

WAL★MART WATCH

WEEKLY UPDATE

FOR ELECTED OFFICIALS

June 26, 2008

REPORT SHOWS WAL-MART'S REPUTATION CONTINUES TO DECLINE

Report: Wal-Mart Reputation Continues To Slide [NW Arkansas Morning News]

Wal-Mart Stores Inc. in 2007 continued to slip down a list of corporate reputation rankings, according to a survey. The Bentonville-based retailer ranked No. 44 on the Harris Interactive report, which ranks the reputations of the country's 60 "most visible" companies based on consumer perception surveys.

Google's Reputation Ranked Highest by U.S. Consumers [Bloomberg News]

Hewlett-Packard Co., Berkshire Hathaway Inc. and Intel were the biggest gainers since the previous year. Bank of America Corp., Halliburton Co. and Wal-Mart Stores Inc. saw the biggest declines in their reputations.



THE WAL-MART EFFECT: INDEPENDENTS, CAMPGROUNDS HURT

Independent bookstores fight to keep afloat [Collinsville Herald (Mo.)]

Canady said she thinks competing against stores such as Wal-Mart and Sam's Club is an even greater challenge for her store than competing against chain bookstores.

Some campground owners don't like free parking lot camping [Mitchell Republic (S.D.)]

Pools, mini-golf, laundromats, game rooms - these are some of the amenities that campground owners advertise. Some local campground owners say none of those extras can compete, though, with one perk that the Wal-Mart and Cabela's parking lots offer: a free night's stay.

Buzz: John Wade fought the Wal-Mart and the Wal-Mart won [Redding Record-Searchlight (Calif.)]

"The day Wal-Mart opened, our business dropped and never came back - that's been two years," Wade said. "They have the same thing we do, and they have more of it and sell it for less." Wade has no regrets, saying he got healthy working retail. "All we have to do now is find a job for our two employees," Wade said.

Anderson, CA. Craft Store Closes After 27 Years, Blames Wal-Mart [Battlemart Blog]

One of the country's most prestigious newspapers, The Washington Post, ran a story June 23, 2008 implying that when Wal-Mart comes to town, neighborhood businesses really don't suffer. "But local proprietors and community leaders say the fears have not panned out," the Post wrote. "Wal-Mart was just

THE WAL-MART EFFECT cont...

the big gorilla coming into the community," one storeowner told the newspaper. "I think it's perception more than reality." But on the same day, on the other side of the country, a different story played out in a much smaller newspaper, the Record-Searchlight in the small community of Anderson, California.

Big company, small town: Wal-Mart, Bentonville, Arkansas [BloggingStocks]

Wal-Mart is not known for helping small towns. In fact when Wal-Mart arrives in a small town, many existing mom-and-pop stores go out of business in 6 to 12 months. Numerous studies have been done regarding this phenomena and the general conclusion is that store owners who learn to adapt to the changes in the retail market for the community can survive after Wal-Mart arrives. They can't compete head-on though.

Is Wal-Mart a Boon or a Bust for Small Firms? [Washington Post Small Business Blog]

The scuttlebutt is that when Wal-Mart moves into a neighborhood, bye-bye local retailers. But a story in today's Washington Post reveals that smaller firms say it's business as usual since Wal-Mart moved into their Landover Hills, Md., neighborhood a year ago.

MORE ON ADIDAS LAWSUIT AGAINST WAL-MART

Adidas sues Wal-Mart for trademark infringement [NW Arkansas Morning News]

Adidas AG is set to face off with Wal-Mart Stores Inc. for the third time on allegations that the retailer sold lookalike striped shoes that amount to trademark infringement.

Adidas Tells Judge Wal-Mart Sport Shoes Aren't Fit to Run In [Bloomberg News]

At least two Wal-Mart athletic shoe models are built with substandard materials and fell apart during simulated running tests, Adidas claimed in court papers filed June 13 in federal court in Portland, Oregon. The shoes "could potentially injure short- and long- distance runners," Norbert Teston, a quality-assurance manager for Adidas's U.S. unit, said in the filing. "They are, quite simply, not suitable to run in."



WAL-MART LEGAL: AN ARRAY OF POTENTIALLY DAMAGING SUITS

Like Clock Work [NW Arkansas Morning News]

Wal-Mart has worked overtime to show its kinder, gentler side, but accusations of workplace misdeeds are surfacing in a slew of class-action lawsuits that continue to challenge the retailers new image.

Wal-Mart customers 'save money' and 'live better' while Wal-Mart employees pay more for their 401(k) plan and retire broke [BloggingStocks]

Wal-Mart's 401(k) plan has over \$9.5 billion in assets. Its modestly paid employees count on this plan to fund their retirement. A recent class action lawsuit makes allegations which, if true, will cause many of these employees to be great disappointed.

McKesson May Settle \$15 Billion Lawsuit Over Pharmacy Profits [Bloomberg News]

While McKesson itself didn't directly financially gain from the alleged manipulation, according to the plaintiffs, the distributor did this to curry favor with drug retailers like Rite Aid Corp. and Wal-Mart Stores Inc. and increase its market share.

15 WAL-MART IN-STORE CLINICS SUDDENLY CLOSE

[SmartCare closes 15 Wal-Mart med clinics \[Rocky Mountain News \(Colo.\)\]](#)

SmartCare Family Medical Centers on Friday unexpectedly shut its 15 in-store health clinics located in Wal-Mart stores throughout Colorado. Wal-Mart had no prior notice, company spokesman William Wertz said.

[SmartCare clinics suddenly shut down \[9 News \(Colo.\)\]](#)

A local public relations agency that represents SmartCare in Colorado was able to confirm that all 15 centers have shut down and that all of the employees have been notified.

STATESIDE

[Maryland/D.C.: When Wal-Mart Moves In, Neighborhood Businesses Suffer. Right? \[Washington Post\]](#)

For more than a decade, he has watched from behind the counter of his pharmacy in a converted pool hall as businesses slowly blossomed along Annapolis Road in Prince George's County. Then the biggest retailer in the world arrived, offering \$4 prescriptions and always low prices. Ramdass braced himself for legions of defections.



[New York: EDITORIAL: A store that's good for all \[Press Republican \(N.Y.\)\]](#)

We're pulling in a big way for the success of the Saranac Lake Community Store. This is a project that can make the village a beneficiary of its own hard work and sacrifice.

[Virginia: Wal-Mart wants water guarantee from Town \[WPCVA-TV \(Va.\)\]](#)

Appomattox Town Manager David Garrett informed the Town Council on Monday that there was one obstacle that needed to be taken care of before a Wal-Mart Supercenter can locate to Appomattox.

[South Carolina: Beaufort preliminarily passes big-box regulation \[Beaufort Gazette \(S.C.\)\]](#)

Stores that comprise 70,000 square feet or more would not be allowed in Beaufort except on two major highways under an ordinance preliminarily approved by the City Council on Tuesday.

[New York: We Are All Ikeans Now: Big Box Begs Big Questions \[Gothamist Blog \(N.Y.\)\]](#)

If Wal-Mart and Target follow Ikea's lead, Red Hook's post-shipping era could skip over the long-anticipated full-gentrification stage to become something else entirely: a sort of big box shopping destination that is more like a factory outlet mall than a neighborhood. Or is a balance between big business, small business, and residential interests possible? As Ikea's first day draws to an end, it's still an open question.

[Virginia: Howdy, neighbor: Tolbert rules the 'hoods' \[The Hook \(Va.\)\]](#)

"I watched the downtown nucleus of that city destroyed by development out of downtown-- shopping centers," he says. "That could have been avoided with protective zoning, but no one had the guts to say 'no', God forbid, to a predatory retailer like Wal-Mart."

[Oregon: Wal-Mart Outlines Progress Toward Environmental Sustainability \[OR Public Broadcasting \(Ore.\)\]](#)

Wal-Mart gave a progress update in Portland Tuesday on its efforts toward environmental sustainability. The company is the world's largest retailer. Three years ago, it outlined a sustainability initiative.

STATESIDE cont...

Indiana: Wal-Mart sues Zionsville a 2nd time [Zionsville Star (Ind.)]

Wal-Mart has filed a lawsuit against Zionsville, nearly a month after the town turned down its plan to build a Supercenter on U.S. 421.

ENVIRONMENT 101: AN UNLIKELY PAIR; HOME DEPOT BEATS WAL-MART TO THE RECYCLING PUNCH

Unlikely pair talk green: Whole Foods, Wal-Mart [Rocky Mountain News (Colo.)]

The soaring price of food has complicated efforts by Whole Foods, the nation's largest natural and organic grocery store, to move toward providing "more sustainable" products, a company official said Friday.



Home Depot Offers Recycling for Compact Fluorescent Bulbs [New York Times]

Recycling them is about to get easier. Home Depot, the nation's second-largest retailer, will announce on Tuesday that it will take back old compact fluorescents in all 1,973 of its stores in the United States, creating the nation's most widespread recycling program for the bulbs.

WAL-MART RECALLS MORE KEY CHAINS DUE TO HIGH LEAD

Wal-Mart recalls 39,000 key chains due to lead [Reuters]

Retail giant Wal-Mart Stores Inc is recalling 39,000 Chinese-made key chains after lead was found in the products, the U.S. Consumer Product Safety Commission said on Thursday.



Wal-Mart Recalls More 'Hip Charm' Key Chains [Consumer Affairs]

There have been no injuries reported with the additional key chains included in this recall. The Illinois Attorney General informed Wal-Mart and CPSC in April that the previously recalled key chain was found in the home of a 9-month-old child who was discovered to have high blood levels of lead. The child was observed mouthing this key chain.

Wal-Mart Charm Key Chains Recalled Because of Lead [The Daily Green]

Wal-Mart is recalling another seven charm key chains because they contain excessive amounts of lead that threatens the health of children.

WAL-MART INTERNATIONAL

India/China: Primark shows the hidden price of cheap fashion [The Times (U.K.)]

As Primark has reminded us, other factories use secret sub-contractors, often called "shadow factories", where conditions are much worse than in the facilities that the Western brands see. One factory manager I met called the factory that he showed Wal-Mart his "five-star factory" - as luxurious as a five-star hotel. Down the road, his shadow factory made the same products under very different conditions.



INTERNATIONAL cont...

India: Wal-Mart's Drug Connection [Huffington Post]

In 2003, a new kind of "drugstore" appeared across America, promoting cheaper prescription drugs from Canada. Instead of pills, these stores had fax machines and computers that could process orders from senior citizens in the U.S. desperately seeking lower cost drugs.

India: Wal-Mart plans IT back office in Bangalore [Economic Times]

A new address may be added to Bangalore's already-crowded IT landscape. Wal-Mart, the world's biggest retailer, is mulling a captive IT/ITeS unit in India's tech capital, with the potential to create several hundred jobs, sources said.

India: Retail giants to gulp small retail traders [MeriNews]

Growing Indian middle class has led to the scramble among the retail players to enter this booming sector. A threat to small retail traders who are in constant fear of being wiped out from the retail market by the big retail giants.

Gr. Britain: Supermarket giants feeling the bite as consumers switch to budget stores [Daily Record (U.K.)]

Among the "big four" supermarkets, Tesco and Sainsbury's both lost ground to cheaper rivals Asda and Morrisons. Asda, who are the UK's No2 and owned by US giants Wal-Mart, saw sales growth of 7.5 per cent while Morrisons saw 8.1 per cent.

Japan: Seiyu to Absorb 5 Regional Units [Jiji Press (Japan)]

Japanese supermarket operator Seiyu Ltd. said Wednesday it will absorb its five fully owned regional units next Tuesday.

OPINIONS OF THE WEEK

The Crappiest Wal-Mart in America [The Atlantic: Jeffrey Goldberg Blog]

Wal-Mart has had some media success lately in its disingenuous campaign to convince liberal elites that it is not driving America into the gutter, but, as I have pointed out elsewhere, this is the most self-serving of campaigns, a way to drive costs down and convince elites that Wal-Mart is going green. But the invisible workers, hopeless and toothless, their poverty ensuring their consumer loyalty, living on what is essentially company scrip, benefit not at all.



The Wal-Mart Weekly: Those shoes aren't fit to run in [BloggingStocks]

This week, I'll be taking a look at product quality in relation to Wal-Mart Stores Inc. As you may have read by now, Adidas AG, the second-largest maker of sporting goods globally, has said that a house brand of shoes sold at Wal-Mart may injure those that wear them. Now that's quite a statement about product quality, yes?

Edwards Says Wal-Mart 'Wins' During Economic Slowdown [Bloomberg News]

Patricia Edwards, who helps manage about \$14.8 billion, including 544,000 Wal-Mart Stores Co. shares at Wentworth, Hauser & Violich in Seattle, talks with Bloomberg's Pimm Fox about the retail industry, consumer spending and growth opportunities for Wal-Mart, Tiffany & Co. and Coach Inc.

OPINIONS OF THE WEEK cont...

The Decline and Fall of the American Economy: Offshoring Our Security [Chronicles Magazine (Ill.)]

In pursuit of higher profits, Wall Street pressures corporations to move facilities offshore, and in pursuit of price advantages, large retailers, such as Wal-Mart, pressure their U.S. suppliers to go offshore. Some economists tout Wal-Mart's lower prices as the payoff to Americans for their lost jobs. However, when the lower prices are offset by lower incomes and the dollar's decline, the overall effect of offshoring is adverse.

AMA: Don't Put Retail Clinics in Stores that Sell Tobacco [Wall Street Journal Health Blog]

"In no way is this resolution to get back at them," William A. Dolan, an orthopedic surgeon on the AMA's board of trustees, told the Health Blog. "It's ridiculous that a health deliverer should be dispensing cigarettes."

How do you spell Wal-Mart? Try H-y-p-o-c-r-i-s-y [Phoenix New Times Blog (Ariz.)]

We wrote a sad story recently about an octogenarian named Herman Teague, who'd had the misfortune of going to work as a greeter at a Wal-Mart near the 101 and Bell Road.

WHAT YOU CAN DO:

Dear [Wal-Mart Watch](#) Elected Official Task Force Member:

"A Handshake with Sam"---Please, don't forget to write a letter to Wal-Mart's CEO Lee Scott asking him to accept the good-faith offer. On our website you can find a copy of iSam's Handshake as well as a letter drafted for you by Wal-Mart Watch asking CEO Lee Scott to protect human dignity, to keep Wal-Mart's operations clean, and to be completely transparent with the public. We hope you will use this draft letter to communicate your concerns and to ask CEO Lee Scott to commit to these seven principles and assume the moral responsibilities we expect of our biggest and most important American corporation. (If you do decide to send a letter to Wal-Mart CEO Lee Scott, please forward a copy of your letter to me.)

Check out our new and improved Elected Officials Web page at www.walmartwatch.com/electeds--- Our new web page offers electeds: 1) talking points and model legislation on Fair Share Health Care, Living Wage/Minimum Wage, ILC Banking and Disclosure 2) The facts behind "A Handshake With Sam" and 3) the Elected Officials Blog.

If you have any questions or if there is any Wal-Mart activities/news happening in your community, please feel free to contact me at 202-557-7469.



WAL★MARTWATCH

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