



The End of WalMart?

Posted by [Dave Cohen](#) on October 31, 2005 - 12:31am

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One of [Jim Kunstler's](#) favorite subjects is the collapse of "easy-motoring" suburbia and the business culture that serves it, all due to higher fuel costs in the future. This is the chief theme of [The End of Suburbia](#).

Since World War II North Americans have invested much of their newfound wealth in suburbia. It has promised a sense of space, affordability, family life and upward mobility. As the population of suburban sprawl has exploded in the past 50 years, so too has the suburban way of life become embedded in the American consciousness....

The consequences of inaction in the face of this global crisis are enormous. What does Oil Peak mean for North America? As energy prices skyrocket in the coming years, how will the populations of suburbia react to the collapse of their dream? Are today's suburbs destined to become the slums of tomorrow?

No business symbolizes or exemplifies the suburban lifestyle more than WalMart. Recently, some [cracks](#) have appeared in the facade of this retail juggernaut. This report does not focus on WalMart's [evil business practices](#). Instead, we investigate how higher energy costs are affecting their business as reported in [Wal-Mart to Seek Savings in Energy](#) published October 25th in the New York Times.

As early as June of this year, the EIA was [reporting](#) that "surging global distillate demand in Europe and Asia has retail diesel selling at a premium over retail gasoline". This trend has not stopped; rather, it is worse as shown in the EIA price report HO cites [here](#). Here in Colorado, the local fossil fuels feed shows gas at \$2.59/gallon but diesel at \$3.29/gallon. Why is this of interest? Because long-haul trucks use diesel and WalMart uses more trucks than anybody else. As reported in the Times

The trucks in Wal-Mart's fleet, the nation's largest, have a fuel efficiency of about 6.5 miles per gallon. "They can do at least 13," said Amory Lovins, chief executive of the Rocky Mountain Institute, a nonprofit organization that serves as a consultant to companies on energy efficiency and has performed work for Wal-Mart. "They are a big enough buyer to get truck suppliers' undivided attention."

Mr. Lovins added: "The reason Wal-Mart's leadership in this area is so important is that they have the scale and market power to change what is offered, and to change it rapidly."

Although it may be hard for some to assess their feelings on learning that [Amory Lovins](#) gets consulting fees from [The Borg](#), it is clear that WalMart chairman H. Lee Scott & company have recognized that they have a transportation fuels cost problem. But nothing with WalMart is straightforward and so we also learn that they are intent on [saving the planet Earth](#) as well, including [from the NY Times]

a set of sweeping, specific environmental goals to reduce energy use in its stores, double its trucks' fuel efficiency, minimize its use of packaging and pressure thousands of companies in its worldwide supply chain to follow its lead...

The company's environmental initiative includes improving energy efficiency at its 1,876 supercenters, which now consume an average of 1.5 million kilowatts of electricity annually, according to Tara Stewart, a spokeswoman for the company. A model center in McKinney, Tex., has in its first few months shown an improvement of slightly less than 10 percent, she said.

Mr. Scott said that as the largest buyer of manufactured goods in the world, Wal-Mart has the power to encourage its more than 60,000 suppliers to adopt environmentally conscious business practices. "Our most direct impact will be on our suppliers," he said. "If we request that our suppliers use packaging that has less waste or materials that can be recycled, everybody who buys from that manufacturer will end up using that package."

... The commitments to environmental sustainability come after what the company described as an intense, yearlong listening tour that took Mr. Scott and his top managers to a maple syrup farm in New Hampshire, where they studied the impact of rising world temperatures, and the cotton farms of Turkey, where they examined the role of toxins in clothing manufacturing.

WalMart has heart! Not everyone believes this, however. As reported again in the NY Times

"It is a diversionary tactic," said Chris Kofinis, of Wake Up Wal-Mart, a group founded by the United Food and Commercial Workers Union, which is trying to organize the chain's workers. "Wal-Mart understands that they have a growing public relations disaster on their hands. American people are looking at a company with \$10 billion in profit and \$285 billion in sales that makes excuse after excuse about why it can't provide a living wage and health care to its workers."

So, is this the beginning of the End of Walmart? Well, no, not yet. In fact, we learn that [Wal-Mart looks to get even bigger](#), an article published (coincidentally?) on the very same day that the NY Times reported that WalMart had gone green.



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