

Exhibit 50 to Plaintiff's
Memorandum of Points and Authorities
in Support of Its Motion for Temporary
Restraining Order and Preliminary Injunction
(PX01306)

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Wal-Mart learns lessons with organic foods

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By Nicole Maestri

BENTONVILLE, Arkansas (Reuters) - A year ago, a Wal-Mart shopper buying a three-pack of romaine lettuce hearts wound up purchasing organic, and it wasn't because the organic trend had convinced shoppers to cast aside conventional lettuce.

They had no choice -- the only three-pack of romaine hearts Wal-Mart Stores Inc. sold was organic.

But over the past seven months, conventional packs of romaine hearts have returned to store shelves at the world's largest retailer. That's because Wal-Mart has found its initial strategies for ramping up organic offerings at stores that sell food did not always work.

"It's almost inappropriate for us, who always try to be the low-cost leader and the low-price leader in our stores, to opt for an exclusive program," said Ron McCormick, Wal-Mart vice president of produce and floral, of the lettuce experiment.

Last year Wal-Mart said it would double its offerings of organic food. Since then, the number of organic items in its stores has been scrutinized for the way they rise and fall on a daily basis and from store to store, with many wondering if Wal-Mart has pulled back from its commitment.

McCormick, in an interview in his office at the company's headquarters in Bentonville, Arkansas, declined to discuss the specific number of organic items Wal-Mart stocks, saying that with 2,400 stores it varies, especially from market to market.

Wal-Mart now has a number of so-called "tier one" stores that carry a large organic selection, and McCormick sees the potential for the category to succeed in all of its stores.

"There are really very few stores that can't sell 20 to 25 produce items on a pretty consistent basis," he said.

TESTING IT OUT

McCormick said Wal-Mart began testing organic produce at a store near Albuquerque, New Mexico, about three years ago, after noticing that virtually all of its competitors had moved into the category.

"We thought if it was a high population, fast-growing market like this, and there's that many people into it, it takes it beyond the world of a Whole Foods or a specialty store -- there must be something there," he said.

So the company set up a 12-foot section in its produce area, combining natural foods, vegetarian items and organic produce.

"I think we added initially about 45 items, and we were getting it from local sources, so it was easy to do," he said.

Some items sold well, others did not, and McCormick said his team played around with the section for a year before organics garnered company-wide interest, with talk of expanding it across the country.

One way Wal-Mart figured it would tackle the category on such a large scale was to go exclusive -- find certain products that were relatively as easy to grow organically as they were to grow conventionally, and then sell only the organic version.

But by only offering three-packs of organic romaine hearts, the company was unable to take advantage of local supply and times when farmers would offer deals on conventional lettuce.

"We were having to say no because our program was exclusively organic on that item. So it got to be foolish not to take advantage of those opportunities," McCormick said.

Wal-Mart also ran into supply issues.

"The growers were straining to meet our volume, which I think also pushes you into an unenviable position in produce," he said.

"Whenever growers are straining to meet your volume it means they're forced almost into selling you something that would not be their best crop because they're desperate to get you something to meet your demand."

McCormick said Wal-Mart continues to fiddle with its organic strategy, trying to figure out the premium that its shoppers will pay for organic produce. It is also focused on developing a consistent supply of products.

"We're now trying to build a network of good suppliers that will be able to grow with us and be consistent. Our ideal supplier is one that has a passion for what they're doing and also has the ability to grow as we grow, so you don't have thousands and thousands of suppliers," he said.

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