A Perspective from Spain

by Antonio Cancelo

The consumer Co-operatives in Spain have never attained a significant level of development, compared with that achieved in other European countries. Without entering here into an analysis of the causes which have given rise to this state of affairs, it is enough to give as one example of the possible explanations, the fact that the Co-operatives have generally been strongly linked with certain ideologies, expending their main efforts on theorising and debate. This has meant that the management side of the development has had to take second place and has been sacrificed for the sake of sociological issues.

The Present Position

The following points may give an idea of the present position:

- There are apprxoimately 200 Co-operatives, too great a number for each one to reach its potential sufficiently to enable it to remain viable in an ever more competitive market.
- The number of Co-operative shops is 370, which represents no more than 0.3% of the total number of food shops in Spain.
- The volume of sales from the Co-operatives as a whole is very small, amounting to barely 2% of the share of the market in the food sector.
- The level of concentration of the Co-operatives is very high since 65% of the activities of the movement as a whole is carried out in only two regions, the Basque country and Valencia. This means that in the rest of Spain the Co-operative presence is virtually non-existent.
- Only one Co-operative, EROSKI, is to be found among the top ten distribution companies in Spain.

The Single Market

The situation described above is sufficiently clear for one to realise that the future is not very promising. And it is not that the culmination of a single European market represents a significant change in the competitive conditions for distribution businesses.

From a business point of view, the single market is something which has been developing at an increasing rate for the last ten years. These years have been characterised by a growing investment in Spain by businesses from other countries. These businesses have been taking progressively larger shares of the market, without companies backed by Spanish capital, Co-operatives or otherwise, reacting with sufficient vigour.

In any event, when frontiers disappear as from 1993 there is bound to be a speeding up of the above process which leads one to expect an increase in the rate of entry of foreign businesses. This, in turn, will give rise to a hardening of the market, so that only those Co-operatives who have taken the appropriate decisions in good time will be able to remain viable.

Facing up to the Future

On a general level, I am not very optimistic about the future of Spanish Co-operatives. Too much time has been lost and it is too late now to react with much chance of success. The Co-operatives are too small and not even a rapid programme of amalgamations would resolve the problem, owing to the physical distance between one Co-operative and another.

Our efforts now must be concentrated on those larger Co-operatives which have a chance of surviving in the market place. It is still possible for these to be a source of growth.

Given this outlook, the following steps should be taken:

1. Growth:

> It is essential to grow quickly in the next few years at a time when all businesses are jockeying for position in a market place such as Spain, relatively untapped in respect of the establishment of large and medium-sized stores. However, given that space to build these stores is limited, the need to secure the best sites is obvious.

2. Finance:

> Opening new stores requires enormous financial resources, always a scarce commodity within the Co-operatives. To try and alleviate this problem, a limited company, CECOSA, has been set up, whose aim is the building of shops which will subsequently be leased to the Co-operatives for them to run.
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> This company is already in operation and we are hoping that other European Co-operatives will participate by investing capital in it, since

by this means they can make a reasonable profit whilst at the same time helping to expand the Co-operative movement in Spain.

3. Joint Action:

The two largest Co-operatives have set up a group with the aim of bringing together all those aspects of management which could enable them to improve the scope of their operations.

The primary task for the group is the creation of a single management team for the two most important Co-operatives with the main function of defining the necessary strategies to shape their future.

Other actions which should be taken jointly relate to the more practical side of the administration - joint action under own trademarks, joint imports, etc.

4. Professionalism:

Just as important as the financial difficulties is perhaps the lack of top professionals, something which has been a constant problem for the Co-operatives. Finding the appropriate high level staff is an absolute necessity for the success of the Co-operative movement in the commercial sector of the market, an area whose main characteristic has been the growing competiton from ever larger and increasingly better organised companies.

The dilemma between professionalism and Co-operativism has never been effectively resolved in the Spanish Co-operatives, any conflict having always been decided in favour of Co-operativism. It is essential now to find a synthesis, but based on the assumption that without good executives there is no business and thus no Co-operatives either.

5. Co-operative Values:

We have to keep those essential features which make up the nature of the Co-operatives whilst being aware that values have changed enormously in our present society and today solidarity does not arouse much enthusiasm.

Certain well-defined values, such as democracy, essential to Co-operativism, should not be allowed to become a deadweight which slows down the taking of decisions to the point of making them redundant.

In any event, we must maintain and increase the real concern of the member, beyond the sphere of his own shop, so that the Co-operative movement is seen as the best means of defending the interests of the consumer and finding, through this approach, the most important differentiating factor between the Co-operatives and their competitors.

6. *Democracy*

Fundamental to our model is the participation of the workers as partners with full rights, in as much as they are the people who, through their work, can collaborate in the success of the Co-operative business.

This formula is applied in the composition of the decision making bodies in which consumers and workers should be equally represented, i.e. in a 50:50 ratio.

7. *Inter-Co-operation:*

Despite all the investment of effort which will be expended in the next few years and the setting up of joint decision-making bodies for the largest Co-operatives, the resulting impact will still be very small in respect of the European market, let alone the global market.

To overcome the limitations at each stage requires the establishment of more collaborative agreements with Co-operative movements from other countries so that more appropriate levels can be achieved in respect of the new market.

Co-operation between Co-operative Movements

In this report, we have summarised the most essential requirements for achieving a consumer Co-operative movement which could have a proper place in the market place of the future. Although these things will not be achieved easily, the scheme is worth the effort. We should like to think that this is a path we shall go down together in an effective collaboration with the Co-operatives of other European countries.

The Author

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