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'Green' Ratings at Walmart

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The Wall Street Journal (WSJ) recently featured an article discussing a new 'green' initiative being pursued by Wal-Mart Stores Inc. As part of a new environmental labeling program, the world's largest retailer told its suppliers that they are responsible for calculating the environmental impact of their products and disclosing this information to Wal-Mart for use in a rating system designed to allow customers make more informed purchase decisions. This program is the latest in a series of efforts by Wal-Mart to limit energy consumption and waste. Initiatives introduced over the past few years, ranging from the sale of fluorescent light bulbs to the introduction of concentrated detergents, have been widely-regarded as successful. However, this new initiative will likely prove to be costly for Wal-Mart's 100,000 suppliers, none of whom will receive an exemption according to the company.

John Fleming, Wal-Mart's Chief Merchandising Officer, is spearheading the program and believes the environmental labeling system will be easily understood by consumers, similar to nutritional information displayed on food products. Wal-Mart cautioned that it could take more than five years before the first labels begin appearing on products, although industry experts believe it could start as soon as 2011.

Wal-Mart aims to develop an industry-wide standard by creating a sustainability index that will be available to anyone, including competitors. This initiative will help determine whether or not consumers are willing to pay more for environmentally-friendly products, thereby helping suppliers better assess consumer preferences. While Wal-Mart doubts that consumers are willing to pay higher prices today, it believes that future generations of shoppers born after 1980 will be more environmentally conscience.

For more information, you can find the complete WSJ article at:

<http://online.wsj.com/article/SB124766892562645475.html>

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