



WRITTEN TESTIMONY

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GENERAL MERCHANDISE MANAGER
WAL-MART STORES, INC.
BENTONVILLE, ARKANSAS**

***VIOLENT AND EXPLICIT VIDEO GAMES:
INFORMING PARENTS AND PROTECTING CHILDREN***

**BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON COMMERCE, TRADE AND CONSUMER PROTECTION**

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BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES

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“Violent and Explicit Video Games: Informing Parents and Protecting Children”

June 14, 2006

Chairman Stearns, Ranking Member Schakowsky and distinguished Members of the Committee:

Wal-Mart Stores, Inc. thanks the Committee for its work on this important issue and for holding this hearing today. We support actions taken to prevent children from obtaining violent and explicit video games and to inform and educate parents regarding the same. We are prepared to work with you to avoid the sale of this material to children and to make certain parents understand what they and their children are purchasing.

BACKGROUND

My name is Gary Severson. I am the Senior Vice President and General Merchandise Manager for Wal-Mart Stores, Inc. I oversee the purchase of toys, electronics, video games, computers, music and movies. I joined Wal-Mart in 1994 as a Buyer. In 1995, I was promoted to Merchandise Manager and was appointed to Vice President and Divisional Merchandise Manager in 1997. In August of 2002, I was promoted to Senior Vice President and General Merchandise Manager. Prior to joining Wal-Mart, for eight years, I served in Merchandising for Venture Stores, a division of the May Company. I hold a Bachelor of Science degree from Brigham Young University in Provo, Utah.

Wal-Mart is based in Bentonville, Arkansas. Our company employs approximately 1.3 million Associates from all 50 states and approximately 1.8 million Associates worldwide. Each week over 176 million customers worldwide choose to shop at Wal-Mart, which we feel reflects the success of our dedication to providing

Everyday Low Prices to our customers. Wal-Mart does not just operate stores, clubs, and distribution centers in communities; we take a proactive stance in community involvement on a number of issues.

PURPOSE OF HEARING AND WAL-MART'S ROLE

As we understand it, there are several purposes of this hearing including: (1) to learn about best practices utilized by the private sector to prevent the sale of violent and explicit video games to children and to inform parents about video game content prior to purchase; (2) to explore potential ways in which to best prevent the sale of violent and explicit video games to children and to inform parents about video game content prior to purchase. With this understanding, Wal-Mart is eager to share its information and experiences.

WAL-MART'S POLICIES AND PROCEDURES

Wal-Mart is pleased to be a part of this process. We make every effort to be a responsible retailer and take the role very seriously. We proactively work to prevent children from obtaining mature and adult rated video games as well as to inform parents about video game content prior to purchase. Wal-Mart has taken and continues to take voluntary steps to address these issues.

All of the video games Wal-Mart carries are rated by the Entertainment Software Ratings Board (ESRB). ESRB is responsible for rating the content of interactive entertainment software or video games. The rating system is designed to help customers choose the right games for their families. Parent customers report that they find the rating system helpful and credible. According to an ESRB nationwide survey of parents, parents agree with the ESRB ratings assigned 82 percent of the time. This is an important statistic to Wal-Mart as we look to our customers for guidance.

First, while Wal-Mart represents about 24 percent of the video game sales in the United States, we feel it is important to point out that we choose not to carry or sell any video game with an "Adult" rating and in 2005 we sold significantly more "Everyone" and "Teen" rated video games than we did "Mature" rated video games. Second, we have a process in place to help ensure that only customers who are 17 years of age or older can purchase video games rated "Mature." Wal-Mart Associates are not permitted to sell "Mature" rated video games to any person under the age of 17 years of age, unless the person is accompanied by a parent or guardian.

Specifically, we have many checkpoints in place to prevent the sale of "Mature" rated video games to anyone under the age of 17 years of age. All video games have an ESRB rating symbol on the front of the product. Thus, a "Mature" rating symbol will indicate to the Associate that the customer is required to be 17 years of age or older to purchase the item. Further, we have programmed all of our cash registers to prompt Associates to check the age of customers attempting to

purchase "Mature" rated video games. Upon seeing the prompt, the Associate is required to request that the customer provide a valid, current, Government issued form of identification. If the customer cannot provide a valid, current, Government issued form of identification, the Associate must politely decline the sale.

Further, salaried managers, Customer Service Managers and Home Entertainment Department Managers are required to ensure that all Associates know and understand the requirements for selling "Mature" rated video games.

In addition to monitoring actual sales, Wal-Mart is committed to making sure customers are satisfied with their purchases by ensuring they understand what they are taking home. To this end, it is policy that all stores have the ESRB rating information posted in the electronics area to help customers make informed decisions about the video and software games they are purchasing. Recently, we took steps to improve the appearance and visibility of the ESRB rating signs. Further, we use our in-store television network to run Public Service Announcements to educate our customers about the ESRB ratings system. When we advertise video games in newspaper circulars we display the ESRB ratings guide. Finally, Wal-Mart Associates play an important role in this process by explaining the rating system and making sure customers are aware of it.

Compliance with all these guidelines is critical in terms of providing excellent customer service, reducing returns from "surprised" customers, and enhancing customer trust. Wal-Mart is one of the leaders among retailers in terms of its compliance with the ESRB ratings and in taking steps to make sure children do not purchase video games inappropriately rated for their age.

Wal-Mart continually works to improve its performance regarding the sale of video games. We are focused on education and ratings enforcement and are working on new ideas to educate parents about ratings in our advertisements in in-store television monitors. Further, we are working with our operations team to train all our associates regarding ratings.

Wal-Mart does not limit its vigilance to in-store sales. Walmart.com is one of the leaders in the industry in terms of warning signals and prompts that we use throughout the interface and checkout flow. A purchaser of a "Mature" rated video game on Walmart.com must check a box confirming they are in fact 17 years old or older before they can proceed to our online checkout and purchase a "Mature" rated video game.

It is important to note that self-regulation regarding the ESRB ratings and compliance in the retail sector has worked and continues to work. There has been a dramatic improvement among retailers in restricting access to inappropriate content by minors. Specific actions that have led to this improvement include the installation of digital prompting technology that requires identification at the cash register, the installation of clear signage on the retail sales floor describing the ratings system, and

the dissemination and utilization of manuals and documents outlining training for sales clerks.

WAL-MART'S POLICIES AND PROCEDURES ARE EFFICIENT AND EFFECTIVE

It is important to point out Wal-Mart has policies and procedures in place as well as capabilities which allow it to react to the sometimes quickly changing environment in retail sales. If for example, there is a sudden need to pull a particular video game from our stores, we have the ability to implement that process within minutes.

For example, recently a video game titled "Oblivion" was originally rated "Teen" but was re-rated "Mature" when it was determined to contain mature material. As soon as Wal-Mart was notified of the rating change, we immediately pulled the video games from the floor in all our stores, moved them to the backroom, re-stickered them with a "Mature" rating symbol, and changed our register prompts accordingly before placing the video games back on the floor. Further, within minutes of receiving notice from the ESRB regarding the hidden content and new "Adult" rating for a recent version of "Grand Theft Auto," Wal-Mart stopped all sales of the video game, pulled all the video games from the retail sales floor and returned them to the supplier.

These examples illustrate Wal-Mart's ability to timely address any issue that may arise in the sale of video games. This in turn, improves our ability to remain a responsible retailer providing excellent customer service, protection to children buying video games and information to parents regarding the content of video games.

ADDITIONAL WAL-MART ACTIVITIES AND AFFILIATIONS THAT ARE MAKING A DIFFERENCE

As a responsible retailer and member of communities across the United States, Wal-Mart participates in a variety of activities designed to educate and empower parents to make decisions about what their kids play, watch and hear.

Wal-Mart is a member of Healthy Media Healthy Children which is the umbrella organization for PauseParentPlay, a campaign designed to empower parents to make decisions about what their kids watch, hear and play from television and movies to video games and music. PauseParentPlay is the first comprehensive, nationwide movement that joins the entertainment industry with leaders from private businesses, Congress and family groups. PauseParentPlay was created about four years ago when several corporate CEOs and members of Congress started discussing a private sector initiative aimed at helping parents gauge which media is appropriate for their children. Wal-Mart was a founding member motivated by its belief that parents should be armed with tools to make the best media choices for their children. U.S. Senators Rick Santorum (R-PA), Joseph Lieberman (D-CT), John Ensign (R-NV), and Mark Pryor (D-AR) serve as advisors to this bipartisan group.

PauseParentPlay continually takes steps to reach parents through outlets they use and see everyday such as placing advertisements in magazines and placing displays in retail stores and other venues. The advertisements and displays direct the parents to the website, www.PauseParentPlay.org where they will find information and tutorials about media tools in an easy-to-use format. The site guides parents through available tools such as the v-chip and age and content-based ratings for video games, television, movies and music. The site provides busy parents with easy access to all the information they need to make informed choices about what their kids play, watch and hear.

Further, Wal-Mart is a member of the Entertainment Merchants Association (EMA). The EMA (formerly known as the IEMA and VSDA) is committed to parental empowerment programs. It began in October 1997, when one of EMA's predecessor organizations endorsed the Motion Picture Association of America rating system for motion pictures and encouraged its members to enforce the ratings. Among other things, the EMA facilitates the adoption of voluntary ratings enforcement by retailers, encourages retailers to educate parents about video game ratings through various forms of in-store signage and notification, and provides parents with information how to make the right entertainment choices for their families. The EMA's public education components include media outreach, a ratings awareness public service announcement that runs on the in-store monitors of more than 10,000 retail establishments, and a website that contains the public service announcement, guidelines for parents, a PowerPoint presentation about the ratings and labeling systems, and other ratings and labeling information.

CONCLUSION

Wal-Mart seeks excellence and responsibility in everything we do. We constantly strive to improve our business processes and to enrich the communities in which we are located. With regard to preventing the sale of violent and explicit video games to children and educating parents about the content of video games, we believe our model works. We abide by the ESRB ratings and do everything possible to prevent children from obtaining inappropriate video games and to inform parents about video game content.

Thank you for your time in allowing me to speak on behalf of Wal-Mart on this very important topic. We look forward to working with you to effectively and constructively address this issue.