

One Year into the Pandemic - Consumer Co-operatives' Stocktaking

Despite the health emergency and economic crisis, consumer co-operatives contributed and adapted well to the situation, implementing measures to make their business more **sustainable** and **help society** in general. As **consumer co-operatives grouped in Euro Coop** are predominantly active in **food retailing**, they did not encounter an economic downturn like other businesses but rather a **rapid expansion** in terms of demand for services and logistic challenges.

Consumer co-operatives were particularly effective in predisposing hygiene measures, sales of surgical masks, temperature controls at the entrance of their stores or installing distancing floor markers. For example, Euro Coop's member **Eroski** has introduced people counting technologies to control access to its outlets. Eroski also marketed Spain's first textile mask that inactivates the sars-cov-2 virus under the MO label. Similarly, **Coop Italy** launched its own-brand disposable surgical masks. In terms of internal management, they provided opportunities to work from home and increased pay for those working on-site during lockdowns. They also reinforced support to their staff by adopting a zero-tolerance approach to any violent or threatening behaviour. During the first months of the pandemic incidents of verbal abuse have been increasing dramatically with respect to the same period during 2019. Thanks to their strong link with **local communities**, consumer co-operatives members also volunteered to support their local stores, as is the case for the members of the Central England Co-op. In Bulgaria, **CCU** launched an online platform called Coop Care by means of which the cooperative organisations throughout the country were able to send updated information regarding the COVID-19 and facilitate the delivery of basic goods and PPEs. Moreover, CCU purchased and provided 10 vehicles serving as mobile Coop retail units in areas where there are no permanently operating stores.

In particular, in response to Covid-19 measures, consumer co-operatives have **shortened supply chains** so as to establish **direct purchase lines** with producers and reduce the **risk of higher food prices**. Consumer co-operative **Caprabo (Eroski Group)** has launched a campaign aimed at promoting and increasing awareness of local products amidst the pandemic. The initiative, which ran since June 2020, included information and discounts of up to 50% on more than 150 stock-keeping units from small producers and agricultural cooperatives in Catalonia.

A fundamental characteristic of consumer co-operatives is their focus on supporting local communities and commitment to **prioritising public interest over profit-maximisation**. During the pandemic, many consumer co-operatives contributed to broadening the access to Covid-19 information through surveys, messages, online resources, risk management advice, monitoring governments' help and dedicated hotlines. Moreover, relevant actions were taken for helping elderly or self-isolating people and providing essential goods to those most affected by lockdowns. **Coop Norway** for example set up an effective online ordering platform on its website and made it even faster through the partnership

signed with the Norwegian postal service, while **Coop Estonia** expanded the service of 24H grocery cabinets offering the residents of remote areas the assortment of large stores and delivering the goods to the customer at a much cheaper price. **Coop Italy** gave priority access for shopping to the healthcare personnel and provided home delivery to the people in need. Moreover, between April and May, Coop kept the same prices for all its own brand products to avoid any speculative risk. **Coop Voce** also offered 100 GB of free traffic for 30 days during the pandemic. Coop members were also able to stay fit and busy thanks to the **A casa con Coop** initiative which provided entertainment and fitness services (audiobooks, films, yoga courses, newspapers, magazines, eBooks).

Despite the overall negative impact, the Covid-19 emergency has provided new opportunities for retailers wishing to embrace **change and innovation**. For example, consumer co-operatives' previous investments in **digitalisation and tech solutions** proved crucial to facilitate the shopping experience during the lockdowns. Online channels to decrease in-store clients and mobile shopping, such as through apps, enabled both access from anywhere and personalised offers. For example, the **Co-operative Group** became the first to trial same-day autonomous robot deliveries in the UK when it teamed-up with Starship Technologies in April 2018 to offer the emission free online home delivery service. Co-op in the UK has seen the number of customers using **robot deliveries** more than double since the start of the health crisis, with the value of transactions increasing four-fold as shopping habits changed. Another telling example comes from **Coop Czech** which, in spring 2020, launched the **E-COOP project**. This allowed customers to buy food online and then just pick it up at the store, or have it delivered at home. This project reduced the risk of infection by minimizing customer contact, while supporting smaller rural stores, which were able to provide a much larger range of products distributed from warehouses.

The annual [Co-op Economy report](#) revealed that Co-ops are better placed to respond to the post-lockdown economic storm. During the last years, **co-op businesses have almost doubled their chance of surviving the first five years** when compared to other start-up businesses. Compiled by Co-operatives UK, the report shows that 76 percent of co-ops (up from 72 per cent in 2019), are still operating after the difficult first five years of existence. Just 42 per cent of all new companies make it beyond five years. As Co-ops are organisations **owned and controlled by their members**, their **collective decision making** and more rounded approach will give them a distinct advantage in the post-pandemic times. Their response to the emergency in the last few months was built upon the **consumer co-op values and principles** (as embedded in their Statutes) and ongoing commitments to their consumer-members across the EU.

When the crisis broke, consumer-cops were already 'on the ground' with good relationships with both consumers and producers and existing resources in place to tackle certain challenges like **goods shortage** or **financial aids**.

For example, forty-five good local causes have been given a £50,800 funding boost from the **Co-op Group** through its existing **Local Community Fund**, while **Coop Italy** invested €100m towards customer support measures. Likewise, **Midcounties Co-op** made available a £75,000 **Community Restart Fund** to provide immediate financial support for its partner community groups, whose funding and

operation had been hit during the crisis. Applications for grants of up to £1,000, were paid directly into their bank accounts.

Concerning food aids distribution, the Valencia-based consumer co-operative **Consum** donated to NGOs and social canteens food worth 2.7 million euros since the confinement began, in order to mitigate the effects of the crisis. In addition, it activated a **social plan together with the food banks** of the provinces where it operates. The initiative saw the endowment of 150,000 euros for the issuance of free vouchers to be exchanged for food and hygiene products in Consum supermarkets. The **Co-op Group** also acted on this issue by providing **free meals to students** in schools across the UK through a gift card scheme, while Coop Italy started the program 'Donate your grocery shopping. Close to the community now more than ever', in partnership with local NGOs.

In terms of trends, consumer co-ops recorded a clear preference for local and organic products. This is why **Coop Denmark** for example decided to invest 5 million Danish kroner for stepping up efforts on sourcing local danish food products. Clearly the demand for healthy products increased during the pandemic, with a boost in sales of fresh fruits and vegetables as well as plant-based products. Similarly, **Coop Sweden** introduced Coop Gourmet products as a new concept under its own brand that allows the purchase of high quality foods at a good price level.

As the EU reflects on **food security** in the context of the Covid-19 pandemic and specifically the need to guarantee and safeguard the access to **sustainable and quality food** a reflection on **alternative and more sustainable business models** is necessary. Consumer co-ops are particularly well placed to guarantee **equitable distribution of value along the supply chain**; they also will be increasingly relevant players to ensure **quality food at a fair price** to those who will see their socio-economic status falling because of the impact of Covid-19 restrictions. A central point is the inconvenient truth which the global pandemic brought to light – that of the **lack of sustainability and self-sufficiency in the EU's food industry**. Euro Coop supports the idea that ensuring food security requires addressing **Europe's dependency on non-EU markets**, and consumer co-op retailers are willing to contribute to a contingency plan to ensure food security in the event of future crises. We also agree that an adequate set of instruments for farmers has to be included in order to allow them to gear their resources and capacity regardless of any future market and weather fluctuations. Another important aspect is the **length and complexity of the supply chain** that has to be addressed by promoting **sourcing policies that favour local and regional foods**, business codes of conduct that set **clear principles for the redistribution of value** among the different actors of the supply chain, especially through **fair prices policies that aim to include the cost of negative externalities** into the final price to consumers. This later aspect would benefit by legislative action at the EU level.

These considerations are of crucial importance, particularly if we see this through the lenses of **food sovereignty principles**. Consumer co-operatives place great attention into contributing to the **local and social economy** and in particular in ensuring **small-scale farms**, especially in predominantly **rural areas**, are connected with consumers through the co-op shops. This ultimately helps establish shorter supply chains and **localised food systems**. These are the building blocks of food sovereignty which is defined by the idea of a democratic process, where consumers have the right to shape their food systems, choosing healthy and nutritious food produced with sustainable methods. For these reasons,

we believe there is the need to favour **alternative business models**, such as consumer co-ops which could contribute to **greater food security through policies of territorial solidarity**.

In this regard, Euro Coop has welcomed the **EU Commission Farm to Fork Strategy**'s objectives and has advocated that, within the context of the EU Green Deal, there is the need for an even deeper debate on the sustainability of today's food systems towards a **EU Common Food Policy**, as envisaged in the 2019 IPES Report. This overarching and comprehensive policy framework is a necessary tool to tackle the existing challenges in the food systems and make it not only more sustainable but also more resilient. We believe the consumer co-operative model is a key player to implement the Common Food Policy.

The members of the **International Cooperative Entrepreneurship Think Tank (ICETT)** confirmed the need for urgent actions and business adaptation, underlining the key role that co-operatives' values and principles will play in coping and recovering from the pandemic. The health crisis has been a source of disruption in the business model of every member, requiring many organizations to adapt and create an extensive network of community support. In light of this, Euro Coop believes that it is time to provide a **dedicated legal framework to facilitate growth, development and diffusion of consumer co-ops** across the food supply chain and the creation of **supply chains which are entirely co-operative**, including legal provisions recognizing consumer co-ops' positive impact as sustainable business model in relevant future legislation and legislation under revision.

Giulia Tarsitano
Food Policy Manager
gtarsitano@eurocoop.coop
Tel: + 32 2 285 00 74