

## TESTIMONY



United States Senate  
Government Affairs Committee

Hearing on

Rating Entertainment Ratings: How Well are They Working  
for Parents, and What can be Done to Improve Them”

Testimony of Doug McMillon, Senior Vice President and  
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Introduction

Mr. Chairman, members of the Subcommittee, I am Doug McMillon, Senior Vice President and General Merchandise Manager, for Wal-Mart Stores.

At Wal-Mart, we have worked hard to create and protect our relationship with our customers. They are and always have been the guiding force behind our decisions. We have created stores that offer every day low prices, quality merchandise, and fast and friendly service. Our associates are involved with the individuals and families in our communities. Last year alone, we supported our communities with \$190 million in charitable giving. Ninety-seven percent of that money was donated at the local level through our stores. We aspire to be an important part of our customers’ communities and to provide products and services that raise the standard of living for the working families of America.

Consistent with that aspiration, Wal-Mart attempts to sell entertainment products in a way that allows our customers to make informed decisions and to exclude from our shelves, merchandise that our customers find objectionable due to its sexually explicit or extremely violent nature. The challenge we face is in our ability to 1) help the customers understand what they are buying and 2) determine which products they find objectionable either before, and in some cases after, we have made it available for purchase. At times, this is harder than it sounds due to the subjective nature of some of these decisions.

Any success we achieve in these efforts is accomplished, in large part, by following rating systems established by the entertainment industries.

### Movies

In the case of movies, we use the MPAA, Motion Picture Association of America, voluntary ratings (G, PG, PG-13, R, and NC-17) as we make decisions about which movies to carry. For example, we do not carry NC-17 rated content. We do carry G, PG, PG-13 and some R rated content. Our buyers for movies determine which R rated movies to carry based on their best judgment. They use their knowledge of our customers and the customer response to the movie in theaters to make a decision on a specific title. We then utilize a register prompt at our cash registers to verify the age of the customer buying the R rated movie. In accordance with our policy only those customers who are age 17 and above are permitted to purchase R rated movies.

We believe that because MPAA ratings have been in consistent use since 1968, there now exists a widespread customer understanding of the ratings. As a result, we have few customer questions about the ratings themselves. Our customers seem to clearly understand what they are purchasing.

### Video Games and Computer Software

In the case of video games (for example, Sony Playstation or Nintendo games) and computer software, we use the ESRB, Entertainment Software Rating Board, ratings (EC, E, T, M, and AO) as we make decisions about which products to carry. We do not carry software rated adults only (as rated by the ESRB). As a rule, we do not carry Parental Advisory stickered products. We do carry EC, E, T, and select M titles. Our buyers for video games and computer software determine which M rated products to carry based on his or her best judgment. They use their knowledge of our customers to make decisions on specific titles. We then utilize a register prompt at our cash registers to verify the age of the customer buying the M rated product. In accordance with our policy only customers who are age 17 and above are permitted to purchase M rated titles.

Since the ESRB has only been in existence since 1994, we sense that a large number of our customers do not clearly understand the ratings system. In addition to register prompting, we have taken several steps to educate our

customers on how to interpret the ratings including in store signing; print advertising; and associate training. As a specific example, Wal-Mart stores display in store signing which explains the ESRB ratings. For video games and software, in store signing is placed in either the glass case or section where the item is stocked and explains the ESRB ratings to customers.

### Music

In the case of music, we do not have a ratings system to follow. The music labels determine on a title-by-title basis whether to attach a parental advisory sticker or not. We refer to this as stickered music. Today, we do not carry parental advisory stickered music.

The music labels make edited versions of some stickered music available. We do carry edited versions of music on selected products. This product is labeled "edited version." Our buyers for music determine which non-stickered and edited music to carry based on their best judgment. From our perspective, an unbiased, standardized ratings system would help our customers determine whether specific music is appropriate for their needs and tastes.

We do not restrict the sale of any music products. If we were to make the decision to carry parental advisory music, we would most likely restrict the sale through a register prompt as we do with R rated movies and M rated video games.

### Proposed Modifications and Improvements to Rating Systems

We are aware that the National Institute on Media and the Family has proposed that media ratings be more accurate, even to the point of establishing an independent ratings oversight committee and a universal media ratings system. We share their concern that ratings systems accurately and consistently identify sensitive material. We want our customers to be able to make informed decisions regarding the entertainment products they purchase.

While we obviously would be supportive of continued improvements in media ratings systems, Wal-Mart and other members of the retail community have voluntarily made substantial investments of time and resources to ensure that both our associates and our customers are fully informed of

existing ratings standards. For example, the ratings system for movies was first initiated in 1968 and generally has been effective in establishing sufficient levels of consumer familiarity with movie content. Accordingly, any proposals to make media ratings more accurate should build upon this current level of familiarity.

With respect to the notion of an independent ratings oversight committee, there are serious concerns over whether such a body would interfere unduly with consumer choice and discretion in the purchase of constitutionally protected free speech. These concerns would be compounded by the fact that Wal-Mart and other retailers have already demonstrated a commitment to enforce and comply fully with voluntary, industry standards. Accordingly, we feel that the formation of an independent regulatory body would at this point be premature and should be considered only after the related constitutional issues are fully examined.

Finally, it has been proposed that a universal ratings system be established for purposes of simplification. Prior to making a recommendation regarding such a system, we would want input from our customers.

### Conclusion

While we use our best judgment at Wal-Mart on which items we carry, and while we work hard to restrict the sale of certain products to those under the age of 17, it is simply not possible to eliminate every image, word or topic that an individual might find objectionable. In addition, we're the first to admit our systems and our associates, good as they are, are not infallible.

However, it is our sincere hope that our policies make it possible for our customers to make informed decisions and for them to feel we are handling entertainment products in an appropriate manner.

At this time I am pleased to answer any of your questions.

### Appendix

MPAA (Motion Picture Association) Ratings

G (General Audience) - All ages admitted.

PG (Parental Guidance Suggested) - Some material may not be suitable for children.

PG-13 (Parents Strongly Cautioned) - Some material may be inappropriate for children under 13.

R (Restricted) - Under 17 requires accompanying parent or adult guardian

NC-17 - No One 17 and Under Admitted.

ESRB (Entertainment Standards Ratings Board) Ratings

EC (Early Childhood) – content suitable for persons ages 3 and older

E (Everyone) – Content suitable for persons ages 6 and older

T (Teen) – Content suitable for persons ages 13 and older

M (Mature) – Content suitable for persons ages 17 and older

AO (Adults Only) – Content suitable only for adults

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