

Case 9-G

Looking for Truth Behind the Wal-Mart Blogs

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When you think of blogging, the image of a lone person passionately pounding out a late-night journal hoping to gain a few loyal readers comes to mind. But if you're Wal-Mart, the largest retailing chain in the world, you can afford a little professional help, and that's precisely what the corporation did on at least two blogs until Wal-Mart's public relations firm was forced to reveal the ruse.

Before the admission, rumors had been circulating about the authenticity of the blogs. In an article on www.cnnmoney.com entitled "Corporate Blogging: Wal-Mart's Fumbles," *Fortune* senior writer Marc Gunther (2006) broke the story in the mainstream press with this posting:

A blog praising Wal-Mart called "Wal-Marting Across America," ostensibly created by a man and a woman traveling the country in an RV and staying in Wal-Mart parking lots, turned out to be underwritten by Working Families for Wal-Mart, a company-sponsored group organized by the Edelman public relations firm. Not cool.

The couple, it turns out, were Laura St. Claire, a freelance writer and an employee at the U.S. Treasury Department and Jim Thresher, a staff photographer at the *Washington Post*. And Wal-Mart, far from being the lucky beneficiary of a blog that found happy Wal-Mart employees at every stop, was shown to be behind the trip and was paying for the couple's support, including money for renting the RV, gas and fees for writing the blog (Gogoi 2006). And behind Wal-Mart was Edelman, a nationally recognized PR firm as a part of their "Working Families for Wal-Mart" campaign.

As bloggers expressed their outrage at the ruse, Edelman CEO Richard Edelman issued an apology on his personal blog. "I want to acknowledge our error in failing to be transparent about the identity of the two bloggers from the outset. This is 100 percent our responsibility and our error, not the client's" he wrote (Gogoi 2006).

But the happy RVing couple was not the only phony Wal-Mart blog. Two days after Gunther's article, [cnnmoney.com](http://www.cnnmoney.com) exposed the practice on their Web site, in an unsigned article entitled "PR Firm Admits It's Behind PR Blogs." In that article, the following information was posted:

A public relations firm has revealed that it is behind two blogs that previously appeared to be created by independent supporters of Wal-Mart. The blogs Working Families for Wal-Mart and subsidiary site Paid Critics are written by three employees of PR firm Edelman, for whom Wal-Mart is a paid client, according to information posted on the sites Thursday. Before Thursday, the authors of the blogs were not disclosed. But Web critics had been skeptical of claims that the blogs were grass-roots efforts, and pushed for greater transparency.

Employees of the Edelman public relations firm were eventually revealed as the source of blogs

on two more sites that produced favorable stories about Wal-Mart and sought to debunk its critics. In mid-October of 2006, the following message appeared on www.forwalmart.com :

In response to comments and emails, we've added author bylines to blog posts here at forwalmart.com. The site has been updated, but readers may have to refresh the page for the new information.

By clicking on the single name byline of "Miranda," the reader would find the following information: "Miranda Grill works for Edelman. One of her clients is Working Families for Wal-Mart." The same message appeared on the www.paidcritics.com site, whose tagline is ironically, "Exposing the Paid Critics" in a posting entitled "A CHANGE TO PAIDCRITICS.COM" written by "Brian." A click on Brian's byline yielded the following information: "Brian McNeill works for Edelman. One of his clients is Working Families for Wal-Mart."

According to their Web site (www.edelman.com), the Edelman public relations firm claims 2,220 employees in 46 offices worldwide and billed \$305 million in fees in fiscal year 2006. They were named "Large PR Agency of the Year" by *PR Week US* in 2006. The "welcome" page on the Edelman Web site contains the following description over the signature of Daniel J. Edelman, Founder and Chairman, and Richard Edelman, President and CEO:

We were the first firm to apply public relations to building consumer brands. We invented the media tour, created litigation and environmental PR, were the first to use a toll-free consumer hotline and the first to employ the Web in crisis management. That's just the beginning. Today we're on a mission: to make public relations the lead discipline in the communications mix, because only public relations has the immediacy and transparency to build credibility and trust.

There was no mention of the Wal-Mart incident under "Latest Headlines" on the Edelman Web site in the week after the story broke.

Micro Issues

1. Should Edelman have acknowledged the problem on their Web site before the *Fortune* magazine reporter broke the story? Should they have responded afterwards?
2. How common do you think Wal-Mart's actions are? Is it possible that "grassroots" fan sites are actually paid for by celebrities or their publicists, for instance?
3. If Wal-Mart is right that its critics are "paid," does that justify paying a public relations firm to say good things about Wal-Mart?

Midrange Issues

1. In the "marketplace of ideas" is there any place for this type of "stealth" public relations?
2. How does this differ from "viral marketing," where companies try to generate "buzz" about products to bypass traditional advertising media to reach the public with a message, often paying agents in the process?

3. How does this differ from “product placement” in television or movies, where the audience is not informed if a product manufacturer paid to be on the screen?

Macro Issues

1. Upon hearing of Thresher’s involvement, the *Post*’s executive editor demanded that he pay back any money he received for the trip and remove his photographs from the blog (Gogoi 2006). Should there be any other penalties for his actions? Does it make a difference if he is on his own time during the trip? Does it make any difference if every posting represents his true opinion?
2. Critics called for greater transparency in the blogs. Edelman claims to use “transparency to build credibility and trust.” What does transparency mean in public relations? Is it different from transparency in journalism? Was Edelman transparent in its dealings on these two Web sites?
3. Barbara Ehrenreich in her book *Nickel and Dimed* writes a very different story about the plight of Wal-Mart workers. To get the story, she took a job in a Wal-Mart and attempted to live on the income they paid. Her bestselling book was highly critical of the way Wal-Mart treats its employees. Is her work, for which she received royalties, any different than the paid Wal-Mart bloggers? If so, in what way? Is Ehrenreich a journalist? Is it the role of journalism to put pressure on corporations such as Wal-Mart?