

A Future for Consumer Co-operation?The Debate ContinuesGOING DOWN THE WRONG PATH?

by

K.N. SCOTT

(Chief Executive Officer,
Ilkeston Co-operative Society)

Some years ago I was very flattered to be asked to predict the future of the Co-operative Movement in the 80's in this erudite journal. Then, I took the Malthusian view that the Movement had attained all of its aims and objects, either by its own efforts, by legislation, or by market forces, and therefore as a champion of the consumer, no longer had a *raison d'être*. Briefly, I was indicating that the needs of the consumer in the mid 19th century had all been satisfied and were provided, and that there was such fierce competition on the High Street that the protection of a Co-operative Society was no longer required.

I also indicated that it was my view that the philosophy of the mid 70's was that the Movement should, by metamorphosis, become a cloned Sainsbury/Marks & Spencer. I argued that while these two companies in themselves do an excellent job for the consumer, and their employees, there was no need for another High Street organisation with similar aims and objects. The stampede towards "economies of scale" (whatever that may mean) were putting the control, but more particularly the voice, of the ordinary consumer very much far removed from the decision makers.

I felt, in the mid 70's, that the Co-

operative Movement was rapidly becoming just another multiple, but with some rather odd ideas, like the John Lewis Partnership for example, that made it different from any other national multiple.

I could foresee large Co-operative deserts developing and, societies, like the Castle Street Tailors, might even turn themselves from Co-operatives into Companies.

In the intervening years however, I changed my mind, and I did see a future that is presently being barely explored for the Co-operative Movement in several fields of consumer exploitation.

A Future in Funeral Furnishing?

For example, in Funeral Furnishing, the opposition is very weak. There is not yet a national multiple that recognises that the rate of net profit on funerals, and the rate of return on capital employed, is very much greater than that on food. It is an area where there is a constant and on-going demand for its services and a slick national multiple would very quickly obtain a monopoly situation where the consumer could be exploited.

On the other hand, the Co-operative Movement has the ideal opportunity for providing its members with a completely free funeral. After all, death is a very equitable leveller, and young people are not as provident as their forefathers, so why should a consumer Co-operative not provide free funerals as a method of distributing profit, instead of calling on the Government to increase death grants? The Iklestone Society have already gone part of the way down this path by providing a 50% discount on a pre-booked funeral and, additionally,

giving a grant of £100 on any service it provides without any strings attached for years of loyalty, purchasing power or whatever.

And Discount Holidays?

Another example is the exploitation of the Travelling Consumer. The consumer is exploited because there is still Resale Price Maintenance in regard to holidays. One may go from travel shop to travel shop to travel shop, under whatever name, but the £150 holiday by Thomson to Majorca is £150 in all of them.

Ilkeston Society initiated, five years ago, a voucher scheme to discount holidays without actually infringing the rules of the travel industry closed shop called A.B.T.A. We have been relatively successful in our scheme which has been adopted by other Societies, notably the Greater Nottingham and Norwest, but this extension of the Ilkeston idea without the full weight of the Movement behind it, has meant the ganging up by 6000 other travel agents to suppress the Ilkeston voucher scheme.

The Office of Fair Trading took up the Ilkeston Co-op. fight for the Travelling Consumer, but so far has only achieved a moderate success and Resale Price Maintenance, which is not, according to the Judge, in the public interest, nevertheless, at this moment still exists, and still there is no concerted attempt by the consumer Co-operative Movement to break this.

There are other examples in what are described by the Co-operative Union as "Other" departments, which nationally account for 5%

of the Movements trade. But, in Ilkeston's case, account for 50% of its turnover.

But if we merely concentrate as a Movement on the two examples I have given, the Co-operative Movement could make great strides in what collectively would be a very easy war to win. And, at the same time, prove conclusively that there is a very big job to be done where consumer exploitation still exists.

Pull out of Superstore Race?

Should we then, as a Movement, pull out of the Superstore race with its very high demands on capital and expertise? Well why not? To be practical, Sainsbury is doing a good job for the consumer. Marks & Spencer is doing a good job for the consumer, and their success can be measured very simply in terms of market share; and if the customers in these two examples had to register, would they not each have a bigger registered membership than the Co-operative Movement?

Meanwhile the consumer continues to be exploited by the very vulnerable John Smith, Funeral Director, and the John Smith, Travel Agent, until of course the multiples seize the market as they did in the Supermarket 60's.