ILKESTON CONSUMER SOCIETY

by

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Have we achieved all of our objectives that we had 140 years ago, and do we now have no further reason to exist? 140 years ago the Rochdale Pioneers set up their Co-operative Society to solve a number of social and trading ills which no longer exist today.

For example, their problem with adulterated food is now covered by the Food & Drug Acts; the prevalence of short weight is covered by the Weights & Measures Acts; their upstairs schoolroom to meet the lack of free education is no longer needed; the exploitation of the worker using the Company shop is taken care of by the Truck Acts; health services are provided by the National Health Services Acts; more recently the exploitation of consumers through monopoly pricing is now taken care of by the Abolition of Resale Price Maintenance Act, which means there is now fierce competition: and the evils of usury are now covered by Credit Control Acts.

And apart from statutory protection, Marks & Spencer and Sainsbury for example look after traditional food and non-food requirements, operating in a fiercely competitive situation which ensures that the consumer gets value for money, because of High Street competition.

What then remains to do, for the Movement – and for Ilkeston Society with its 21,900 members?

What Role for the Co-ops?

If the consumer had been looked after in these traditional fields fairly and justly and had the protection of law 140 years ago, then in such a situation there would have been no point in setting up a consumers' Co-operative on the lines that it was set up. But in 1984 we appear in many cases to be slavishly following what was good practice over 100 years ago, but which has now been superseded by events. Slavishly offering what is offered by the large competitive and efficient multiples surely is superfluous.

The Situation of Ilkeston Society

Ilkeston is a tiny town of 35,000 population. It is predominantly Stanton & Staveley Steel Works, which has recently made headlines in its proposed disposal to a French iron and steel manufacturer. Twelve months ago 500 of its workforce were made redundant with a further 370 redundancies last month. The Steel Works currently employs less than 2000.

Ilkeston is also a textiles town, with Courtaulds and Charnos being nationally known, and there is an element of furnishing and furniture manufacturing. Until five years ago it was an excellent thriving town on the basis that the man was employed in the Steel Works and his wife was employed in a knicker manufacturer. This has changed and jobs are as difficult to get as they are anywhere in the East Midlands.

Our Competitors

The shopping centre of Nottingham is seven miles away and that of Derby eight miles away. Therefore the difficulty is to contain existing business generated by the population within the town and not let it escape to the two cities.

We have the full range of multiple branches as in any other city or town: that is Marks & Spencer, Woolworths, Boots, Burtons, Halford, Fine Fare, Kwiksave, plus the first Argos that was ever opened, superstores ringing the town from Sainsbury to Asda, and a selection of Greater Nottingham Co-operative Society Superstores, all within ten minutes driving time.

A shopping precinct is to be opened in twelve months time, containing a 20 thousand sq. ft. Presto Store and 19 other shops. The magnets to the town are the large Co-operative departmental store, a substantial open air market opposite the Society on Thursdays and Saturdays, and a variety of free surface car parking adjacent to the shopping streets.

Our Reaction

Our starting point for much of our development is that in spite of the social and economic trends I have outlined above, the consumer is still exploited by services outside normal trading controls and Acts of Parliament. These are in some cases the growth parts of retailing that would seem to be outside the scope of the working class twenty years ago and therefore by definition outside the range of activities covered by a consumers' Co-operative society. I refer here particularly to holidays abroad where there is still Resale Price Maintenance and where up until eight years ago when Ilkeston Consumer Co-operative pioneered its Holiday Voucher Discount Scheme the consumer could go from travel shop to travel shop to travel shop and the price of a Thomson holiday or a Horizon holiday or a Intasun holiday would be all the same price.

Some Areas of Success –

Now however Ilkeston Co-op has pioneered a better deal for the holiday consumer which has been lukewarmly followed in the past eight years by some Co-operative societies, but there has certainly been no help or offers of assistance from the central Co-operative federations in this battle. Yet when it is won (and the aim is the abolition of resale price maintenance on holidays) it will enable a consumer anywhere in the UK to bargain in a travel shop on price.

Another example, is in the purchase of a motor car. This is not now a working man's luxury item. It is now prized as an essential part of life. Yet although there are some societies engaged in motor trading, collectively the consumer Co-operative Movement just does not exist as a purveyor of cars.

The structure of motor retailing is to exploit the consumer. The "solus" network for example is specifically designed to give exclusive territory to market a manufacturer's product to one dealer. Multi-franchises are expressly forbidden in Dealer Agreements. Codes of Conduct prevent dealers from advertising straight discounting except in the case of out-dated models. All of this is designed to protect the dealer and exploit the consumer.

In regard to motor car repairs, price comparison and value for money is almost impossible to achieve excepting where there is an efficient Co-operative Society dedicated to give value for money and dedicated not to exploit the car owning consumer, but to act as a "Marker" of price and standards.

These are merely two examples where there is poor penetration by consumer Co-operatives and where the consumer personally gets a bad deal.

– And Move to Enter

But one activity where the consumer continues to get a bad deal even though consumer Co-operatives have been engaged in its activity since the beginning of this century is Funeral Services. The onset of a funeral is invariably a distressing and traumatic occurrence, and by its nature demands fast decisions and organisation. The consumer in my mind is clearly being exploited by this set of circumstances.

Comparing one funeral undertaker with another in regard to services, price and value for money is almost impossible given the situation in which the services are sold. Furthermore, it is incomprehensible that where there exists no national multiple and where funeral undertaking is largely performed by small locally established companies, the Co-op's market penetration in funerals has actually declined.

The competition is poor, disorganised and largely out of date. Coupled with that, as a consumers' Co-operative Movement, surely the most equitable distribution of profit would be the provision of free or near free funerals on the basis that everybody is a consumer and everybody dies?

From observation of funeral departments, and aware of the profits to be made in offering funeral services, I could tell that the consumers or their survivors, certainly were not getting value for money. One assumed that the Co-op was not hyper-efficieint in this service and therefore the profits accumulating were not more than the industry expects.

For this reason I devised the Funeral Insurance Plan which was viciously attacked by the central federations six years ago, but happily, this year, has been endorsed by CWS and promoted to other societies. Perhaps less happy is our total failure to get other societies interested in our £100 Funeral Grant which we give free on every funeral conducted.

Guiding Principle for the Future

Is there then a way forward? Yes – there are still several areas where the consumer is exploited and where the consumer Co-operative Movement still has a part to play, if we can only get out of the present rut of obsession with Food and Non-Food. But, can it be done?

The tables in the Appendix record Ilkeston's performance in various ways. There is a more general measurement. The typical Co-operative Society's turnover is 75 per cent food and non-food traditional items; 20 per cent milk distribution and 5 per cent other departments (that is travel, garages, funerals etc.) The Ilkeston Society is 20 per cent food and non-food, 10 per cent milk distribution and 70 per cent other departments. So it can be done.

Note of the Author

K.N. SCOTT has been Chief Executive Officer of Ilkeston Co-operative Society for the last sixteen years. His previous Co-operative experience has included studies at the Co-operative College and a period as Field General Manager of C.W.S. Retail Services Group.

Ilkeston Consumer Society: Appendix

TABLE 1

TURNOVER (IN PRICE)
Yr On Yr % Increase/Decrease

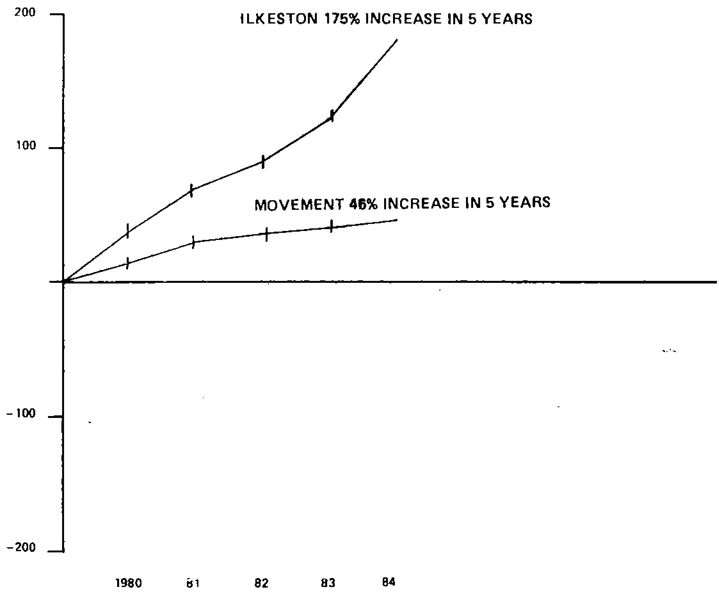


TABLE 2

DIVIDEND – DISTRIBUTION
Yr on Yr % Increase/Decrease

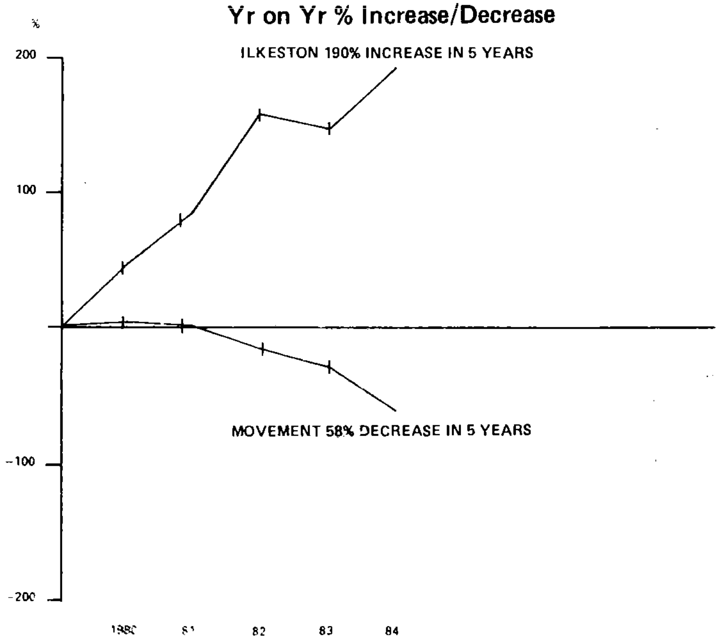


TABLE 3

PROFIT
Yr on Yr % Increase/Decrease

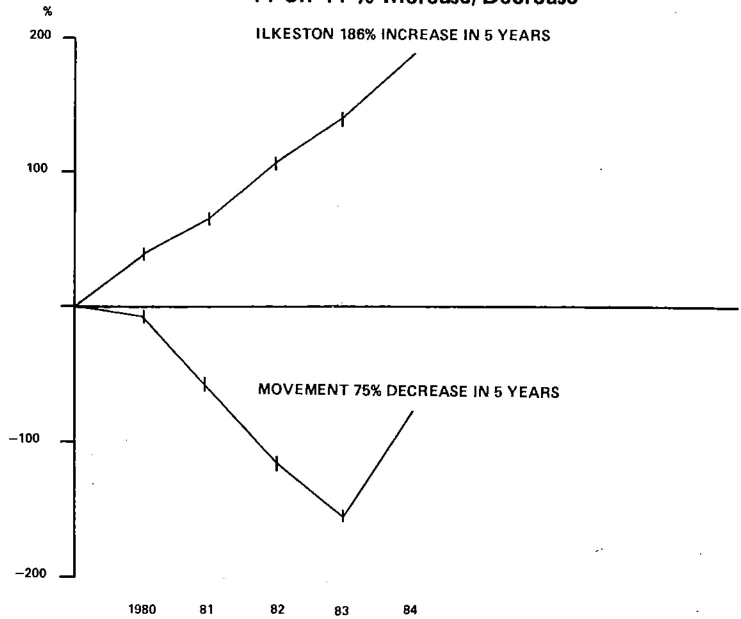
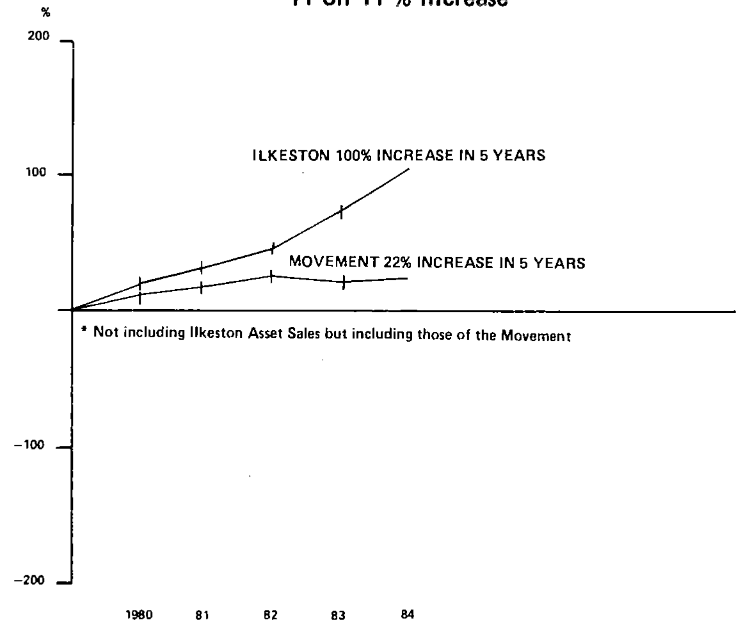


TABLE 4

TOTAL RESERVES*
Yr on Yr % Increase



* Not including Ilkeston Asset Sales but including those of the Movement

TABLE 5 **TOP 50 SOCIETIES BY SIZE: 1984**

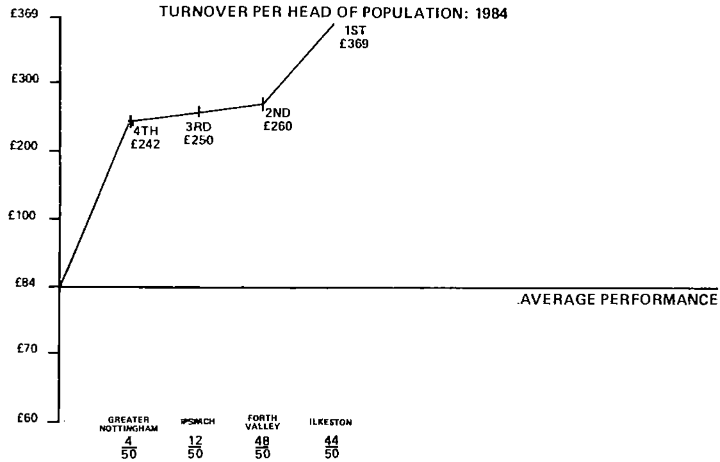


TABLE 6 **TOP 50 SOCIETIES BY SIZE: 1984**
SALES PER EMPLOYEE