

## Can Wal-Mart Do 'Local'?

**The retail giant is using in-state farmers in an attempt to soften its image**

By *Candice Novak*

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Locally-grown produce is offered for sale at a Walmart store in Idaho.

(Bill Grange/Idaho State Department of Agriculture)

Wal-Mart's take on "local" is different. It defines a local product as one made and sold in the same state. (Fruits and veggies in South Carolina Wal-Mart stores, for example, will be labeled "Certified SC Grown.") Wal-Mart says its in-state plan will save the chain 100,000 gallons of diesel fuel a year nationwide and save about \$1.4 million a year.

**Corrected on 7/28/08:** An earlier version of this article misspelled the name of Brian Girouard, a Capgemini vice president.

Marketing and distribution experts say Wal-Mart's rule doesn't make much sense. "It has to change over time because at state border locations, produce grown in the adjoining state is more 'local' than that grown hundreds of miles away in the same state," says Eugene Fram, a professor of marketing at the Rochester Institute of Technology in New York.

To Kelly O'Keefe, professor and executive education director at Virginia Commonwealth University's advertising program, Wal-Mart's same-state rule is saying, " 'Keep it home, keep it in our state'—which is a slightly different note to play and may be mixing signals." In distribution, "states are arbitrary dividing lines," O'Keefe says. He wouldn't be surprised "to see that change as it turns out to be, logistically, a nightmare."

Deisha Galberth, a Wal-Mart spokesperson, says that the company has agreements with each state's agriculture department and that using the state boundaries makes store signage easier. That way, customers in Idaho can easily recognize a local product as one bearing an "Idaho Preferred" sticker. But, she says, "we consider miles in proximity to farms and stores," which is why you may still see produce from neighboring states in stores—all labeled by their state of origin.

### The 'Wal-Mart effect'

Remember that threatening phrase "the Wal-Mart effect"—reflecting a theory that when Wal-Mart descends upon a town, it demolishes competition, bringing a slew of social maladies? With Wal-Mart's new look, some say the company may be able to turn around the phrase's meaning.

"There's an opportunity for Wal-Mart to delight their consumers," says Brian Girouard, global consumer products and retail leader for Capgemini, a New York business consultancy. Only 9 percent of shoppers buying perishable foods are satisfied with the stores at which they bought them, according to a recent Capgemini [study](#).

But some say the move to go local will only add to the list of Wal-Mart's negative effects.

Maryanne Hedrick, owner of My Personal Farmers Market, a produce service in New York's Hudson Valley, says, "If farmers sell their harvest at a Wal-Mart price, which I assume is rock-bottom, they are doing themselves a disservice in the long term." That's because "farmers make the best money when they sell direct via markets," not to the merchandiser. But, she says, consumers of local food want diversity and freshness. And she believes that "there's no way that Wal-Mart can pull it off." The idea of "Wal-Marting local food is ridiculous—Wal-Mart is the personification of bigness, and local is small."

Wal-Mart's Galberth says, "It might not seem natural for Wal-Mart to go to locally grown food." But, she adds, it's just another way to keep costs down and give customers what they want.

Idaho's Gould says having Wal-Mart as a customer "has encouraged farmers to plant more of what's in demand." One farmer in the state saw a doubling of his asparagus sales and a 30 percent increase in organic grape sales over the past two years. Gould says the revitalization in farming is great for the region's economy. "We haven't had that kind of demand until recently," she says.

But Doug Hart, a pricing expert at the consulting firm BDO Seidman, questions how the giant retailer's growing presence will affect local markets. "Wal-Mart has already changed the marketing landscape [by buying so much from China]. Now they could change the landscape of farms," he says. With Wal-Mart as a megacustomer, Hart adds, the pressure will be on farmers to grow a smaller variety of crops and more of the one thing that the giant retailer wants. This, Hart says, could "absolutely" be another unfortunate symptom of the "Wal-Mart effect."

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#### **Wal-Mart - The High Cost of a Low Price (the movie)**

Have you seen this movie? If not, then you may be unaware or ignorant of Wal-Mart's abusive practices. Please see the movie and then re-think supporting a company that does business this way. If you want to support local farmers, then do it directly or via a local distributor or co-op.

Also, I think that mypersonalfarmers.com is providing a great service to the Westchester, NY community and to Hudson Valley farmers. Their company name is incorrect in the article.

**Sandy of NY**

Aug 01, 2008 16:08:23 PM

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#### **The take over of the local farmer...**

like everything else that china-mart touches, they will kill the CSA's and the local farmer by demanding more and more at less and less cost.

Small towns and down towns are vanishing because of this greedy, under paying, no insurance providing, foreign worker exploiting, non-union life sucker, plastic cr\*p selling, garbage spewing multinational.

remember this: china-mart does not care about it's workers or it's clientel, all they care about is making money and their stock holders.

If anyone truly believes that a corporation cares about anything else, I have a bridge to sell you.

**Thomas Jefferson of VA**

Jul 29, 2008 11:21:39 AM

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#### **RE: Walmart**

It is absurd to characterize Walmart with the phrase "without so much greed at the top".

With their off-shore front companies, the Waltons hardly even pay taxes-- unless you count their hefty donations to Bush Cheney & co.

Sure, they're the largest employer in America. So why do they encourage their employees to rely on government programs for their healthcare?

**George of OR**

Jul 25, 2008 18:03:08 PM

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Why do they force employees to work massive hours off the clock, never allowing them full-time benefits? Why did a Minnesota judge recently find that they committed over 2 million violations of state labor law?

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