
Consumer Co-operatives & Short Supply Chains

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Introduction

During the past 15 years, European consumers' desire to buy local foods, to know the ingredients and the exact origin of their food has steadily increased, with consumers willing to pay a premium for this information¹. Indeed, in a Eurobarometer survey² published in 2012, it appeared that 71% of EU citizens found the origin of food to be important. In the same line of thought, a study from 2013 reports that 70% of British consumers want to buy local foods and 72% of French consumers find the local origin of food very important³. According to a survey conducted by the British Co-op, 73% of British consumers have more confidence in British sourced food⁴. This trend may have been triggered and exacerbated by many factors ranging from the emergence of food scandals to the increased availability of technology in everyday life which may have influenced consumers' desire to be more informed also in the food sector.

Euro Coop is the **European Association of Consumer Co-operatives**, i.e. retailers that are owned by consumers where consumers are therefore also members of the consumer co-operative. Consumer co-operatives pride themselves of being founded on a well-defined set of values and principles,⁵ which promote democratic member control and consumer-members' participation in all aspects of the business.

Consumer co-operatives have always been proponents of local foods and short supply chains and have since their beginnings – in Rochdale in 1844 – provided its consumer-members with local products. This afore-mentioned emerging trend has only increased the already present tendency to source locally given that consumer co-operatives are continuously adapting their own product range in order to answer to consumer wishes. Consumer co-operatives were pioneers in labelling the origin of foods and have through the years been committed to continuously improve traceability. In recent years, in addition to providing consumers with traceable products and displaying the origin of food, the supply of local products and ingredients has taken a very prominent place.

¹ Feldmann, C and Hamm, U. 2015. Consumers' perceptions and preferences for local food : a review. *Food Quality and Preference*. 40(A): 152-164.

² Special Eurobarometer 389 "Europeans attitudes towards food security, food quality and the countryside". Available [here](#).

³ Joint Research Centre (JRC) report on "short food supply chains and local food systems in the EU. A state of play of their socio-economic characteristics". Available [here](#).

⁴ Opinion Matters conducted research for Co-op between: 7 and 13 October 2014. Sample: 2,050 UK adults

⁵ [Co-operative values and principles](#) on the website of the International Co-operative Alliance (ICA)

Co-op Brands & Local Focus

The global co-operative movement is united under and adheres to the 7 international co-operative principles. Consumer co-operatives are champions of consumer information and community involvement by efficiently implementing the 5th and 7th co-operative principles respectively *education, training, and information, and concern for the community*. Generally, most suppliers of consumer co-operatives are located on the national territory. Indeed, sourcing locally is important not only because it contributes to the national economy and employment, but also because consumers demand and expect it. Local products offer reassurance and help consumers trust food security and sustainability.

The Spanish consumer co-operative **Eroski** has launched the own brand “**Natur – Origen y Sabor**” [*Nature – Origin and Flavour*] which is a guarantee of local ingredients and taste for consumers. Fruits and vegetables are picked at their optimal maturation point, meat is 100% local, and fish is caught sustainably. This brand also promotes and bears geographical indications and national quality seals in order to promote the concept of quality products further. These products are very much in demand as can be seen by the figures: sale of local products has increased by 10% in 2016.



Moreover, Eroski sells regional – not solely national – products under their own brand. It is for instance possible to buy milk coming from Catalonia, Galicia or the Basque Region. These products are quite popular and Eroski has therefore decided to invest 1 billion Euros in products coming from the region of Navarra.

Coop Slovakia has also launched its own brand label which supports local foods, “**Slovensko Chuti**” [Slovakian Taste] in order to promote typically Slovakian foods such as curd, milk and butter. All products bearing this label are made in Slovakia with Slovak ingredients.



Coop Netherlands is committed to selling Dutch milk under its own brand label. Not only do consumers have access to local milk, but Coop Netherlands also guarantees that the cows enjoyed high standards of animal health and welfare.

The Co-op UK is the official sponsor of “**Love British Food**”, the leading national promotion of British food, showing a commitment to sourcing local foods. The foods British consumers most want to be sourced in the UK are fresh meat, milk, fresh vegetables, fresh fruit and fresh fish. The Co-op is committed to stocking more UK sourced fruit and vegetables, alongside a policy of selling only 100%⁶ fresh British beef, chicken, ham, pork, sausages, duck and turkey, stocking 100% British milk, supporting British Lamb when in season, only using British meat in all chilled ready meals, pies and sandwiches.



Although organic products are not per se local, many organic products offer local features. Consumers who buy organic products therefore often do consider the local aspect of the product. Euro Coop members in general, and our Nordic members in particular, have considerably developed

⁶ More information [here](#)



the organic range in recent years. **Coop Sweden's** organic range Änglamark celebrated its 25 years of existence in 2016, with an assortment of 61 products. In the same year, Coop was Sweden's first retailer to achieve a sale of organic products of 10%.

In Denmark, over half of national sales of organic products are made from **Coop Denmark** stores. Coop continuously expands its organic range – which now includes more than 600 products – and is committed to keeping reasonable prices given that price is the main determinant for the Danish population when it comes to buying organic products.

Consumer Co-ops: Origin & Traceability

Euro Coop and its members are fully committed to ensuring **increased transparency** of the relations among the different links of the supply chain and are **pioneers** in divulging the origin of products. Indeed, increased transparency means improved **traceability** and better origin information.

British consumers state that the origin of their food is the second most important piece of information on the label, beaten only by the 'sell by' and 'use by' dates. Also, it appears that almost 50% of consumers want to know the origin of the fresh food they buy, and up to 90% of consumers feel that supermarkets should sell more food from British farms. Therefore, **Co-op UK** pays close attention to displaying the origin of the main ingredients in own brand products. Co-op UK has been committed to displaying this type of information for decades now given that it was **one of the first retailers** to have origin labelling on their own brand products since 1997.

Coop Italy was also a pioneer in disclosing the origin of their products given that they were the first retailer in Italy to display this information and to guarantee traceability in the beginning of the years 2000 for products such as tomato sauce. If the product is 100% Italian this is indicated on the package, such as in this package of Minestrone. Coop Italy has also amplified and deepened controls of the supply chain for certain products by launching the **own brand Origine** that focuses specifically on "at risk" products such as olive oil, and ensures that every step of the supply



chain is monitored and known. In order to guarantee neutrality in the assessment of traceability, two external third party certifications are used. Moreover, since 2013 Coop Italy has set up a dedicated link and **developed an app** via which consumers can search the origin of the ingredients used in all Coop own brand products (not only for the Origine own brand). In order to guarantee the traceability and authenticity of Coop products, more than 30.000 analyses have been carried out to date.

Strengthening Relationships with Farmers

A viable agricultural sector is essential to feed Europe's growing population, which *inter alia* means that farmers' work should be fairly recognised. Although only 3% of Euro Coop members' national contracts, on average, are with agricultural producers (constituting 5% of their total turnover), consumer co-operatives demonstrate a strong commitment to supporting farmers on the local territory. An example is that of **Coop Italy** who, when the dairy sector experienced financial issues, committed to buying milk in larger quantities⁷ in order to support the sector. However, consumer

⁷ Coop a favore del latte italiano [Coop supporting Italian milk]; available [here](#).

co-operatives do not only support farmers on an ad hoc basis. **Eroski** in Spain is also committed to supporting the dairy sector by selling local milk that was made sustainably and at a fair price⁸.

British consumers believe that supermarkets should do more to support UK farming with 88% saying that more should be done to back farming. The Co-op in the UK supports almost 2,500 farmers and suppliers throughout the UK to source meat, poultry, dairy and fresh produce. The **Co-op UK** has a long-term commitment to support a sustainable farming industry and to promote quality British food products. Therefore, Co-op UK has created so called “**farming groups**” i.e. 400 carefully selected farms which focus on growing and rearing animals to the Co-op's high standards. The structure of the groups is based on **five agricultural pillars**⁹. All farms must meet the Co-op's **health and quality standards**, and work with the Co-op to **promote the co-operative values**. The three further pillars focus on **sustainability, the environment, and ethical and training initiatives**. Farms are rated as Bronze, Silver or Gold, based on their performance against this pillar model. As farms progress through the pillars to become Silver or Gold farms, they receive an **additional premium** according to the level they achieve. As such, **13 million pounds** were paid to farming groups only in the second year of their existence.

Conclusion

Consumers increasingly want to buy foods produced locally and are interested in the origin of the foods they buy. Sales of local products are going well and consumer co-operatives have therefore invested in their own brands in order to satisfy these relatively recently emerging consumer trends. Specifically, consumer co-operatives have adapted their own brand products by launching own brand ranges that only source local ingredients, by ensuring traceability of a product from A to Z and by strengthening their relationships with farmers.

About Euro Coop

Euro Coop is the voice of the co-operative retailers in Europe. Our associations brings together the national associations of consumer co-operatives in **19 European countries**, which represent **5,000 local/regional co-operatives, employing 500,000 citizens** across Europe and operating **36,000 stores** which serve **32 million consumer-members** daily. Euro Coop's members together are Europe's second strongest retail force – accounting for € 79 billion in annual turnover from sales. Euro Coop's Secretariat in Brussels represents the interests of its members before the European Union Institutions and facilitates the inter-member exchange between the national associations. More information is available at www.eurocoop.coop.

For more information, please contact:

Silvia Schmidt

Policy Officer for Food and Retail

sschmidt@eurocoop.coop

Tel: + 32 2 285 00 75

⁸ More information about Eroski's commitment [here](#).

⁹ The pillar model is available [here](#).