

Even Heroes Die — A Comment

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The strategic renewal that consumer co-operatives worldwide were forced into during the 1970s and 1980s proved to be a significant challenge. Many have ceased to exist, most have struggled, and only a few have succeeded. Clinging to old paths — known in strategy literature as path dependence — is detrimental in this battle for survival. The Swedish consumer co-operative movement, which stood as a model in the co-operative world for decades, exemplifies this struggle. This article is a comment on Sara Kristoffersson's (2024) book from a strategic renewal perspective and places KF-Konsum's trajectory in comparative context with co-operatives in Finland and elsewhere. It concludes that KF-Konsum's decline illustrates the risks of ideal-driven path dependency, especially when contrasted with the S Group's consistent, customer-owner-based renewal strategy.

Introduction

The decline of Swedish KF-Konsum raises questions that reach beyond Sweden. Why do some co-operative enterprises manage to renew themselves while others falter? This article explores that question through a comparative strategic lens. By examining the historical and ideological trajectory of KF-Konsum, considering recent scholarship, and contrasting it with both the renewal of Finland's S Group and the collapse of the Finnish E Group, the article contributes to a broader understanding of the challenges and prerequisites of successful strategic renewal in co-operative organisations. Sara Kristoffersson's (2024) narrative of KF-Konsum's decline becomes a window into deeper structural and cultural dynamics — not only in Sweden, but across the co-operative world.

This article uses Kristoffersson's (2024) recently published book as a starting point for a broader analysis of the decline of Swedish KF-Konsum and the challenges of strategic renewal in consumer co-operatives. By contrasting the Swedish case with the Finnish S Group's renewal and the failure of the E Group, the article aims to draw wider lessons on the conditions for successful transformation in co-operative enterprises. Kristoffersson's (2024) book, originally written in Swedish, can be translated as *The Lost Paradise: The Story of Konsum's Rise and Fall*. It focuses on the history and strategic renewal efforts within the Swedish consumer co-operative movement, and is both intriguing and highly topical from the outset. The author is a professor of design history at the Konstfack in Sweden, and a well-known author of non-fiction. Her previous two books were of IKEA and her own institution Konstfack (Kristoffersson, 2014, 2022).

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As Kristoffersson (2024) argues, a comprehensive account of KF-Konsum's history and its decline has been notably absent. Additionally, she points out that the group's collapse happened in relative silence, which has puzzled her. Why has a movement and company that played such a central role in twentieth-century Sweden and in the co-operative world faded? In the 1940s and 1950s, KF-Konsum was a powerhouse, remaining one of Sweden's largest companies into the mid-1970s. Even if its current market share is not insignificant, the troubling trend of continuous decline is hard to ignore.

While Kristoffersson's (2024) book focuses exclusively on Sweden, its themes resonate more broadly within the international co-operative movement. The following sections use the Swedish case as a reference point to analyse strategic renewal — or its absence — in comparable co-operatives, especially in Finland. In particular, the paper contrasts KF-Konsum's decline with the successful renewal of the S Group and the collapse of the E Group, drawing wider lessons from these divergent paths. This comparative perspective forms the core of the article's structure.

Consumer Co-operation in Sweden is a Good Reference Point for Finland

The difficulties faced by consumer co-operatives in the late twentieth century provides a clear picture of the background of this global phenomenon — namely, the widespread crisis of consumer co-operatives and the subsequent wave of strategic renewal efforts it triggered —, with KF-Konsum being just one case among others (Wilson et al., 2023, 2024). From a Scandinavian perspective with strong co-operative movements, the new book from the neighbouring country is particularly interesting because Sweden like other Nordic countries has a long history of a well-established consumer co-operative movement.

In this article, I intentionally use the name combination 'KF-Konsum' because the actual parent co-operative, which controls Konsum, is Konsumentförening KF. Konsum has long been KF's retail brand. In Finland, the KF-Konsum story serves as a benchmark for the S Group, a Finnish consumer co-operative, with its recent decades of outstanding strategic renewal success (Skurnik, 2024) and the complete failure of the E Group (which had roots in the Finnish labour movement) in its renewal attempts (Komulainen & Skurnik, 2024). Also, some other established co-operatives elsewhere, in Italy, Norway, Canada, and the UK, are surely interested in this book (see Battilani, 2024; Ekberg, 2012; Pohler & Pigeon, 2024; Webster & Wilson, 2024).

Kristoffersson's (2024) design-historical perspective on Konsum's over-a-century-long development arc is somewhat different from most traditional business and strategy analyses. However, Kristoffersson succeeds in painting a compelling picture of Konsum's development trajectory to date. Although the book does not specifically address strategic renewal, it provides interesting new insights on the subject. In fact, the significance of the choices made by S Group (Skurnik, 2024), which was on the brink of bankruptcy in the late 80s, are framed well when compared to the decisions made by KF-Konsum during the same period — and vice versa. KF-Konsum's fundamental problem was the same. Its business operations were unprofitable and continually declining. Financially, its survival increasingly relied on the proceeds from the liquidation of various assets (Sandgren, 2024).

The Alliance Between KF-Konsum and the Swedish Social Democrats

The Swedish consumer co-operative movement emerged in 1899 in response to a clear societal need, much like the SOK co-operative (later the S Group) in Finland half a decade later (Komulainen & Skurnik, 2024). Soon, it secured a solid position as a pillar of Sweden's economic growth, it began to branch out in many directions, moving beyond retail and wholesale into consumer goods, manufacturing, housing construction, insurance, and more.

Kristoffersson argues that KF-Konsum gained significant momentum in the 1930s, playing a significant role in building the Swedish welfare state for decades to come (p. 53), when the Swedish Social Democrats, led by long-serving Prime Minister Per Albin Hansson (1885-1946), rose to prominence in the country's political landscape. He brought the idea of 'folkhem' (people's home) into Swedish politics in the late 1920s, which roughly translates as an egalitarian and solidaristic welfare state (Edling, 2023).

This relationship between KF-Konsum and Hansson's Social Democrats is central in this case. With KF-Konsum's support, Sweden under the social democratic rule began to implement in its politics the vision of 'folkhem', which as such was not a new idea (see Edling, 2023). Not that Social Democrats necessarily directly favoured or directed KF-Konsum. Rather with its support, Sweden began to implement in practice this earthly paradise that Kristoffersson also describes as a utopia.

The Social Democrats and the leadership of KF-Konsum were simply like-minded, and the party received strong support from KF-Konsum for its political goals, and *vice versa*. Kristoffersson (2024) suggests that the flagship corporation of 'folkhem' was politically independent, but behind the scenes, there was political and trade union support (p. 6), meaning that in practice, the co-operative movement becomes embedded in the labour movement (p. 16). Even its current chairman, Leif Linde, is a high-level Social Democrat politician. Based, for instance, on our knowledge of the Finnish E Group case, the dynamics of this kind of situation are quite well known — both the positive (mostly in good times) and the negative aspects (when the business environment is challenging): political parties and trade unions may exert significant influence over strategic decisions without bearing ownership responsibility or accountability for business outcomes (Komulainen & Skurnik, 2024).

Swedish Idealists Operate from the Top Down

Essential in this development was its top-down approach. Unlike the S Group, KF-Konsum began to develop as a centrally managed company (Backman, 1973). This highlights differences in vision and strategy from the S Group (Skurnik, 2024), and conversely, certain similarities with the E Group, which had roots in the Finnish labour movement (Komulainen & Skurnik, 2024). As difficulties began to mount for KF-Konsum, this mindset only strengthened in the early decades of the 2000s (Sandgren, 2024).

For example, KF-Konsum's product range was not necessarily driven by the expressed needs of its members or changing fashion trends, but rather by how KF-Konsum's leaders wanted to shape consumer behaviour. That is, what they should eat and wear, and how it would be preferable for them to live and furnish their homes. The co-operative vision of Sweden's folkhem (people's home) for proper consumption is exemplified by KF-Konsum's early 1970s creations, like the Vinetta (Vinson for men) polyester basics offering rational clothing choices, economical, democratic, and fair fashion thinking (Kristoffersson, 2024). Another example is its 1979 launch of a minimalist blue and white, 'no-logo' product range, meant to replace rising branded goods. The overarching aim, in other words, was a shift from the well-informed consumer to the well-protected consumer (Kristoffersson, 2024).

The overall vision was for proper, appropriate and disciplined consumption (Kristoffersson, 2024). In the opinion of the book reviewer from *Dagens Nyheter*, it created an image of Sweden as being like an East Germany outside its walls (Hallemar, 2024). The vision of the Swedish folkhem was therefore not merely abstract or utopian, but rather quite concrete and determined action to realise an earthly paradise for the country's citizens.

Image 1: Disciplined and controlled consumption



Source: Kristoffersson 2024: pp. 102, 126.

KF-Konsum managed quite well for a long time. However, problems began to accumulate at the same time as the strong grip of the Social Democrats weakened during the 1970s (Kristoffersson, 2024). In addition, external pressures such as individualisation started to reshape consumer expectations and needs. The blue-and-white basic products or polyester basic outfits that KF-Konsum wanted to offer no longer met the diversified needs of Konsum's members.

It appears that as KF-Konsum's financial situation deteriorated and the need for strategic renewal became urgent, its potential for change was constrained by its top-down, KF-led organisational model (Backman 1973), previous strategic choices, and the overall worldview of KF-Konsum's management. Thus, KF-Konsum serves as an excellent case study of path dependency.

Support for this analysis is also provided by Swedish retail business historian Fredrik Sandgren (Sandgren, 2024). Sandgren illustrates how KF-Konsum has been losing its market shares. Even if KF-Konsum made repeated attempts to change its strategic direction through frequent management changes — five chairmen and six CEOs in two decades, most of them with their own new strategies — without a consistent long-term plan and clear vision for transformation, these efforts failed to bring about the desired turnaround.

KF-Konsum, once a significant trendsetter in the retail industry, has shown little success between 2000 and 2020. Worse, it has failed to reverse its downward trajectory despite various strategic renewal attempts (Sandgren, 2024). In 2022, its market share in groceries was 17.5%, turnover under 40 billion SEK (£3.08 billion), and profitability negative (a loss of £101 million or 1.5% of its operating margin). At the same time, the leading Swedish grocery chain ICA's has seen its market share increase from 33% to over 50% (Lindberg, 2024). For S Group, these figures are for market share 48% (16% in 1992) and turnover £11.8 billion (with profits of £252.8 million, representing some 2-3% of the operating margin) (Skurnik, 2024).

A Clear and Telling Difference from Finland and S Group

The key conclusions from the decline of KF-Konsum's minimalist blue and white dream, referred to in a book review as the sunken Atlantis (Greider, 2024), seems to Kristoffersson (and me) quite evident. KF-Konsum have had and continue to have a kind of world-improving ethos that has affected its operations and strategic choices. While for instance the S Group became attuned to listening to and serving its customer-owners from the late 1980s onwards, making many radical strategic choices based on this (Skurnik, 2024), KF-Konsum has pursued an

ideal of consumer behaviour. This vision, however, has not been sufficiently grounded in actual consumer behaviour. For example, KF-Konsum's strong commitment to the social democratic 'folkhem' worldview and its practices seems to have effectively dictated KF-Konsum's strategic scope and mindset. However, when the situation changed, its idealistic mentality prevented it from finding a path to strategic renewal.

The outcome, however, is clear: while KF-Konsum inexorably declined, S Group managed to reinvent itself both economically and co-operatively out of necessity, embarking on an unprecedented and internationally unique cycle of success (Skurnik, 2024; Wilson et al., 2023). The strategic thinking and actions of S Group have clearly diverged from the path chosen by KF-Konsum. Since the early 1980s, the S Group's consistent and long-term approach to strategic renewal has been shaped by four key factors:

1. Building an organisation grounded in true co-operative ownership (customer-owners).
2. Implementing genuine group-level co-operative governance.
3. Creating a unified federative organisation with shared values and logistics.
4. Utilising modern technology to transform surplus distribution into a real co-operative incentive system while leveraging big data for customer insights.

In contrast, the Finnish E Group (later known as Eka and Tradeka) experienced bad luck and missteps during its own crisis. This dualistic "winner vs. loser" scenario has made Finland in the consumer co-operative world as a "laboratory for co-operative strategic renewal" (Wilson et al., 2024, p. 225).

Mere Restructuring is not Enough

In fact, recent studies on the strategic renewal of co-operatives show that for well-established co-operatives, mere restructuring has typically not been sufficient to reverse their decline (see Ekberg & Merok, 2024; Wilson et al., 2023, 2024; Webster & Wilson, 2024). Instead, successful renewals have often required much deeper changes, such as a re-evaluation of co-operative principles. However, because proactivity is not a typical virtue of co-operatives, successful strategic renewal, when finally driven by necessity, has often required harsh and swift actions.

Good examples of this include the Finnish S Group (Skurnik, 2024), and to some extent also the Canadian Federated Co-operatives Ltd (Pohler & Pigeon, 2024), and the Italian Coop Consumatori (Battilani, 2024). KF-Konsum, on the other hand, has struggled with all these factors. Worst of all, time is running out for KF-Coop (the current brand name of former KF-Konsum) to change its direction, as there are no longer any assets available to sell to support its weak profitability (Sandgren, 2024). In a recent interview, Chairman Linde bluntly stated that we must be able to reverse the current trend, and it has to happen now (Lindberg, 2024). To me, it seems that on top of path dependence one of the main problems with KF-Konsum has been a lack of consistency.

However, KF-Konsum is not alone. In Europe, Denmark has for a long time been the only country where consumer co-operatives have been able — at least seen on the surface — to succeed consistently over the long term without undergoing dramatic phases of strategic renewal. From the 1950s to the 1990s, market share has risen there steadily year after year before levelling off at just under 40% (Jensen, 2016). But recently the situation in Denmark has been looking quite problematic. The growth had to a large extent been secured through costly acquisitions of established investor-owned food retail chains. Paired with limited profits and increased competition, especially from the fast-growing Dansk Supermarked, this strategy had caused the movement to experience severe capital strain throughout the 1980s and 1990s (Ekberg & Jensen, 2018). Thus, even the Danes have faced their own challenges, particularly concerning the company's profitability, and in fact, the Brugsen supermarket chain is currently

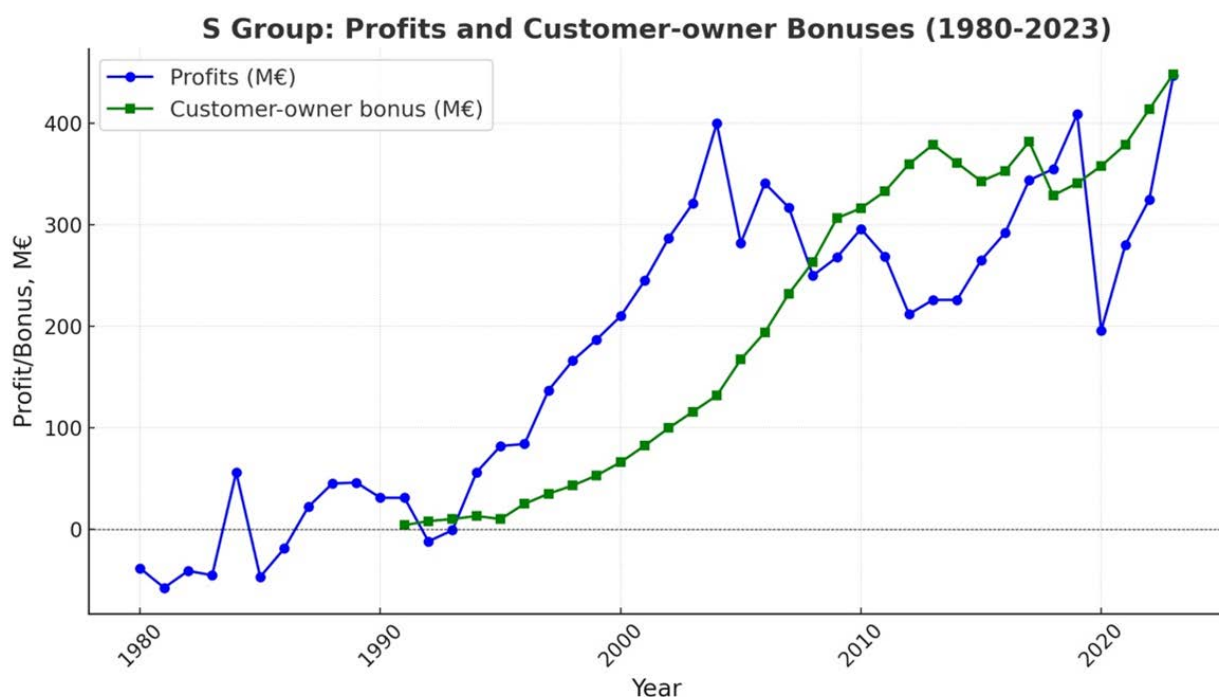
facing quite significant issues (Nørlund & Foget, 2024; Søndergård Ivorsen & Hobolt Mortensen, 2024; Würtz, 2024).

Norwegian Coop Norway has also managed to maintain its market share over the long term. However, beneath the stable surface, challenges have emerged there also. These challenges interestingly highlight that, while a federative structure has generally proven to be a strength for successful co-operatives (Ekberg, 2012; Skurnik, 2024), if not managed skilfully it can also contain clear weaknesses, as demonstrated by the continuous decline of Coop Øst, the largest regional co-operative in Coop Norway (Ekberg & Merok, 2024).

The KF-Konsum management certainly knew what was happening in other relevant co-operatives and even attempted, for a while, some of the strategies that helped organisations like the S Group recover from difficulties. For instance, they briefly tried the 1-5% bonus payment system that the S Group invented and has implemented since the late 1980s (Skurnik, 2024). However, it appears that KF-Konsum did not fully understand the incentive nature of this approach, and it abandoned the idea as soon as it seemed too costly. And the same seems to be true with Coop Norway which has had its own bonus system in place for a long time (Skurnik, 2024).

In contrast, however, the S Group is the only one that has been able to develop this innovation into a comprehensive Co-operative Incentive System (CIS), which has greatly aided in its strategic renewal (Skurnik, 2024). The S Group's experience in this respect is clear: encouraging customer-owners can have a significant impact, but the idea must be crystal clear and implemented consistently with long-term commitment. In the S Group, its actual commencement at the group level can be traced back to January 1988 (Skurnik, 2024). The results the S Group has achieved since then speak for themselves, both in terms of financial indicators and membership growth (see Figures 1 and 2). Of course, other measures have also been necessary for this resurgence, but incentives have certainly played an important role.

Figure 1: S Group profits and customer-owner bonuses

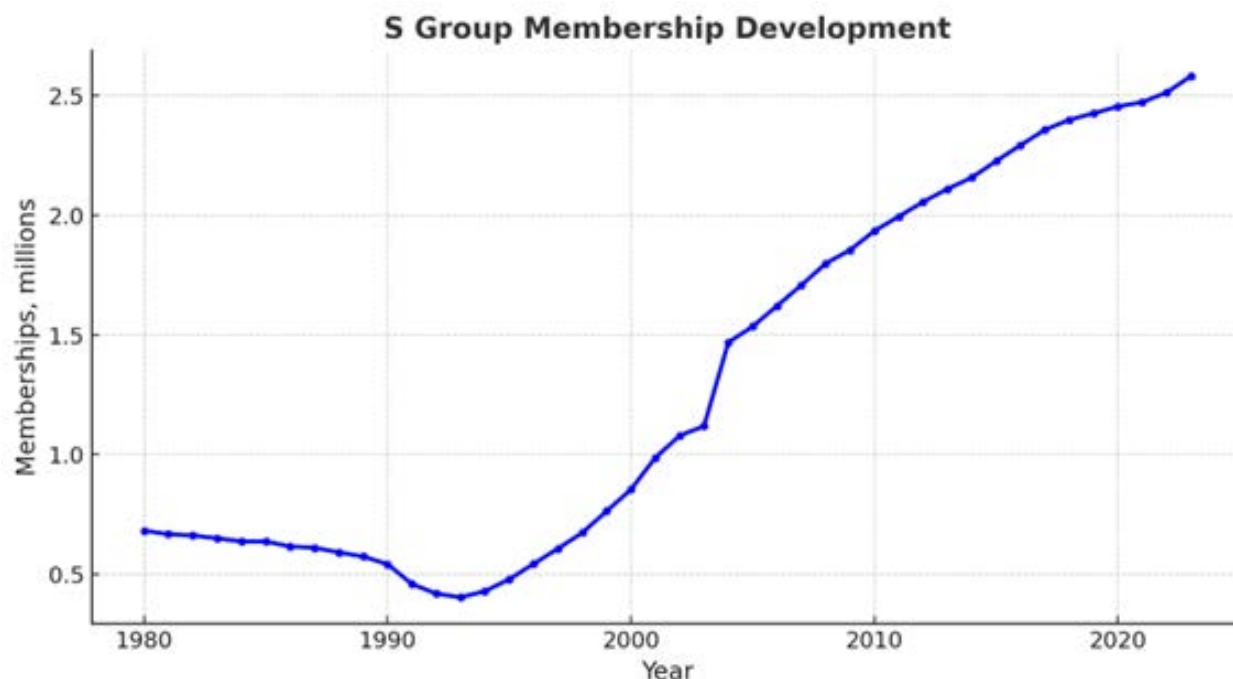


Source: Author.

The bonuses in the S Group are explicit incentives that accrue and constitute a progressively increasing volume discount — currently 1-5% of the purchases — that is not connected to the co-operative's financial result (in the balance sheet before profits) (Skurnik, 2024). They are

paid monthly into the customer-owner's personal bank account at S-Bank and can be withdrawn from there at any time in the usual manner.

Figure 2: S Group membership development



Source: Author.

And while the S Group began to focus on ownership and created the concept of customer-owners (Skurnik, 2024), KF-Konsum was still re-evaluating the role of its members in the mid-1970s by defining them explicitly as consumers rather than owners, and accordingly the consumer co-operative an interest organisation for consumers (Kristoffersson, 2024).

The initial motivation for Kristoffersson to write her book is clear and well-justified. Certainly, other large companies have faced significant losses and bankruptcies, too, but the dynamics and deep-rooted issues at play in KF-Konsum's case provide important historical lessons for co-operative leaders all over the world today.

The Author

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