

Wal-Mart, critics take gloves off online

Top retailer and those who hate it are taking each other to task on several Web sites.

BY MARCUS KABEL / ASSOCIATED PRESS
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BENTONVILLE, Ark. -- The brawl between Wal-Mart and its union critics is escalating as groups on both sides, fighting over whether the world's largest retailer is good or bad, launched attack-style Web sites maligning each other's motives and politics.

More than a year after unions launched two political-style campaign groups attacking Wal-Mart Stores Inc. for what they say are low wages and skimpy benefits, the language is turning meaner and more personal.

Paidcritics.com was started last week by Working Families for Wal-Mart, a group funded primarily by Wal-Mart, to reveal what it described as "the real motives of the union leaders behind the campaign against Wal-Mart."

It characterized one of its leading critics, Andrew Grossman of union-backed Wal-Mart Watch, as "a political operative with a checkered past" in a section called "Paid Critic of the Week" that also lambasted Wayne Hanley, head of the Canadian chapter of the United Food and Commercial Workers union.

The site is part of Wal-Mart's aggressive defense since last year against its increasingly organized critics. Wal-Mart won't say how much it is spending, but it has set up a political campaign-style "war room" staffed by consultants, hired Washington D.C. lobbyists, formed the Working Families group and created another Web site called Wal-Mart Facts.

In response to the new site, union-funded WakeUpWalMart.com started its own Web site Tuesday, <http://www.abunchofgreedyrightwingliarswhoworkforwalmart.com>, which attacks the retailer's public relations and lobbying figures.

"These great guys who love to stretch the truth (or what mom called liars) honed their special Wal-Mart skills on an array of right wing political campaigns," the Web site reads.

In a letter to Democratic members of congress about Wal-Mart's efforts, WakeUpWalMart said the attacks were reminiscent of a campaign by a pro-Bush group, Swift Boat Veterans for Truth, that questioned Sen. John Kerry's Vietnam War military record during the 2004 presidential race.

Corporate reputation management expert Steven Silvers, who has worked for 25 years advising public and private companies on strategic communications, called paidcritics.com "a name-calling, nastily aggressive little Web site" that marked an escalation in Wal-Mart's battle with critics.

"The company's latest move comes right out of the Swift Boat playbook. And it could become standard procedure for other corporations that find themselves in the center of public controversy," Silvers wrote in his blog Scatterbox. Silvers said neither he nor his firm, Denver-based GBSM, Inc., do any work for the unions or Wal-Mart.

Experts say there is no clear winner yet in the public relations battle. Union groups decry what they call Wal-Mart's low wages, poor health benefits and destruction of local economies. Wal-Mart says it creates jobs, provides low-cost insurance for employees and saves the average family \$2,300 a year by keeping prices low.



AP PHOTO / HARA Z N. GHANBARI

Chris Kofinis poses for a photo as his colleagues work on materials, in a file photo Nov. 22, 2005, at WakeUpWalMart.com offices in Washington. The gloves are coming off as Wal-Mart Stores Inc. battles back at union-funded campaigns maligning the world's largest retailer. The brawl is escalating as both sides launch political-style attack Web sites attacking the others' motives and political pasts.

"The jury is still out," said Paul Argenti, professor of corporate communication and reputation management at the Tuck School of Business at Dartmouth University.

Both sides have been going at each other since two unions launched separate campaigns in spring of 2005 to pressure Wal-Mart for change after failing for years to organize its stores: WakeUpWalMart.com, funded by the United Food and Commercial Workers, and Wal-Mart Watch, backed by the Service Employees International Union.

Both groups say they want to pressure Wal-Mart into becoming a better employer, not run it out of business.

Wal-Mart in response hired a team of about 35 consultants at Edelman, which bills itself as the world's largest independently owned PR company, as well as lobbyists in Washington D.C.

It has also launched a raft of initiatives, including adding more affordable health care plans for employees as low as \$11 a month, adopting ambitious environmental goals and boosting diversity among employees and its sea of suppliers.

"At this point I would certainly say that we are gaining ground," Wal-Mart spokeswoman Sarah Clark said.

"From our standpoint, 127 million customers shop at our stores in the U.S. every week. We know many of them value the savings, the job opportunities and the charitable giving we provide their communities," Clark said.

Patricia Edwards, a portfolio manager and retail analyst at Wentworth, Hauser & Violich in Seattle, which manages \$8.2 billion in assets and holds 51,000 Wal-Mart shares, said investors are getting tired of hearing the same arguments back and forth.

"When you get to the point where you have escalating blog wars, it gets to be a little like political ad campaign season. I use my remote to mute every single one of those ads," she said.

Argenti said Wal-Mart has gotten better at defending itself since last year. But he said the paidcritics.com site was an ill-advised political attack campaign that reacts to the critics rather than taking the initiative.

"It's a really bad idea. What companies need to do is to rise above the argument and set your own agenda," Argenti said.

Wal-Mart's Clark said Working Families for Wal-Mart is a separate and independent group.

The group has a steering committee headed by former Atlanta mayor and civil rights leader Andrew Young, but the operations are run by a staff housed in Edelman offices.

At least one steering committee member, filmmaker Ron Galloway, said he would prefer the strategy to focus on the facts of Wal-Mart's case.

"I still think that it is a sub-optimal strategy to personalize all this. I think the facts are in Wal-Mart's favor and that's just not part of the battle I'm interested in joining," Galloway said, referring to the paidcritics.com Web site.

Wal-Mart: <http://www.wal-martfacts.com>

WakeUpWalMart: <http://www.wakeupwalmart.com>

Wal-Mart Watch: <http://walmartwatch.com>

Working Families for Wal-Mart: <http://www.forwalmart.com>

Paidcritics.com: <http://paidcritics.com>

Scatterbox by Steven Silver: <http://www.stevensilvers.com>