

# How Walmart Helps Communities

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## **Abstract**

This white paper is designed to illustrate the good that Walmart does in the Rexburg Community as well as how Walmart is trying to paint itself in a positive light across the nation. Walmart has been viewed as a company that destroys communities and kills small businesses. Our purpose is to show what good Walmart is doing to develop communities and spur economic growth in the Rexburg area.

After gathering data from local Walmart associates and from news sources across the United States, we have come to the conclusions that Walmart does do a lot of good for the communities in which their stores reside. Walmart is actively trying to improve their brand image and is doing this by helping out small communities like Rexburg.

We arrived at our conclusion by interviewing the store manager, Mike Bullard, and others who are actively involved with the Rexburg Walmart. Walmart is in news frequently which provided an excellent source of information about their willingness to help out communities.

We recommend that those who have a negative disposition towards Walmart to consider changing your views. Walmart provides billions of dollars to nonprofit and charitable organizations and millions of hours of volunteer service to help make communities, like Rexburg, a better place for us to live.

## INTRODUCTION

### Walmart at the National and Local Level

**Brief History of Walmart.** In 1945 Sam Walton left the military and took over management of his first variety store when he was only 26 years old. He was able to borrow \$20,000 from his father-in-law, plus \$5,000 he had saved to purchase a Ben Franklin variety store in Newport, Arkansas.

This was where Sam Walton conceived many practices that proved to be crucial to his success. One of these practices was leasing extra space to keep his competitor from expanding.

Walton's success created competitive feelings even early on in his reign. His success drew the attention his landlord who refused to renew the lease when it expired because his family had a history of retail and desired to reclaim the store which was then given to the land lord's son.

It was at this point that the future home of Walmart came to be. Walton, his wife

Helen and his father purchased a new location on the downtown square of Bentonville where Walmart headquarters reside today. Before Walton purchased the Bentonville store it was producing revenues in excess of \$72,000 year. After he expanded the store, it was doing \$250,000 in sales annually (Wikipedia, 2011).

In 1962 the first true Walmart opened in Bentonville Arkansas. Walmart has always faced opposition because of its success and dominance in providing products and service that people desire.

**Walmart Painted Negatively.** Walmart has had much controversy surrounding the company. Many people want to blame them for something whether it be for being a commanding dominance in the economy, pushing out the little stores, hiring cheap labor, or hurting the environment with their giant warehouse like stores.



**Negative Historic Past.** In

Massachusetts, “Supermarkets with a long local history are facing their biggest threat yet as Wegmans and Walmart, successful chains that have built brand loyalty elsewhere, launch a fight for food dollars” (Grillo, 2011).

“Walmart has been in many lawsuits over employees getting hurt, discriminated against, and their contractors hiring illegal immigrants.” As big as Walmart is and with all the potential money from lawsuits, Walmart is a hug target for people to try and hit. Even though they try to provide what the customer wants Walmart cannot please everyone (Senne, 2005).

There was even a poll of random people on whether or not Walmart is bad for communities and the majority said yes. Even Senator John Kerry’s wife Teresa made the statement “Walmart destroys communities” (Anderson).

In another instance Walmart was sentenced to pay \$3.1 million in a civil penalty to the United States in Tennessee and Utah for environmental violations. However, Walmart turns its cheek and agrees to spend \$250,000 on an environmental project to help protect sensitive wetlands or waterways in one of the affected states (U.S. Newswire, 2004).

**Scapegoat.** Too many times have people used Walmart as an excuse to justify their reasoning to have small family run businesses that charge a premium on goods and services because they are the only gig in town. They also use Walmart as the scapegoat for child labor problems throughout the world.

According to Watson,

Walmart prides itself on its low prices, but it tends to make the news for more controversial topics. For critics, its business practices symbolize all that is wrong with

American industry; on the flip side, many consumers view it as a key to their financial survival. As such, the battles between liberals and conservatives, the middle class and the wealthy, the cities and the suburbs often play out in arguments over the massive retailer (Watson, 2009).

Walmart is not just an over grown, over powerful, uncaring tyrant. Even though so many feel this way people continue to shop there. What Walmart is really guilty of is running a great business just like many businesses in America. What about Walmart's competition? How do Kmart and Target stay in business? They must pay low wages to employees, purchase inexpensive goods from poverty stricken countries that produce goods in sweatshops, and they build giant warehouse type stores. So why does Walmart get all the heat? Because they are

the most successful and that means people can get the most out of them.

We will show you how Walmart isn't all bad but actually does more good than harm in the communities it resides in. Walmart's purpose is, "If we work together, we'll lower the cost of living for everyone...we'll give the world an opportunity to see what it's like to save and have a better life" (Walmart, 2011). Not only does Walmart help people live better by helping them save money, but they also make contributions such as donating to charities and building large community centers for the people in those communities.

### **Rexburg Walmart**

**History.** Rexburg is a small town in Eastern Idaho that has been known as the home of what used to be Rick's College and is currently the home of Brigham Young University – Idaho. Rexburg is a small town with a population of 29,000 people. Almost 50% of the population in Rexburg is

comprised of students (City-Data.com, 2011). Rexburg is a college town making this town a very seasonal place to live. In between semesters Rexburg is a very quiet town because almost half of populations goes home or leaves town.

### Unique Location

**College Town.** The Walmart in Rexburg is located on the outskirts of town a little over a mile away from the campus of BYU-Idaho. Mike Bullard the store manager of the Walmart in Rexburg gave some insight as to how this particular Walmart has changed over the years. This Walmart was built almost 20 years ago in 1992. This Walmart has undergone changes as the city and the university has grown. The Walmart in Rexburg is smaller than most Walmart's. A typical Walmart supercenter will range from 170,000 – 225,000 sq ft. The Walmart in Rexburg only measures 90,000 sq ft. When the Walmart first opened there was very little food merchandise. There were no

freezers or coolers to keep perishable items. The store only stocked dry food items. In 2001 the store underwent its first minor renovation adding 2 large cooler/freezers to the grocery department. This allowed Walmart fill the shopping needs of more customers and created a more “one stop shopping” experience (Bullard, 2011).

More than 17 years later in the summer of 2008 the store underwent a

major remodel in line with the reimagining of the company. Walmart's headquarters had decided to clean up the image of Walmart. The stores would be cleaner and brighter. The logo would be changed to no longer have the star as the hyphen in the name. The smiley face logo that bounced around in commercials while lowing prices was

Not only does Walmart help people live better, they also make contributions such as donating

dropped and Walmart introduced the spark as their new logo in 2008. The Rexburg Walmart received a face lift as part of this massive cosmetic change to the company. The entire store received new shelving, registers, flooring, air conditioning, and a new more open layout. During the remodel the food section of the store was expanded. New products were not introduced but the quantity of each item was increased. The new image of the store included shelves that were lower and the wider aisles. During this major reimagining of the company 8500 SKUs (stock keeping units) were taken out of the stores to clean up the product selection (SCDigest Editorial Staff, 2011). Store manager Mike said, "In our Walmart they decreased the size of our fabric department by over 50 percent which angered a large portion of the local population" (Bullard, 2011). Two years later they realized that cutting so many SKUs was not a good idea and had alienated a large portion of their

customer base. Currently Walmart is in the process of bring back those SKUs that were lost in the hopes that a wider product selection will bring back some of the lost customers. Walmart's same store sales have been down for the last 9 quarters because of the massive changes over the past 5 years.

The Rexburg Walmart is located in a very unique area of the country. The city of Rexburg is home of a religious university, BYU-Idaho, that is run by The Church of Jesus Christ of Latter-day Saints (LDS). Because this is a church run school the overwhelming majority, 99%, of the population is LDS (City-Data.com, 2011). The school also creates very seasonal demand at the Walmart in Rexburg. Three times a year the students return from their summer or holiday break to begin a new semester. These three days constitutes the largest revenue earning days for the Rexburg Walmart besides the day after Thanksgiving. The Rexburg store misses out on thousands

of sales because they are not a Supercenter. The Walmart in Rexburg is much smaller than other Walmart's which decreases the number of SKUs the store can carry especially in the food department. The Rexburg store still does not carry any fresh meats or produce. When the students return they are required to visit more than one store to get all of their food essentials because of this Walmart misses out on thousands of dollars of sales.

**Unique Demographic.** The Rexburg Walmart is located in place that has a unique demographic. As previously mentioned the store is located in a community that is predominately LDS and over half of population is students. The Rexburg Walmart has a unique opportunity to cater to the needs of the public with its product selection. The LDS community typically wears conservative clothing. With the lack of demographic appropriate clothing many of the customers will not purchase certain

types of clothing that Walmart carries. The managers who oversee the Utah/Idaho region met and decided to create their own brand of clothing, called Bella Bird, (which has been very successful) to meet this need (Ellet, 2011). The store continually tries to meet customer demand by catering to the college students while at the same time trying to sell items that will cater to the local demographic. Walmart's typically becomes part of the community in which they reside because they provide almost everything that is needed to sustain life. Walmart however has been painted as a community killer because of some of the negative impact that they have on the local landscapes around the country.

## **WALMART AND COMMUNITIES**

### **Walmart's Contributions in Rexburg**

Walmart in Rexburg provides many benefits to the community. Around the world Walmart has entered communities and had brought economical benefits as well as

helped the community by donating financially and providing volunteer hours. In Rexburg, Walmart has performed this same service by providing jobs and financial help to assist the community in which the store is located.

**Financial.** Walmart plays a key role in the financial well being of a community. When Walmart enters a community many people blame Walmart for being a small business killer. There of course have been instances in which the small business cannot compete with the volume and prices that a Walmart can provide to a community. Walmart however can provide an opportunity for small business to capitalize on the some of the areas that Walmart does not address. Walmart is a strong competitor and when competition enters a market there are typically opportunities for new business to enter the market.

Rexburg is a great example of that. Recently in the news there was talk about

the possible placement of a Costco in Rexburg. Walmart, not wanting to lose market share might place a Supercenter in Rexburg to compete with Costco. As larger companies begin to move to Rexburg it will attract others to follow. With a greater influx of companies moving to the area there will be greater opportunities for economic growth in Rexburg.

**Local Contributions.** Walmart in Rexburg makes hundreds of donations each year to dozens of non-profit organizations. Jocelyn Harris, personnel manager in the Rexburg, Idaho Walmart, gave some insights on how the Walmart in Rexburg helps out the local community. Daily, multiple organizations come into Walmart to request funding or supplies to assist them in running their organization. Every Thursday the management team sits and discusses each application for donation and determines the amount of funding each should receive. Typically this funding is

provided in the form of a Walmart Gift Card. In the 20 years the Walmart in Rexburg has been opened our store has given over \$2 million back to the community (Harris, 2011).

**VAP (Volunteerism Always Pays).**

Walmart employs 2.1 million associates around the world. Walmart understands the

importance of giving

back to the community so it provides a way for associates to give back to the community with their time and Walmart

will provide the monetary support (Walmart, 2011).

**Voluntary.** With the one of the largest forces in the nation, second only to the US government, Walmart associates can prove to be a formidable work force both in and out of the stores. Walmart provides an

incentive for its associates to get involved in their community. If an associate volunteers hours at a specific non-profit organization.

Walmart will donate a specified amount depending on the number of associates that participate in the activity and the total

amount of time put toward the activity. The

Walmart Corporate website states that, “In 2009, the more than 1.5 million volunteer hours reported by Walmart associates

translated to more than \$11 million in grant contributions” (Walmart, 2011).

**Service Projects.** On a monthly basis

Rexburg Walmart associates have the opportunity to be part of service projects that are sponsored by the Rexburg Walmart.

During the summer months Walmart will sponsors its associates to assist in road side clean ups. A group of anywhere from 20-50

associates will meet early on a Saturday morning with members of the local

community, who usually support a non-profit organization, to help clean up the side

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of Highway 20 (Harris, 2011). They will work for a couple of hours and then return to the store for lunch. Throughout the year Walmart will provide service opportunities like the one described above for its associates.

**Special Events.** The Rexburg Walmart is also an active participant in special events or fund raising for charitable organizations. During the months of May and June the Rexburg Walmart joined Walmarts across that nation to help support Children Miracle Network. These funds are used to help support Children Miracle Hospital. Over the past 3 years the Rexburg Walmart with the help of the contributions made by customers has been able to donate over \$50,000 to this cause. The company as a whole has donated over \$200 million to this cause (Walmart, 2011).

**Economical.** Walmart helps improve the economy in the areas that it enters. Walmart provides jobs and helps to develop

the more rural parts of America. Walmart provides billions of dollars to the government in the form of tax dollars. A new initiative has been created by Walmart to increase the amount of locally grown produce Walmart sells. The Rexburg Walmart participates in this initiative as much as it can to help support its community.

**Stimulates local economy.** Walmart's size and well known name enables them to stimulate the local economy with an increase in jobs and their support the local farmers. Walmart's ability to help stimulate the economy tends to improve its image in the communities it enters.

**Job Creation.** Walmart typically can employ as many as 400 employees. The Rexburg Walmart currently employs 200 associates. With such a large work force a Walmart has the ability to lower the unemployment rate and to provide

employment that can provide benefits and a retirement plans (Harris, 2011).

**Revenues.** The Rexburg Walmart also helps to support the Gross Domestic Product of the nation. The Rexburg Walmart helps to support the local community with their major contribution to the sales taxes in Idaho. These taxes are used to fund schools and the infrastructure of the state of Idaho.

**Brings new business to Local area.** Walmart seems to be the target of many of the companies in the world today. If a Walmart is doing well in a community other large retail chains might find the market attractive enough to enter. Costco has talked about the placement of one of their stores in the Rexburg area. A case lot store has opened in town to provide discounted merchandise.

As a personal aside, I know that whenever I am looking to relocate I always ensure that a Walmart is in the town, because I know of the ease and convenience

that it provides. As a Walmart enter a community it shows the rest of the world of the health and the stability of the local economy. If the Walmart begins to expand the community most likely is expanding as well. Bill Simon, CEO of Walmart U.S., recently in an information session held with corporate interns said that, “Walmart is a micro chasm of the US economy” (Simon, 2011). If Walmart is doing well the US economy is doing well.

**New Initiatives.** Walmart is always trying new and innovative ways that will help support the community and promote the economy. As Walmart becomes more innovative not only is it providing better quality products to its customers but it is also providing new opportunities for communities.

**Supporting local farmers.** One of the new company wide initiatives that have just recently been implemented is the use of local farmers to supply the produce or fresh

products sold in the stores. This year for example the Rexburg and the Idaho Fall Walmart both received pumpkins for Halloween from a farm in Inkom, Idaho. The Rexburg store received 77 pallets of pumpkins. This shows the support that is being return to the local economies (Bullard, 2011).

**Sustainable energy.** Recently the United States of America has had a big push to become more sustainable and more energy efficient. Walmart usually becomes the scapegoat when companies are targeted to show the impact they are having on the environment. To clean up this image Walmart has created a sustainability project to help reduce the amount of waste that is produced in the stores and throughout Walmart's supply chain.

The Rexburg Walmart does not have solar panel or a wind turbine out front like some Walmart's but the store is constantly thinking about ways to reduce the amount of

waste the store produces. Walmart recycles anything it can to help reduce waste.

Walmart stores take all of the cardboard that is used throughout the day and creates bales which are carried away to a recycling center.

The store will also recycle all of their plastic hanger, pharmacy bottles, damaged grocery bags, and any other material that can be recycles besides cardboard. These items are also placed in the baler in between two pieces of cardboard allowing the store to recycle almost all of their waste. Because of this small and simple act the stores have been able to reduce the amount of waste that leaves the store by 50 percent (Bullard, 2011). These simple acts, which mostly go unnoticed, make a large impact on the world that Walmart tries to take care of.

### **Walmart's National Contribution**

**Food Drives.** On the national level Walmart is able to make large contributions to try and help eradicate hunger in the United States. Walmart over the next five

years is planning to donate over \$2 billion to food banks around the country. This donation is the equivalent of 1.1 billion pounds of food (Bull, 2011).

**Scholarships.** This past year Walmart donated \$10 million dollars to their scholarship fund. This fund helps current Walmart employees as well as others who are not associated with the organization.



(Walmart, 2011).

**Donations.** Walmart not only provides great products at great prices but it also helps to support non-profit and government institutions by offering need based grants and donations. Walmart provides grants starting at \$25,000 for large non-profit organization. These grants should be used for economic growth, educational,

These scholarship have helps thousands of youth make their college aspirations possible

sustainability initiatives, or health and wellness. Walmart also provides much larger grants at the national level to larger organizations. On the corporate website there is a list of over 50 names of organizations that Walmart has donated over million dollars (Walmart, 2011).

**Disaster Relief.** In 2005, Walmart participated in helping out the victims of hurricane Katina. Walmart has an extensive supply chain network that enables the company to move large quantities of merchandise and in this case supplies to those that needed it most. With their network and the help of store managers across the storm battered area, Walmart was able to help thousands of people get the necessities they needed to survive. The CEO at the time, Lee Scott, told the store managers in the area, "...above all, do the right thing" (Hoffman, 2005).

## CONCLUSION

### Walmart Positive Light in Communities

Walmart has long been view as a company that only thought about itself. From the evidence shared above we can see that Walmart is an active contributor to the success of many local communities and organizations around the nation. Rexburg has benefited immensely because of the economic and volunteer services that Walmart has provided over the last 20 years.

### Walmart's 3 Basic Beliefs

Walmart is founded on 3 basic beliefs: Service to our Customers, Strive for Excellence, and Respect for the Individual. As Walmart associates are empowered by these guiding principles Walmart will continue to assist communities to rebuild after disasters but more importantly to help people save money so they can live better.

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