anti-union stance?
- How could have Wal-Mart found a win-win solution with its opponents?
- If a win-win not possible, what should Wal-Mart’s goals be?

3. Crises can dramatically change a company’s reputation

An article by White claims that crises have several recognizable characteristics:

- It affects the everyday life of the organization;
- There are real and lasting risks to the firm’s image and reputation;
- It has the potential to affect the bottom line;
- And the pressure intensifies dramatically.\(^{61}\)

As made clear by the second point, a major crisis can cause great harm to an organization’s image and reputation, as their reputation should be taken just as
seriously as any other cost to the company. Wal-Mart is finding itself in a current crisis with the *Dukes vs. Wal-Mart Stores, Inc.* suit. If found liable, Wal-Mart could face fines that would be seriously detrimental to its bottom line. The two union-backed organizations are capitalizing on this issue, writing reports on the current case and increasing awareness of the ramifications of the case.

**Questions for Discussion:**

- What actions could Wal-Mart have undertaken to avoid the largest class-action suit in U.S. history?
- What steps should Wal-Mart now take facing this current crisis?
- How can managing this crisis enhance or tarnish Wal-Mart’s current reputation?

4. **Taking the time to build a good reputation is vital to any organization**

   Though the lesson is simple, very few corporations seem to follow this charge. In the case of Wal-Mart, upper management failed to manage the company’s reputation successfully, putting it towards the end of their agenda until it seemed more apparent that its tarnished reputation is affecting its bottom line. As Wake-Up Wal-Mart claims, if Wal-Mart had focused on its publics first, and not profits, it might have been able to more proactively reduce the antagonism towards the company before suffering major consequences.
Questions for Discussion:

• How could have Wal-Mart managed their reputation more successfully?

5. The importance of the Internet and social media

This particular case clearly shows how the Internet, especially social media, are being used as tools to enhance or tarnish reputations. Without the use of the Web, the two advocacy groups would have never raised as much support as they did, and information would not have been disseminated as rapidly. Leaked documents critical of Wal-Mart were posted on the Web, opening the site for comments from visitors. Social media such as YouTube and blogging allowed these organizations to form with smaller budgets but still be able to communicate to the entire nation in a fast and cost-effective way. The case also shows the ethics of social media, as it describes the controversy surrounding the Wal-Mart funded Wal-Marting Across America blog.

Questions for Discussion:

• Was it ethical for Wal-Mart to create a blog in order to advance its own agenda?

• Would Wal-Mart be as criticized as it is today without the Internet and social media?

• How could Wal-Mart use the Internet and social media to its advantage?
5. Application of the Page Principles

Tell the Truth

The most striking breach of this principle is the public relations tactics implemented by Edelman, first through the creation of Working Families for Wal-Mart and then by its funding of Wal-Marting Across America. In both instances Wal-Mart failed to be transparent with its public and make it explicitly known that the company and Edelman were funding the advocacy group and blog. Though the company did eventually tell the truth about the group and the blog’s origins, it did not do so at the onset of the campaign. One may doubt whether Wal-Mart would have ever revealed their ties to the group and the blog if no one knew that the company was involved.

Prove it with Action

Wal-Mart’s mission is to allow customers to save money so that they can live better. Even though the company may be able to offer low prices to its external publics, their current business practices and policies are serving as obstacles for their own associates. While the company has since hired top public relations firms to manage its reputation, Wal-Mart has failed to address the very issues it is fighting against by instead growing defensive and not being accountable for its actions. If Wal-Mart wants everyone to live better, then the company should take action and find ways to settle the disputes that are ruining its reputation. In regards to its employees, Wal-Mart should consider allowing associates to unionize and offering them better benefit plans.
Listen to the Customer

Wal-Mart has taken steps towards listening to its customers through a customer service feedback form on its Web site and through a Wal-Mart shopping experience survey that customers can voluntarily take upon purchasing merchandise. However, the company has failed to listen to its opposing advocacy groups in terms of what they feel Wal-Mart should accomplish. Wal-Mart should take further measures to listen to these important publics by instituting a series of open forums where individuals can openly voice their opinions without fear of consequence. They should take the time to build mutually beneficial relationships with these publics and work together towards a common good for society as a whole.

Manage for Tomorrow

Students analyzing the Wal-Mart case should ascertain that the company did not successfully manage for tomorrow. The corporation did not anticipate public reaction to it practices, which soon led it to face many challenges. To this day Wal-Mart has still failed to eliminate some of the business practices that causes difficulties and tensions for the company, claiming that it is ethical in its policies. Lastly, Wal-Mart certainly did not generate goodwill in its public relations practices, and instead created the opposite through its rebuttals and astroturfing.
Conduct Public Relations as if the Whole Company Depends on it

The Wal-Mart case study shows that this particular corporation conducted corporate public relations when its reputation depended on it, and not because the company felt an obligation to have a communication management function. If Wal-Mart had utilized effective public relations strategy at the onset, it could have potentially avoided the many challenges it faced within the past decade. Underestimating the importance of a strategic communication function, then, proved to be the Achilles heel that threatened the company’s downfall.

Realize a Company’s True Character is Expressed by its People

According to this particular principle, it is the responsibility of corporate communications to support each employee’s capability and desire to be an honest, knowledgeable ambassador to its various constituents. This case study shows that Wal-Mart failed to follow this message. Instead of encouraging employees to champion the mission of the company, Greenwald found while working on his film that employees are scared and intimidated by upper management. These unhappy employees are what led to some of the bad publicity for the company: multiple lawsuits, blogs, and high employee turnover, with 70 percent of employees leaving the company within the first year.62

Remain Calm, Patient, and Good-Humored

It is very doubtful that Wal-Mart was calm, patient, and good-humored when facing its opponents. If anything, the company could have been seen as nasty and aggressive. At the first annual media conference in Arkansas, media representatives took
careful note of CEO H. Lee Scott’s very “adversarial tone and acidic regard for the company’s opponents.”63 In its rebuttal Web site PaidCritics.com, the company described Andrew Grossman of Wal-Mart Watch as “a political operative with a checkered past.”64 When dealing with Greenwald’s film, the company included in its press kit three pages of bad reviews Greenwald has received over the years, dating back to 1980. In November 2005 the company then released a document claiming that Greenwald’s “contorted vision, smears, supposition and sour grapes are substituted for evidence and corroboration.”65

6. Summary of Main Points

• Wal-Mart should be more aware of how its policies are affecting its reputation, and should become more proactive with the challenging issues they face, rather than acting defensively.

• Wal-Mart should take measures to build better relationships with its associates and with its external publics, as these constituents serve public relations roles and are indicators of whether or not the company has a positive image and reputation.

• Wal-Mart could build credibility by being accountable for some of its negative business policies and practices. By admitting its shortcomings and working towards change, negative perceptions of the company will most likely decrease.

• Wal-Mart should from now on be more straightforward and transparent in its communication. By hiding affiliations with publicity stunts in the past, the company has severely tarnished its reputation. Through open dialogue with constituents, the company will be seen as ethical in its practices.


6 Ibid.


8 Ibid.

9 Ibid.

10 Ibid.

11 Ibid.


13 Ibid.


33 Ibid.


43 Ibid.

44 Ibid.


54 Ibid.

56 Ibid.


Appendices

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Appendix A: Corporate Fact Sheet

Corporate Facts: Wal-Mart By the Numbers

“We’re all working together; that’s the secret. And we’ll lower the cost of living for everyone, not just in America, but we’ll give the world an opportunity to see what it’s like to save and have a better lifestyle, a better life for all. We’re proud of what we’ve accomplished; we’ve just begun.”

– Sam Walton (1918-1992)

Our Associates:

- Wal-Mart employs more than 2 million associates worldwide, including more than 1.4 million in the United States. Wal-Mart is not only one of the largest private employers in the U.S., but the largest in Mexico and one of the largest in Canada as well.
- Wal-Mart is a diverse employer. In our U.S. stores, more than 165,000 Hispanics; 251,000 African Americans; 39,000 Asian Americans; 5,000 Pacific Islanders; 16,000 Native Americans; 355,000 associates age 50 or older; and 856,000 women choose to work at Wal-Mart.
- The majority of our associates are full-time associates (34-40 hours per week). Many of our associates are seniors who need supplemental income or students who want work experience.
- Potential associates know that Wal-Mart provides good jobs with competitive pay and benefits. For example, our average, full-time hourly wage for Wal-Mart stores is $10.83 and is even higher in urban areas. The average full-time hourly wage is $11.62 in Atlanta, $12.57 in Boston, $11.52 in Chicago, $11.26 in Dallas, $11.49 in San Francisco and $11.48 in New York City. (All metro figures based on MSA). Additionally, associates receive performance-based bonuses.
- In a survey taken during the company’s most recent open enrollment period, 92.7 percent of Wal-Mart associates reported having some form of health coverage – either through Wal-Mart or another source.
- Wal-Mart insures more than 1.1 million associates and family members making us among the nation’s largest providers of private sector health insurance.
- Unlike the employees of many of our retail competitors, Wal-Mart associates – both full and part-time – can become eligible for health benefits.
- Wal-Mart offers the opportunity for a career: More than 75 percent of our store management team joined us as hourly associates.

Improving the Quality of Life in Communities:

- Our customers shop at our stores because they like the service our associates provide, and they like being able to buy the products they need at affordable prices in one convenient place.
- In 2007, independent research from Global Insight shows the retailer saves American families $2,500 each year, regardless of where they choose to shop.
- Through its “Jobs and Opportunity Zones” (JOZ) program, Wal-Mart works with local businesses and suppliers to spur job creation and economic development in the community. Wal-Mart has partnered with local chambers of commerce, business groups, minority chambers of commerce and minority and women-owned businesses within 10 designated zones – each anchored by a Wal-Mart store – to direct hundreds of thousands of dollars in grants to these communities. The JOZs are: Chicago; Cleveland; Decatur, Ga.; East Hills, Pa.; El Mirage, Ariz.; Indianapolis; Landover Hills, Md.; Portsmouth, Va.; Richmond, Calif.; and Sanger, Calif. Nine of the 10 JOZ anchor stores have opened. The remaining zone is scheduled to open in the first quarter of 2009 in East Hills, Pa.
- Wal-Mart’s environmentally-friendly initiatives include: doubling the fuel efficiency of our trucks, becoming 100 percent supplied by renewable energy, and creating zero waste in our stores.
Wal-Mart makes the majority of our charitable donations at the local level where we can have the most impact on improving people’s lives. In 2007, Wal-Mart stores, Sam’s Clubs and the Wal-Mart Foundation gave more than $296 million to 4,000-plus communities in the United States.

Wal-Mart donated $1 million or more to numerous charitable organizations including, but not limited to: United Way of America, National Fish and Wildlife Foundation, Hispanic Scholarship Fund, United Negro College Fund, Muscular Dystrophy Association, Mercy Health Systems, Special Olympics, and Boys & Girls Clubs of America.

In fact, the Chronicle of Philanthropy named Wal-Mart the number one corporate cash contributor in America in 2006.

Sales and Stores:

- Wal-Mart is the world’s largest retailer with $374.526 billion in sales for the fiscal year ending Jan. 31, 2008.
- Wal-Mart Stores, Inc. includes Wal-Mart supercenters, discount stores, Neighborhood Markets and Sam’s Club warehouses.
- We operate more than 4,100 facilities in the United States and more than 3,100 additional facilities in Argentina, Brazil, Canada, China, Costa Rica, El Salvador, Guatemala, Honduras, Japan, Mexico, Nicaragua, Puerto Rico and the United Kingdom. Wal-Mart has established a joint venture with Bharti Enterprises to establish wholesale cash-and-carry and back-end-supply management operations in India.
- Through our relationships with 56,000 U.S. suppliers, we spent $200 billion on merchandise in 2007 and supported more than 3 million American jobs.
- According to Nielsen estimates, more than 200 million people in the U.S. shop at Wal-Mart each year.

Recent Accolades for Wal-Mart Stores Inc. Include:

- Wal-Mart is often recognized for its leadership in the world of business. Among others:
  - 2008 Employer of the Year, National Association of Governments’ Committees on People with Disabilities
  - 2008 Top Ten – Employees with a Disability, Careers & the disAbled
  - 2008 Top Companies for Female Executives, National Association of Female Executives
  - 2008 Best Companies for Multicultural Women, Working Mother Media
  - 2008 Diversity Elite – Top Ten (#3), Hispanic Business
  - 2008 Top 50 Companies for Diverse Managers to Work (#3), Diversity MBA
  - 2008 Top 100 Employers (#22), The Black Collegian
  - 2008 Best Companies for Asian Pacific Americans, Asian Enterprise
  - 2007 Top 60 Companies for Hispanics (#3), Hispanic Business
  - 2007 Top 50 Corporations for Supplier Diversity, Hispanic Trends Magazine
  - 2007 America’s Top Companies for Multicultural Business Opportunities, DiversityBusiness.com
  - 2007 Corporate Partner of the Year, National Association of Women Business Owners
  - 2007 Community Leadership Award, Women in Public Policy
  - 2007 Spirit of Excellence Corporate Award, The American Bar Association
  - 2007 Best Companies for Carbon Reporting (#10 among S&P 500), Carbon Disclosure Project
  - 2007 Smartway “Environmental Performer Award, U.S. Environmental Protection Agency

- In a February 2006 profile of major players in the business community, FORTUNE Magazine dubbed Eduardo Castro-Wright, executive vice president and CEO, Wal-Mart Stores division, as “one of the sharpest executives in the land” and wrote: “Those in the know expect his star to keep rising.” FORTUNE also named Wal-Mart’s Linda Dillman, executive vice president of Risk Management and Benefits among its “50 Most Powerful Women in Business” in 2007.

- Wal-Mart is currently ranked number one on the FORTUNE 500, a position it has held in six of the past seven years. It also remains on FORTUNE’s “Most Admired Companies” list after having been recognized as the “Most Admired Company in America” in both 2003 and 2004.
Appendix B: Wal-Mart vs. Target Store Sales, 2002-2007

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</thead>
<tbody>
<tr>
<td>1st Qtr (Feb-Apr)</td>
<td>3.70%</td>
<td>8.10%</td>
<td>2.20%</td>
<td>6.40%</td>
<td>2.80%</td>
<td>3.80%</td>
</tr>
<tr>
<td>2nd Qtr (May-July)</td>
<td>5.70%</td>
<td>6.40%</td>
<td>3.20%</td>
<td>4.10%</td>
<td>3.50%</td>
<td>1.70%</td>
</tr>
<tr>
<td>3rd Qtr (Aug-Oct)</td>
<td>6.70%</td>
<td>3.50%</td>
<td>6.10%</td>
<td>1.70%</td>
<td>3.80%</td>
<td>1.50%</td>
</tr>
<tr>
<td>4th Qtr (Nov-Jan)</td>
<td>6.90%</td>
<td>2.70%</td>
<td>4.80%</td>
<td>1.50%</td>
<td>3.10%</td>
<td>1.60%</td>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Qtr (Feb-Apr)</td>
<td>1.70%</td>
<td>5.20%</td>
<td>(-0.1%)</td>
<td>6.60%</td>
<td>6.20%</td>
<td>5.10%</td>
</tr>
<tr>
<td>2nd Qtr (May-July)</td>
<td>2.00%</td>
<td>3.00%</td>
<td>1.50%</td>
<td>3.90%</td>
<td>6.70%</td>
<td>4.60%</td>
</tr>
<tr>
<td>3rd Qtr (Aug-Oct)</td>
<td>1.50%</td>
<td>0.10%</td>
<td>4.30%</td>
<td>4.50%</td>
<td>5.90%</td>
<td>4.60%</td>
</tr>
<tr>
<td>4th Qtr (Nov-Jan)</td>
<td>4.60%</td>
<td>(-2.2%)</td>
<td>2.90%</td>
<td>5.30%</td>
<td>5.60%</td>
<td>4.80%</td>
</tr>
</tbody>
</table>

Sources: Wal-Mart Financial Releases; Target Corp. Financial News

Why has your opinion of Wal-Mart become more negative?

- Bad labor practices/not good to employees: 23%
- Poor customer service: 14%
- Puts local/small businesses out of business: 11%
- Poor/unfair healthcare for employees: 8%
- Treats female employees unfairly: 5%
- Bad shopping experience(s): 8%
- Selection of prod not wide enough: 7%
- Poorly run company/bad management: 7%
- Heard or read negative comments: 7%
- Outsourses to foreign manufacturers: 5%
- Got rid of layaway: 5%
- Treats minority employees unfairly: 5%
- Company changing too much: 5%
- Too big/ Supercenter overwhelming: 5%

Q 12. Why has your opinion of Wal-Mart become more negative over the past year? (OPEN-ENDED) (Asked of the 27% of adults who say their opinion of Wal-Mart has become "somewhat more negative" or "much more negative" over the past year; n=271)

Why Not Wal-Mart?

- Don’t like store/company policy: 39% 28%
- There’s not a Wal-Mart store near me: 21% 13%
- Had a bad experience at a store: 12% 7%
- They don’t carry the products/brands I want: 11% 8%
- Better prices at other stores: 7% 3%
- None of the above: 6% 9%
- All of the above: 1% 1%

Q28a. Which of the following is the primary reason you rarely/never shop at Wal-Mart? (Asked of adults who say they shop at Wal-Mart "hardly ever" or "never": 2005, n=202; 2007, n=98)
AUDIT SCOPE

During Wal-Mart weeks 20 and 21 the Inventory Audit group visited 128 stores across the United States. The objective of the review was to determine if the stores are adhering to company policies and government regulations with the scheduling and staffing of associates.

BACKGROUND

The scheduling and staffing of our associates is a vital component of our business. Wal-Mart may face several adverse consequences as a result of staffing and scheduling not being prepared appropriately.

AUDIT FINDINGS

Full Time / Peak Time Exceptions

A review of the Peak Time / Full Time Exception report revealed 2,276 associates were working hours inconsistent with their classification in the 111 stores reviewed. Only associates working outside their classification for three of the most recent five weeks were noted as exceptions.

<table>
<thead>
<tr>
<th>Associate Status</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Time Exceptions</td>
<td>1,039</td>
<td>46%</td>
</tr>
<tr>
<td>Peak Time Exceptions</td>
<td>1,237</td>
<td>54%</td>
</tr>
<tr>
<td>Total Exceptions</td>
<td>2,276</td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 754

19-CO-01-9790

DEPOSITION EXHIBIT

WM-MN-9999-011667
CONFIDENTIAL
Attendance Tracking

Management is not maintaining the Schedule and Attendance Tracking report as 83% of the absences and 90% of the tardies and left earlyies were approved. The reports should be an accurate assessment of the work week including specific reasons for not working scheduled shifts, not arriving timely or not completing a shift. A majority of absences, tardies, and left earlyies should be noted as unapproved and documented with the appropriate reason codes. The schedule is a legally binding report and should be maintained appropriately.

Attendance Tracking Exception Report was reviewed in 124 stores the exceptions are listed below.

<table>
<thead>
<tr>
<th>Absences (Scheduled but Not Worked)</th>
<th>Totals</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved</td>
<td>18,111</td>
<td>83%</td>
</tr>
<tr>
<td>Unapproved</td>
<td>3,377</td>
<td>16%</td>
</tr>
<tr>
<td>No reason</td>
<td>282</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>21,770</td>
<td></td>
</tr>
</tbody>
</table>

| Tardy and Left Early                |        |            |
| Approved                            | 39,849 | 90%        |
| Unapproved                          | 3,675  | 8%         |
| No reason                           | 771    | 2%         |
| Total                               | 44,295 |            |

Breaks / Meals

Stores were not in compliance with company and state regulations concerning the allotment of breaks and meals as 76,472 exceptions were noted in 127 stores reviewed for a one-week period. The following information was discovered which could effect morale and turnover within the stores.

<table>
<thead>
<tr>
<th>Time Clock Punch Exceptions</th>
<th>Totals</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too Few Meals</td>
<td>15,705</td>
<td>21%</td>
</tr>
<tr>
<td>Too Few Breaks</td>
<td>60,767</td>
<td>79%</td>
</tr>
<tr>
<td>Total Exceptions</td>
<td>76,472</td>
<td></td>
</tr>
</tbody>
</table>

Child Labor Exceptions

Minors were working outside parameters set by state regulations as 1,371 exceptions were identified in 123 stores. This information was compiled from the State Child Labor Violations section of the Timeclock Punch Exception report for a one-week period.

Minors working in prohibited areas were also noted on 7 occurrences.
Appendix E: Tables from Drogin’s Report – February 2003

Table 1
Number of Employees by Store Type, 2001

<table>
<thead>
<tr>
<th>Store Type</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wal-Mart Discount</td>
<td>220,000</td>
</tr>
<tr>
<td>Super-Center</td>
<td>315,000</td>
</tr>
<tr>
<td>Sam’s Club</td>
<td>80,000</td>
</tr>
<tr>
<td>Neighborhood Market</td>
<td>3,000</td>
</tr>
</tbody>
</table>

Table 3
Percent Women in Hourly and Salary Jobs
By Store Type, 2001

<table>
<thead>
<tr>
<th>Store Type</th>
<th>%Wom Hourly</th>
<th>%Wom Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wal-Mart Discount</td>
<td>55%</td>
<td>20%</td>
</tr>
<tr>
<td>Super-Center</td>
<td>55%</td>
<td>20%</td>
</tr>
<tr>
<td>Sam’s Club</td>
<td>55%</td>
<td>20%</td>
</tr>
<tr>
<td>Neighborhood Market</td>
<td>55%</td>
<td>20%</td>
</tr>
</tbody>
</table>
Table 8
Average Earnings of Men and Women in Store Management Jobs, 2001

<table>
<thead>
<tr>
<th>Job</th>
<th>Total %</th>
<th>Average Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Mgr</td>
<td>17%</td>
<td>Ave$ Men</td>
</tr>
<tr>
<td>Co-Mgr</td>
<td>25%</td>
<td>Ave$ Wom</td>
</tr>
<tr>
<td>Asst Mgr</td>
<td>17%</td>
<td>Ave$ Men</td>
</tr>
<tr>
<td>Mgmt Trainee</td>
<td>17%</td>
<td>Ave$ Wom</td>
</tr>
</tbody>
</table>

The following table shows the average total earnings for men and women holding store management jobs and above store management jobs.

Table 9
Average Earnings Higher-Level Jobs

<table>
<thead>
<tr>
<th>Job</th>
<th>Total EEs</th>
<th>% Women</th>
<th>Average Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional VP</td>
<td>39</td>
<td>10.3</td>
<td>419435. 279772.</td>
</tr>
<tr>
<td>District Mgr</td>
<td>508</td>
<td>9.8</td>
<td>239519. 177149.</td>
</tr>
<tr>
<td>Manager</td>
<td>3241</td>
<td>14.3</td>
<td>105682. 89280.</td>
</tr>
<tr>
<td>Co-Mgr</td>
<td>2336</td>
<td>23.0</td>
<td>59535. 56317.</td>
</tr>
<tr>
<td>Asst Mgr</td>
<td>18731</td>
<td>35.7</td>
<td>39790. 37322.</td>
</tr>
<tr>
<td>Mgmt Trainee</td>
<td>1203</td>
<td>41.3</td>
<td>23175. 22371.</td>
</tr>
</tbody>
</table>

Earnings Gap – Within Hourly Jobs

Table 10 compares average total earnings, and Table 11 compares the average hourly rates for men and women in the four largest hourly jobs. The chart illustrates the shortfall in female earnings and hourly rates compared to men in the same job. A complete list for all jobs, and for part-time and full-time workers, and for the years 1999-2001 is given in Appendices 6a-d and 8a-d.
during the year. The 'HD/HM O/N' job refers to 'Hardlines/Home Area Overnight Associates'. Manager row of this table. A complete summary is given in Appendix 7a.

The District Managers included here do not include the Specialty Division District Managers in the regular District Managers. The Sam’s Director of Operations position is included in the District Managers.

A complete list for all jobs, and for part-time and full-time workers, and the special categories noted above, for the years 1999-2001 is given in Appendices 6a-d and 8a-d.

8

Illustrates the shortfall in female earnings and hourly rates compared to men in the average hourly rates for men and women in the four largest hourly jobs. The chart shows by the fact that the average number of years since date of hire is greater for men overall, and in salary and hourly jobs separately, for both genders. Further, there is a greater time since hire in women than men in the workforce. Among full-time women active at year-end 2001, the average number of years since date of hire was 4.47 years, while the corresponding average for men was only 3.13 years.

Table 10
Average Earnings
4 Largest Hourly Jobs, 2001

<table>
<thead>
<tr>
<th>Job</th>
<th>Total EEs</th>
<th>% Women</th>
<th>Average Earnings Men</th>
<th>Average Earnings Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>000101 DEPT HEAD</td>
<td>63747</td>
<td>78.3</td>
<td>23518.</td>
<td>21709.</td>
</tr>
<tr>
<td>000201 SALES ASSOC</td>
<td>100003</td>
<td>67.8</td>
<td>16526.</td>
<td>15067.</td>
</tr>
<tr>
<td>000469 HD/HM O/N</td>
<td>29333</td>
<td>57.4</td>
<td>19121.</td>
<td>17870.</td>
</tr>
<tr>
<td>000501 CASHIER</td>
<td>50987</td>
<td>92.5</td>
<td>14525.</td>
<td>13831.</td>
</tr>
<tr>
<td>Total All Hourly</td>
<td>476813</td>
<td>70.2</td>
<td>18609.</td>
<td>17459.</td>
</tr>
</tbody>
</table>

Table 11
Average Hourly Rates
4 Largest Hourly Jobs, 2001

<table>
<thead>
<tr>
<th>Job</th>
<th>Total EEs</th>
<th>% Women</th>
<th>Average $/Hour Men</th>
<th>Average $/Hour Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>000101 DEPT HEAD</td>
<td>63010</td>
<td>78.5</td>
<td>11.13</td>
<td>10.62</td>
</tr>
<tr>
<td>000201 SALES ASSOC</td>
<td>96539</td>
<td>68.1</td>
<td>8.73</td>
<td>8.27</td>
</tr>
<tr>
<td>000469 HD/HM O/N</td>
<td>28408</td>
<td>57.8</td>
<td>9.56</td>
<td>9.29</td>
</tr>
<tr>
<td>000501 CASHIER</td>
<td>49261</td>
<td>92.6</td>
<td>8.33</td>
<td>8.05</td>
</tr>
<tr>
<td>Total All Hourly</td>
<td>463526</td>
<td>70.6</td>
<td>9.55</td>
<td>9.26</td>
</tr>
</tbody>
</table>

Table 12
Average Years Since Date of Hire
Full-Time Active Employees at Year-End 2001

<table>
<thead>
<tr>
<th>Job</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3.13 Yrs</td>
<td>4.47 Yrs</td>
</tr>
<tr>
<td>All Hourly</td>
<td>2.76</td>
<td>4.39</td>
</tr>
<tr>
<td>All Salary</td>
<td>6.69</td>
<td>7.39</td>
</tr>
<tr>
<td>Sales Associates</td>
<td>2.53</td>
<td>3.41</td>
</tr>
<tr>
<td>Dept Mgr</td>
<td>5.29</td>
<td>7.49</td>
</tr>
<tr>
<td>Cashier</td>
<td>1.86</td>
<td>2.53</td>
</tr>
<tr>
<td>HD/HM O/N</td>
<td>2.28</td>
<td>3.16</td>
</tr>
</tbody>
</table>
FOR IMMEDIATE RELEASE

Contact:  Sarah Clark, 479-273-4314

Robert Greenwald to Release Another Misleading Video

Most Recent Effort Attacks Wal-Mart With Blatant Disregard For the Facts

BENTONVILLE, Ark, Oct. 25, 2005 – Wal-Mart is aware that Robert Greenwald will soon be releasing a video attacking our company, our associates, and the communities we care so deeply about.

We have seen the trailers and some “bonus” footage, and it’s already obvious that Mr. Greenwald has a careless disregard for the facts.

Let’s be clear about Mr. Greenwald’s intent: it is not to present a fair and accurate portrayal of Wal-Mart. It is a propaganda video – pure and simple – designed to advance a narrow special interest agenda.

So far, Mr. Greenwald has offered only criticism – and distorted criticism at that. He hasn’t offered solutions to the challenges that working families face every day in America.

What does Wal-Mart offer in the way of solutions? What do we offer every day in our stores and communities to working Americans?

We offer 1.2 million hard-working men and women not only jobs, but careers. We offer families the opportunity to save, on average, $1,250 per year by shopping at Wal-Mart. We offer African-Americans, Hispanic-Americans, senior citizens and women a workplace consistently considered among the most diverse in America. We offer our communities the charitable support they need – to the tune of $170 million last year alone – to do good works.

From what Mr. Greenwald has already said and the footage he has already released, it is clear that his facts are wrong. It is clear his premise is wrong. It is clear – because he can only criticize – his narrow agenda is wrong for the working families of America.

We at Wal-Mart value our customers, our associates, and our communities. And we’ll continue to work hard to be a company that not only we can be proud of, but every customer and community we serve can be proud of too.

About Wal-Mart Stores, Inc.

For more information on how Wal-Mart supports America’s working families visit www.walmartfacts.com.

Wal-Mart Stores, Inc. operates Wal-Mart Stores, Supercenters, Neighborhood Markets and SAM’S CLUB locations in the United States. Internationally, the company operates in Argentina, Brazil, Canada, China, Germany, Japan, Mexico, Puerto Rico, South Korea and the United Kingdom. The company’s securities are listed on the New York and Pacific stock exchanges under the symbol WMT. Online merchandise sales are available at www.walmart.com.

###
Robert Greenwald: Three Errors in Three Minutes

While there may be two sides to a story, there is only one set of facts. Instead of presenting a well-documented, objective assessment of Wal-Mart’s impact on the community, Greenwald has amassed an array of advocacy, conjecture and misinformation contrived to fuel his anti-Wal-Mart agenda.

1. Wal-Mart “ Crushed” Local Hardware Store

**Reel Life:** At 0:35 of the new Greenwald trailer, a man is pictured on the screen, stating: “Sam Walton I don’t think would be comfortable with the way things are going right now. I don’t…think this is why he started this store. It wasn’t to crush other competition.”

Quick cut to a large hardware store with a lightened orange sign emblazoned “H & H Hardware” (with a very large space in between “H & H” and “Hardware”). Against the backdrop of a cold and dreary dusk, the store’s lights fade to black, signaling its imminent demise, the latest local or family competitor “crushed” by Wal-Mart. If there is any doubt, the trailer quickly cuts to a shot of heavy construction equipment shoveling dirt into a metaphorical grave.

**Real Life:** The store pictured in the Greenwald trailer is the former “H&H ACE Hardware” in Middlefield, Ohio. (Source: InfoUsa.com US Business Directory; Plain Dealer (Cleveland), 8/13/04)

Look closely at the picture of the “closing” store on its “last day of operation.” There is snow in the foreground, and leafless branches in the background. The last reported snowfall in Northern Ohio, according to the Plain Dealer (Cleveland), was April 24, 2005. But the Wal-Mart that supposedly “crushed” this business by moving into town did not even open until May 18, 2005 (http://walmartfacts.com/newsdesk/article.aspx?id=1153). In case Greenwald is suggesting that another Wal-Mart may have devastated this store, the next closest Wal-Mart is almost 18 miles away. (http://www.walmart.com/storeLocator/ca_storefinder_results.do?sfsearch_city=middlefield&sfsearch_state=OH&sfsearch_zip=&continue=&x=14&y=10)

So, Greenwald is either arguing that H & H Hardware was crushed by A) a Wal-Mart that hadn’t opened yet, or B) the Wal-Mart to which customers drove up to 36 miles round trip (in this era of escalating gasoline prices) for their hardware purchases.

In spite of all this, you might argue, perhaps Wal-Mart has forever decimated the commercial viability of the former H & H Hardware. Wrong again. H & H was sold to a new owner in June, (just after the Wal-Mart opened) who so strongly believed in the location’s long-term potential that he reopened a renovated store, Middlefield Hardware Inc. – also an ACE franchise – in the exact same place as the old

And why did the new owner of Middlefield Hardware Inc. move so quickly? As the village's official website notes: "Middlefield Village is now one of the most prosperous villages of its size in Northeast Ohio...Local business are thriving, and more are locating here all the time, giving residents more and more conveniences." (http://www.middlefieldohio.com/page4.html)

2. Wal-Mart Has "No Place" for African-American Women in Management

Reel Life: At 1:11 of the new Greenwald trailer, an African-American woman is pictured on the screen, stating: "He [a Wal-Mart executive or manager] just bluntly told me, there's no place for people like you in management."

Real Life: Greenwald relays only one story when there is a wealth of evidence to the contrary. Wal-Mart is consistently recognized as one of the most diverse companies in the United States, plain and simple:

- Wal-Mart was recently named one of "The 30 Best Companies for Diversity" by Black Enterprise magazine. The magazine noted, "While the business of diversity may sometimes be difficult, it is important to laud those who are aggressively pursuing initiatives toward changing corporate America's status quo." (Progressive Grocer, 6/15/05 and http://www.blackenterprise.com/exclusivesekopen.asp?id=1186)

- Wal-Mart was rated among the top 50 companies for diversity in the U.S. for 2005 by DiversityInc Magazine, and was named one of the top corporations for multicultural business opportunities in 2004 by DiversityBusiness.com. (Progressive Grocer, 6/15/05 and http://www.diversityinc.com/public/17823.cfm)

- This year, Wal-Mart was also listed on the Hispanic Association on Corporate Responsibility's (HACR) Corporate Index as one of the top 10 companies for Hispanics. (Progressive Grocer, 6/15/05)

- Asian Enterprise magazine also featured Wal-Mart in its listing of the top 10 companies for Asian Americans. (Progressive Grocer, 6/15/05)


Reel Life: At 1:22 of the new Greenwald trailer, four young African-American children are pictured on the screen, as a voice intones:

"No Wal-Mart in Chicago, they don't pay a living wage, they can't come to Chicago."

(Quick cut to L train, followed by the narrator, an African-American man, holding a sign stating "NO Wal-Mart in Chicago")

Moreover, Chicago recently established a living wage of $9.68 (for workers employed in the performance of city contracts; Source: Adam Yoffe, Assistant Director of Communications, Mayor's Office of Workforce Development) – one dollar less than the $10.69 average hourly wage Wal-Mart pays its Chicago associates.

According to Steve Chapman, a member of the Chicago Tribune editorial board, "the city suffers less from mediocre wages than from unemployment – which, for most people, pays $0.00 an hour. By establishing 600 new jobs in neighborhoods that are not teeming with employment opportunities, Wal-Mart is likely to boost the wage level, not lower it. In addition, the stores would offer inexpensive products to people who need to stretch every dollar." (Steve Chapman, Chicago Tribune, 5/13/04)
## The Facts on Wal-Mart’s Contributions to Working Families

### WAL-MART MEANS OPPORTUNITY

**Why would 11,000 applicants show up for 400 jobs?**

- Wal-Mart associates enjoy benefits that improve lives.
- Average pay for hourly associates is nearly twice the minimum wage.
- All associates – both full-time and part-time – are offered access to health care plans, which cost as little as $1.25 a day for individuals and $5.04 a day for families.
- Wal-Mart benefits also include a discount stock purchase plan and a combined profit-sharing/401(k) plan. The Associate Purchase Plan has helped more than half of all hourly associates become shareholders.

### WAL-MART MEANS DIVERSITY

**Providing opportunity for everyone.**

- Wal-Mart has specific programs designed to prepare women and minorities for management jobs. This is one of the many reasons Wal-Mart recently made DiversityInc Magazine’s Top 50 “Companies for Diversity” 2005 list.

### WAL-MART MEANS SAVINGS FOR WORKING FAMILIES

**Helping working families keep more of what they earn.**

- Wal-Mart’s prices on groceries are 17-20% lower than other supermarkets.
- Through direct savings on goods and services, and resulting competitive pricing at other retailers, Wal-Mart saves U.S. consumers nearly $100 billion each year.
- That’s $1,250 per American family.
- This week, more than 100 million Americans will shop at Wal-Mart.

### WAL-MART MEANS COMMUNITY

**Wal-Mart is the largest corporate cash contributor in the United States.**

- Over 220,000 associates age 55 or older.
- Wal-Mart has specific programs designed to prepare women and minorities for management jobs. This is one of the many reasons Wal-Mart recently made DiversityInc Magazine’s Top 50 “Companies for Diversity” 2005 list.

- The Wal-Mart Foundation contributed more than $170 million to more than 100,000 charities in FYE 05.
- Wal-Mart led Hurricane relief efforts in 2005, with $17 million in cash donations to aid emergency relief efforts and more $3 million worth of merchandise, food, water, ice and in-kind donations to shelters and command centers throughout Mississippi, Louisiana and Texas.
- Wal-Mart supports education through $45 million to scholarships, literacy programs and grants to schools each year.
- More than 90 percent of Wal-Mart’s charitable contributions are directed at the local level. The typical Supercenter raises or gives away $30,000 to $50,000 a year to local communities.
- Wal-Mart has donated more than $300 million to 170 Children’s Hospitals affecting nearly 17 million children, through the Children’s Miracle Network since 1988.

For more information visit [www.Walmartfacts.com](http://www.Walmartfacts.com)
Robert Greenwald: The Reviews Are In

Greenwald Reviews

"...Robert Greenwald, the director, should look into another line of work."
David Ansen, Newsweek, 8/18/80

"...exploitative"
Clarke Taylor, Chicago Tribune, 12/4/88

"...miserable movie"
Rick Kogan, Chicago Tribune, 5/23/90

"...the gags and story development are painfully obvious, but at least the comedy is lively right up until it gets strangled by its own plot twists. Grade: C-"
David Hiltbrand, People, 5/28/90

"...having suffered through tonight's CBS movie, you don't so much get up, as stagger up, feeling several IQ points more stupid than you did when you sat down."

"...depressingly sour...dumb and noisy."
John Voorhees, The Seattle Times, 5/23/90

"...blandness is the only thing you should expect...a laziness of vision that is apparent throughout the film."
Ed Siegel, Boston Globe, 9/23/91

"...sleazy, exploitative and ultimately depressing... should never have been pumped from the cesspool of network television onto our TV screens.
"...this rush-job...gives voyeurism a bad name."
Jonathan Storm, Knight-Ridder in The Baltimore Sun, 9/24/91

"...god awful"
Kathleen Rizzo Young, The Buffalo News, 1/15/95


"Unprecedented is anything but fair and balanced."
Aaron Barnhart, The Kansas City Star, 11/4/03
Robert Greenwald: The Reviews Are In

“...flirts too lovingly with the unproven idea of a conspiracy, and as a propaganda tool, it’s effective...”

Joel Wein, Sarasota Herald-Tribune, 9/20/02

“...does little to deepen the record beyond affording aggrieved Democrats, another chance to complain...But while 2000 was unprecedented, very little in this film is.”

Mark Lebovich, The Washington Post, 5/2/03


“...nothing new”

Peter Travers, Rolling Stone, 9/23/04

“...Greenwald...has the unfortunate knack of stating the obvious...frank and irreverent observations are close to nil in this thing.”

Craig D. Lindsey, The News and Observer (Raleigh), 10/8/04

“'Uncovered' offers no proof at all...”

J. Michael Waller, Insight Magazine, 3/2/04

“...flat, stale and unprofitable.
"...its producers don't have the imagination to think the other side could sometimes have a point...”

Peter Craven, The Australian, 3/12/05

Outfoxed (2004)

“...blatantly misleading”

Howard Kurtz, CNNFN "The Biz," 7/13/04

“...he doesn't include any response from Fox...Greenwald's approach is far too pedestrian...naive...”

Bill Muller, The Arizona Republic, 9/10/04

“...at the press conference, a Fox senior correspondent, Eric Shawn, pressed Mr. Greenwald about whether he had given Fox News Channel a chance to respond to the allegations. Mr. Greenwald tried to evade the question but ultimately conceded, 'No, I didn't.'”

Testimony by a Fox senior correspondent in The New York Daily Sun, 7/13/04
“Fox News Channel consistently beats CNN and MSNBC, yet Greenwald approaches not a single viewer to probe the reasons for its popularity, nor a single current employee.”
Megan Lehmann, The New York Post, 8/6/04

“...the film often fails to distinguish between programs Fox bills as news and those it calls commentary... offers no kind of proof.”
Steve Johnson, Chicago Tribune, 7/20/04

**Trump Unauthorized (2005)**

“...The Donald should go to court tomorrow and try to get an injunction to stop it from airing - just to save unsuspecting viewers from being exposed to such hazardous waste materials.”
Linda Stasi, New York Post, 5/23/05

“...Trump would definitely have fired the people behind Trump Unauthorized, ABC’s shallow portrait of New York’s most celebrated real-estate magnate.”
Kevin Thompson, Palm Beach Post, 5/24/05

“Trump Unauthorized’ has no characters. There are only caricatures, running from one well-established plot point, building or woman to another without once stopping to flesh out anything.”
David Bianculli, New York Daily News, 5/24/05

“...the script is third rate and the performances don't rise to that level.”
Tom Jicha, South Florida Sun-Sentinel, 5/24/05
FOR IMMEDIATE RELEASE
Contact: Ron Galloway, Galloway.tv
706-267-6743
ron@galloway.tv

Independent Filmmakers Ron and Robert Galloway to Release
Why Wal-Mart Works: And Why That Drives Some People C-r-a-z-y
- Film Examines the Success and Positive Contributions of Wal-Mart -

Atlanta, Oct. 19, 2005 – Ron and Robert Galloway, producers of Oflag 64: A P.O.W. Odyssey, today announce their new documentary -- Why Wal-Mart Works: And Why That Drives Some People C-r-a-z-y (www.whywalmartworks.com) -- will be released on November 12, 2005. The documentary explores why Wal-Mart is one of the greatest success stories in business history, how it improves the lives of individual working Americans and their communities and the pathology behind the escalating attacks on the company by special interest groups.

Initially, Ron Galloway planned to pen a book on the subject, with a focus on the logistics of Wal-Mart's distribution operations. However, he quickly realized that the company's achievements far exceed simply perfecting supply chain management, so the brothers teamed up to create a film that also documents the stories of people who have been positively impacted by Wal-Mart.

“We believe that Wal-Mart, by providing goods to shoppers at the lowest possible price and playing a positive role in the community, has benefited working families far more than any special interest group,” said Galloway. “People want to do what is best for their families, and 138 million people per week decide it's to their benefit to shop at Wal-Mart.”

Ron Galloway is the producer of Oflag 64: A P.O.W. Odyssey, a World War II documentary that aired widely on PBS, and the writer and director of Folly Island, a feature that closed the 2002 Spoleto Film Festival in Charleston, SC. Upcoming projects include Finishing, a documentary on cancer survivors who run triathlons as part of their recovery process, and When I'm 164, a documentary on life extension science.

Why Wal-Mart Works offers a free-market exploration of how Wal-Mart fulfills its mission of "Always Low Prices," saving the average American family $1,250 every year, and the reasons why Wal-Mart drives its critics crazy. True independent filmmakers, the Galloway brothers funded the entire Why Wal-Mart Works project themselves.

According to Galloway, “We show that the major arguments presented against Wal-Mart can be refuted with the facts, solid logic and reason, and compelling personal stories from people whose lives have been touched in a positive way by Wal-Mart. There are always two sides to a story.”

###
Ron Galloway  
1227 Augusta West Parkway  
Augusta, GA 30909  

October 21, 2005  

Robert Greenwald  
Brave New Films  
1948 N. Van Ness Ave.  
Los Angeles, CA 90068  

Dear Mr. Greenwald:  

Let me offer my congratulations on your new video about Wal-Mart. I believe that you are pioneering a new distribution model for film that will excite and enable “Indie” filmmakers everywhere.  

Let me get to the heart of why I’m writing: I, too, have directed a film about Wal-Mart. I must say, my self-funded documentary approaches the company from a different point of view than yours. “Why Wal-Mart Works & Why That Makes Some People Crazy” is a pro-working families look at the company, and, judging by your website, I reach different conclusions than you. It’s a complex world out there, and Wal-Mart is a complex company, and I firmly believe there are two sides to every story.  

Mr. Greenwald, I initially began my look at Wal-Mart as I was preparing a book on their logistical operations, and how their data modeling and supply chain management result in their unique ability to deliver products consumers wanted at prices they could afford. As I did more research, I was intrigued by the remarkable impact the company has on so many families in their daily lives. Many people I talked to shop at Wal-Mart 3 and 4 times a week! Wal-Mart sells families products they need in their daily life, many of them essentials (food, clothing). I was also taken by the great opportunities enjoyed by their associates.  

I believe that a family’s money can be considered “freedom chips.” By saving money by shopping at Wal-Mart, a family keeps more of their “freedom chips,” and therefore is enabled to spend that extra money in ways that enrich their lives.  

I’ve had an idea regarding our films. If you share my desire to create an open dialogue about this company, will you accept my challenge to show my film along with yours at your many screenings? I will likewise pledge to show your film at mine.  

You have a Wal-Mart movie. I have a Wal-Mart movie, albeit one on a smaller scale (again, I had to self-fund mine). Both are the result of a lot of hard work and research. Hopefully, we can launch a genuine and informed discussion about the impact of this company.  

Sincerely,  

Ron Galloway
Edelman screws up with duplicitous Wal-Mart blog, but it's okay?

I've been watching the furor around the rather interesting WalMarting Across America blog with great curiosity as it's unfolded. The blog's been running for quite a while now (though all the historical posts have been pulled down, interestingly. In a bit, I'll show you how to get to them all, though, so keep reading) but only in the last few days has the blognoscenti figured out that it's actually all a sham and that far from being a couple who just "happened" to drive their RV around the United States, parking in Wal-Mart parking lots as they went, it's actually a carefully scripted - and funded - campaign from the esteemed Edelman PR.

That's a familiar PR agency because Steve Rubel, one of the best and the brightest in the blogosphere, joined the firm a while back and since then Edelman has been in the forefront of figuring out how to intertwine public relations and the world of blogging. With, apparently, mixed success...

The problem isn't that Wal-Mart wanted to leverage the thought and influence leaders you find in the blogosphere, that's just smart business and Wal-Mart is full of extraordinarily smart business people at all levels.

Hiring Edelman? That was probably a good idea, though now even that's a step that might well be reconsidered back at corporate HQ.

There are two real problems I see with the situation. First, the entire Walmarting Across America campaign was built upon a lie, a duplicitous backstory that while not unusual in marketing, was in direct violation of the Word of Mouth Marketing Association's Code of Ethics, which Edelman helped craft.

I mean, it's just so damn ironic to read the WOMMA site and learn that its members:

"We rise to a higher level: We believe that word of mouth marketers have a special relationship with consumers and must go above and beyond the normal expectations of marketing ethics and honesty.

"We believe in honesty and transparency at all times: Honesty of relationship, opinion, and identity, respecting the rules of the forum, rising above the minimum requirements in privacy and permission."

As I pointed out in Dick Edelman's short and sweet blog posting on the subject, wherein he issues a curt apology, "How is it that you violate the WOMMA ethics rule and are still a..."
Edelman screws up with duplicitous Wal-Mart blog, but it’s ok...!

...problem arising again and again? we can at least all have similar expectations and maybe move forward without this sort of

Rather than just complain, however, can we agree that between this and the recent tempest in

So, no, I’m sorry, but a three sentence apology doesn’t mean that all is well again in the world

I want to highlight that we’re not talking about Steve and Dick, garage bloggers, making a
dumb blunder with some little firm that doesn’t know much about marketing anyway, we’re

That’s for enough for me.”

I’m just amazed at what an easy ride Edelman is getting with this significant and notable error of judgment on their part. It’s not about apologizing for a screwup, it’s being accountable to a
code of ethics, having consequences for violating it, and having a sufficiently transparent internal management structure that lets experts like Steve Rubel at least know about all the
blogging initiatives happening at the firm (Rubel explains in his comments that “Edelman has 2500 employees worldwide and I’ve never even been to Arkansas to meet with Wal-Mart”).

Since we are talking about ethics and transparency, what does it say about the Word of Mouth Marketing Association that its members are apparently free to violate their agreed-upon ethical standards, with not much more than a light smack on the hand?

I want to highlight that we’re not talking about Steve and Dick, garage bloggers, making a
dumb blunder with some little firm that doesn’t know much about marketing anyway, we’re talking about one of the preeminent PR agencies in the world, one of the largest companies in the world, and one of the best bloggers in the PR space who should have been in the middle, ensuring that things didn’t explode as they’ve done.

So, no, I’m sorry, but a three sentence apology doesn’t mean that all is well again in the world of PR blogging, it doesn’t excuse the unacceptable gaffe of Walmarting Across America, and I would like to see more from the players involved than a one-time apology and more business as usual.

Rather than just complain, however, can we agree that between this and the recent tempest in the PayPerPost teapot that it’s time to create a Blogging Disclosure Best Practices so that we can at least all have similar expectations and maybe move forward without this sort of problem arising again and again?

Tip: if you go to the Walmarting Across America site, all the archives have been removed. That’s a big mistake on their part, but you can still read the back postings by accessing the Google archives instead.

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Posted by Dave Taylor at October 16, 2006 2:40 PM

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