Member Participation in Retail Societies

RESEARCHES WITHIN FRENCH MOVEMENT

by

A. BOUCHARD
(Directeur de l'Ecole technique co-operative, Organisme de Formation de la F.N.C.C.)

This article is a substantial excerpt from the notes prepared by M. Bouchard for a report to a Conference of Directors and trainers at Stanford Hall at the end of June 1981. It is reproduced with only minor editing changes.

Consumers' Co-operatives Own Diagnosis and Analysis

A. Co-operative Membership

From four years of self-criticism (1977-1981) some strong points emerge:-

- Over a five years' period (73-78), the percentage of active members as calculated in regard to the total number of Co-op customers fell from 29.5% to 26%

- Over a seven years' period (70-77), the turnover achieved by active members as a percentage of global turnover declined from 84% to 70%.

- Within a year (77-78), in one of our larger societies (operating in the Northern part of France) the percentage of young married couples joining in Co-operatives after having been solicited by sectional boards decreased from 7% to 4.1%.

- Over a four years' period (77-81), the number of subscribers to our publication "Le Coopérateur de France" (the subscription fees being retained on the dividend to be distributed) fell from 1,200,000 to 550,000.

Let us add, at this stage, that when speaking of active members we only refer to those who collect the stamps they are given in our shops and return them every year in order to get their dividends.

- The fall in the participation rate in local assemblies preparing for general assemblies, and the more or less important passivism of participants (we sometimes resort to lotteries to make these meetings more attractive) are also significant of the development, within the Co-operative Movement, of this general phenomenon which is declining activism.

A great number of analyses and surveys have already been carried out on this subject; yet the present situation of our own consumers' Movement may explain, to a large extent, the reason why old members are turning away and recruiting campaigns for new members are not fully successful.

Some Factors affecting Co-operatives

Let us quote haphazardly some of the factors which affect our Co-operatives at the present time:

1. The radical changes in retail trade (which became effective in our network only at the end of the sixties), and the wide-spreading consumerist phenomenon (consumers' associations have been mushrooming and gaining power specially since the beginning of the seventies).

These two simultaneous developments resulted in:

- a depersonalization in the relations between customers and retailers,

- the gradual fading away of the Co-op specificity.

Our competitors reproduced our major external features:

a) by reducing to a minimum the middlemen profit margins; the motto of one of the first Co-operative shops (in Lyon in 1835) was "the honest retailer"; today, this motto has unconsciously been imitated by one of the leaders in discount trade with his slogan: "Leclerc, the true retailer".

b) by adopting a consumerist approach. Nowadays, all retailers act this way, even private retailers, who make overbids as far as information, labelling, price tagging (for a liter and a kilo) are concerned, and Leclerc claims to be the only retailer who protects consumers!

Yet, Co-operatives were still distributing dividends. But

2. The economic crisis which has been shaking the world since 1974 and the successive Co-operative societies mergers (still not numerous enough in France) which we urgently needed in order to compete on a more equal footing with the larger private retailers and to face up to the depression with concentrated means and resources.

This twofold phenomenon has had two terrible effects on Co-operative membership:

a) Extreme decline in and even sometimes suppression of the traditional dividends, which in many cases were already replaced by cash discounts. When Co-operative business was successful, the easy way for winning over new members was only to tell people "Co-operatives distribute dividends". But now?

b) Widening gap between large societies' managers and grass-root members as regards messages and concerns. Those who acted as links between the managers and the members are dropping out, as they are becoming aware of their total lack of control over their societies management.

Furthermore, members do not fully understand why there is differential pricing for a same product in the different formats of Co-operative stores; i.e. why so-called "right" prices are higher in conventional small shops where supplying is made difficult than in larger stores in urban areas (where, by the way, Co-operatives as a whole are less represented).

Co-operative dividend has lost its attractiveness. Nowadays, it is much more significant for consumers to choose between small shops and superstores no matter the chain by which they are run, than to choose between private retailers and Co-operatives.

3. The aging of members, the obsolescence of the Co-operative structures, texts and messages, the fact that changes in consumers' interests and behaviour are too often overlooked.

- The written material designed for introducing co-operation to the public is outmoded, too much abstract and sometimes esoteric.

- Our seeming inability to make people feel the interest there is in becoming a member, be it in our shops, even in the most modern and attractive ones, or in our magazine, though it was recently converted into a high quality paper.

- The lack of bite of our advertising which enables our competitors to better publicize what they do often in a less efficient way than us. (In this respect, let us recall the successful launching of Carrefour's "free products" and add that for more than 50 years, Co-ops. have been providing their customers with private label products that are much more "free" than Carrefour's since produced by our own factories and controlled by our own laboratory, whose reputation is nationwide).

- The obsoleteness of the system we use in order to retain our members and record their participation in their societies' activities (Distribution of dividend stamps whose collection and sticking in is really tedious).

- The ludicrously small amount of money which is to be paid for becoming a new member; since 1960, it has been limited by law to 60F per share, one fourth only being payable when joining in. In today's francs, this means that the member's commitment is nearly of no value and according to one of our executives' words, subscribing a share has become an administrative procedure and nothing more.

- Since Co-op. shops are more numerous in less dynamic economic areas, our customers and consequently our members belong, to a large extent, to non-leading social and occupational categories, which therefore implies that they are less responsive to all the changes in favour of a more active and younger behaviour for which a new style of stores, such as the FNAC ones, have been designed. What caps all is that at the request of the FNAC stores founder, who was sympathetic to our ideals, Co-ops acquired a majority interest in FNAC's capital. Yet, up to now we did not succeed in making the best possible use of this acquisition for publicizing the Co-op image to FNAC customers nor for enhancing this very image among our own customers.

- The recent mergers and the efforts which have been made for fifty years in order to federate our societies and strengthen our Movement's central organisations result in unwieldy structures and delays in updating our shop network, while, at the same time, in non-Co-operative sectors, there is a tendancy toward a far-reaching decentralization and the multiplication of decision-making and participatory bodies at all levels, these latter elements having always been the two prerequisites to the full exercise of genuine democracy. This explains why the Movement stances, as a consumer association, are expressed by the Federation central departments which, moreover, represent it as such on various public consultative bodies, whereas in other consumer associations, regional groupings are allowed to make official statements. Yet, it is worth mentioning that all the problems related to decentralization were dealt with at the FNCC national Congress which met in Bordeaux from June 10th to June 12th '81 and that one of the key-sentences of the discussion paper brought to this Congress was "centralized means, decentralized practices".

B. Consumers' Co-operatives Staff and Co-operation Today

In February 1981, a survey was carried out among the employees of six regional co-operative societies. Here are some of the findings:

- A minority of employees think that the Co-op image enhances their work.

- A majority of them have not favourably changed their mind vis a vis co-operation since they began working in the co-operative sector.

- Though a majority of employees in the societies under review are also Co-operative members (their joining in being prompted by the provision of benefits sometimes greater than those offered to ordinary members), few of them think they are given enough information to speak adequately about Co-operation. As a matter of fact, there seems to be some confusion in their minds as regards the Co-operative message: they quote a lot of definitions, recite formulas they were taught, not always in a coherent way, etc....

  The full extent of the consequences these findings might have is to be measured when one realizes that by essence employees and especially those who work in direct contact with customers, are the very persons who publicize consumers' co-operatives image. Given that all salaried people are also consumers, who will be overcome by the relevance of our project, if our employees are not?

C. To make co-operative membership more attractive?

As you can imagine, the evaluation and the analyses we have just given a brief account of gave birth to myriads of suggestions, but we shall not list them here.

We shall only enumerate some of the experiments which we have been carrying out over the last three years but whose impact cannot already be fully gauged since some of them are developed exclusively in one society and others were launched quite recently.

In addition to the overall, continuing, strenuous and hard efforts which are made in order to improve our operating results and consequently win back the chance to distribute significant dividends, we can mention:

1. A modernization effort - simplification and uniformity in our signs and as a consequence the emergence of a more coherent Co-op image. Introduction of four well differentiated nameplates for our stores, which are, according to their sizes (from the smallest to the biggest):

   POINT COOP
   SUPERMARCHE COOP
   MAXI-COOP
   ROND-POINT COOP

2. The face-lifting of our publication "Le Coopérateur de France", whose journalistic value is acknowledged by all and which will become a monthly magazine of 72 pages at the beginning of 1982.

3. Improved services as regards insurance and consumer's credit: we offer better terms than

our competitors in both these sectors.

4. The successful launching in Paris and in the provinces of Young Consumers' events.

5. The course, sectional committees (the section corresponding to the local level in the structure of our membership) in some of our societies have embarked on in order to promote activities centring on "conviviality" (recreational activities, travel, and so on).

6. The setting up, in other societies, of ecological holiday work camps with a view to improve the environmental conditions (river cleansing).

7. The distribution to co-operators of a member card providing them with specific and significant advantages (price reductions on mail order sales, special prices on furniture...).

8. The support given to hostesses in some of our larger stores by voluntary activists specially trained for having direct contact with customers.

9. A greater emphasis on the quality and quantity of information in store (in this respect the experiment carried out in the Rond-Point Hypermarket in Bordeaux is worth mentioning).

10. The launching afresh - next spring - of our "Co-op Month", which aims at multiplying for a month actions designed for recruiting new members at the same time as we develop a large advertising campaign.

11. Last but not least! the request which was

made to the new political regime by our Congress on June 11th 1981, for introducing Co-operative education at all levels in our French schools. This request is likely to be met since Mr. Rocard, State Minister and recently nominated to the position of President of the Supreme Co-operative Council, who spontaneously joined in one of the working sessions of our Congress (his coming to Bordeaux corresponding to his first official address) underlined the importance of Co-operative education in the shaping of responsible behaviour. In this respect, he stated that he very much owed to Professor Lasserre who holds the Co-operation chair in Sorbonne University for having initiated him, when a young man, to the Co-operative history and doctrine.

D. New Convergences to Explore

At the present time, there is a new and therefore still fragile awareness of:

1. A convergence between the very management of Co-operatives and the reactivation of Co-operative membership. (In other words, this means that Co-operative managers are realizing that it is more and more difficult to dissociate economic efficiency and membership revitalization).

2. A convergence between the new expectations of consumers and citizens on the one hand, and on the other hand, the basic ideals of the Consumers' co-operative Movement.

Among the expectations consumers' Co-operatives should be able to fulfill, let us quote:

- the expectation of a direct democracy through

Society for Co-operative Studies, Bulletin 43, December 1981©

direct management of one's own business (participation, joint management, self-management).

- the expectation, as far as product quality is concerned, of a true, authentic and non eye-catching information based on the findings of authoritative laboratories.

- the tendency among consumers to prefer a policy in favour of wisely calculated and fair prices ("a shop which explains how it sees to the best possible balance between quality and prices for its products") rather than a suspicious policy where prices are said to always be the lowest whereas in fact they are continuing to increase.

- the expectation to shop in stores which appear as being fully integrated in the local community. This implies that the store must: take an active part in the local community activities, systematically inform on them, provide consumers with educational activities (lectures, TV courses), organize recreational activities inside its own premises or near them. In this respect it must be kept in mind that to a certain extent, modern stores tend to play the social part that was formerly that of churches and cafés, as gathering or festive places.

- the expectation of making a clear-cut distinction between modernism and gadgetry: people want to do their shopping in a practical, healthy and fast way, with "enough quality, services and care".

- the decrease in impulsive buying (calculated as a percentage of global sales figures, it fell from 35% to 10% between 1971 and 1979) which means that today consumers are more interested in satisfying their preexistent needs than ready to yield to "wonderful, incredible or miraculous" special offers.

- the expectation of finding in self-service specialist stores with qualified sales assistants some sort of leisure time super-markets (games, toys, books, sport articles) in which people can go around without necessarily buying (FNAC stores are successful in that respect).

This last observation is of the same vein as what Dr. Houlton, the Principal of the British Co-operative School, wrote in the discussion document brought to the Education Conference at the 27th Congress of the International Co-operative Alliance (Moscow, 1980).

"In the future, one of the main objects of co-operative education will be to teach people how to use their increasing leisure time in a positive and useful way in a social perspective".