

Wal-Mart gives boost to push for healthier food

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Wal-Mart President and CEO Bill Simon looks on as First lady Michelle Obama takes part in Wal-Mart's announcement of a comprehensive effort to provide healthier and more affordable food choices to their customers, Thursday, Jan. 20, 2011, in Washington. (AP Photo/Cliff Owen)

(AP) -- Attention, Walmart shoppers: The food in your cart, from fruit drinks to salad dressing, may soon get healthier.

The nation's largest grocer said Thursday it will reformulate thousands of store-brand products to reduce sodium and sugar and push its suppliers to do the same.

It also promises to reduce prices on produce and build stores in poor areas that don't already have grocery stores.

First lady Michelle Obama said Wal-Mart's plans have "the potential to transform the marketplace and help Americans put [healthier foods](#) on their tables every single day." She lent star power to Wal-Mart Stores Inc. executives as they announced the effort in Washington as part of her campaign against obesity.

A number of [food makers](#) have made similar moves, lowering sodium in their products based on shopper demand and increasing scrutiny by health groups. Bumble Bee Foods, General Mills Inc., Campbell Soup Co., PepsiCo Inc. and Kraft Foods Inc. all announced sodium reductions to their products last year.

Wal-Mart's size, however, gives it unique power to shape what people eat. The grocery business of the nation's largest retailer accounts for about 15 percent of the industry in the U.S. and is nearly twice the size of No. 2 competitor Kroger.

"This is a game changer," said Michael Hicks, associate professor of economics at Ball State University and author of a book on Wal-Mart's economic impact. "If Wal-Mart could reduce the prices on healthy food and provide access to them in more places, you could have a measurable effect on incidences of diabetes and heart-related ailments."

About 20 percent of Wal-Mart's food products are sold under its Great Value store brand, Hicks estimates. Making brand-name products healthier will require help from suppliers, but the company's influence over them is already clear.

When Wal-Mart pressed producers to use less packaging, for example, they responded. Now deodorant and toothpaste are sold without boxes.

"The whole industry shifted, and this will likely be the case for sodium and sugars," Hicks said.

Robert Lawrence, a professor at the Bloomberg School of Public Health at Johns Hopkins University, agreed that Wal-Mart could wield great influence on nutrition but is skeptical about how hard it will push.

"Is Wal-Mart going to push Pepsi and Coca-Cola to make sugar-free drinks to replace the shelf after shelf of those that they sell?" Lawrence asked.

Wal-Mart said it plans to reduce sodium by a quarter and cut added sugars in some of its store-brand products by 2015. It also plans to remove remaining industrially produced trans fats and develop a logo for products that meet its criteria for health.

To start, the company plans to concentrate on products like lunch meats, fruit juices and salad dressings that are high in sugar or sodium that consumers don't realize they're consuming.

Besides the changes to its products, Wal-Mart said it would reduce prices on fruits and vegetables by \$1 billion a year by attempting to cut unnecessary costs from the supply chain. The company also said it would work to reduce prices on healthier items made with more expensive ingredients.

"Our customers often ask us why whole wheat pasta sometimes costs more than regular pasta made by the same manufacturer," said Andrea Thomas, Wal-Mart's senior vice president of sustainability.

Wal-Mart officials acknowledged that it will take time for suppliers to reformulate some of the foods and make sure they still taste good.

Wal-Mart said it plans to track its suppliers' improvements in making food more healthy, using the year 2008 as a baseline. Vendors that have already made some inroads will get credit for their work, but the

objective is to meet the target reductions in what people are buying.

Less clear is whether the food initiative will help Wal-Mart persuade reluctant cities to let it expand. Wal-Mart executives have noted that city officials have seemed more willing in recent months as they look for ways to create jobs.

Leslie Dach, executive vice president for corporate affairs and government relations, told the group that Wal-Mart's commitment to healthier food will be another asset the retailer can bring to the table.

But Brian Sozzi, an analyst with Wall Street Strategies, isn't sure.

"This can't hurt them, but Wal-Mart still has a stigma," he said. Lowering prices on whole wheat pizza, he says, is "not going to put them over the edge in New York."

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