



Can it be true that trading stamps are on the way back? The inflation of the 1970s may have had its drastic impact on Green Shield stamps and Co-op Dividend stamps, as shoppers sought lower prices rather than “free gifts”, but recently retailers have been using more sophisticated means of retaining customer loyalty. Despite the down market image of stamps, they did retain customer loyalty. Once someone had embarked on collecting trading stamps to obtain a particular gift, or financial return, they stayed loyal to the retail outlets and petrol filling stations which gave the stamps. Hence the emergence of the latest and cleverest ‘trading stamp’ “Air Miles”.

### **Trading Stamps – and Air Miles**

Air Miles works like this. When shoppers buy goods or services at firms participating in the Air Miles scheme, they accumulate miles of air travel which can be traded for free tickets on British Airways. Retailers buy Air Miles from the company running the scheme, which in turn pays British Airways for the tickets which are given away.

Getting across the Atlantic may represent the equivalent of a mountain of Air Miles, but one and a half million shoppers had signed up in the first three months of the scheme’s operation. Air Miles hopes to sign up at least five million members. Apparently 80% of the people who get the free tickets would not otherwise have made the trip, so British Airways, which owns 51% of Air Miles, gets the new group of customers.

Green Shield stamps is also enjoying a renaissance. The company was recreated in 1986 and now has a £20m turnover through 6000 outlets - most of them petrol stations. Meanwhile at least half of retail Co-operative societies still offer stamps.

### **Safe Food**

The Food Safety Bill is currently passing through Parliament. The Government hopes that it will address growing public concern.

The Bill has been welcomed by consumer bodies, local authorities, enforcement officers, producers and retailers. There are, however, reservations on a number of counts in respect of specific matters.

Speaking during the Second Reading of the Bill in the House of Lords, Lord Gallacher said "in spite of our reputation for the quality of our food and its diversity, it would be very difficult not to be concerned about food safety in recent months and years, not only in respect of new products but also of basic foods. The Department of Health has already reported that in the first nine months of 1989, 21,843 cases of food poisoning have been recorded. That was an increase of 13 per cent over the same period in 1988."

#### *Recruitment of the Officers Needed*

The Government's pledge of £30 million for Environmental Health Officers and Trading Standards Officers is to be welcomed. Is this enough extra money in view of the many new duties imposed by the Bill?

Lord Gallacher points out that "there are considerable recruitment problems, particularly of Environmental Health Officers. There are also training and placement problems, certainly in areas where high housing costs are making staff recruitment well nigh impossible."

He went on: "Will local authorities ensure an adequate budget for the enforcement work which the Bill envisages for this important service, and will local authorities be monitored by the Department of the Environment. If so how?"

Central to the powers provided by the Bill is the doctrine of "due diligence" which aims to provide a fair balance between consumers and retailers. There are fresh proposals relating to the registration and licensing of premises, but it is not clear how much the service will cost. Will small premises be charged the same as large premises?

The Bill also contains proposals on food hygiene training.

Lord Gallacher commented "There is a problem with the training of staff in food hygiene, particularly in those areas of retailing and food processing where transient staffs are a normal fact of life and, therefore, the continuity of training may not be as good as it should be."

Turning to hygiene and safety in the home Lord Gallacher praised the pamphlet recently issued by the Ministry of Agriculture, Fisheries and Food on hygiene in the home.

### *The Problem of Food Irradiation*

The Bill also deals with the controversial topic of food irradiation. Lord Gallacher felt that the Bill had, "found a facile solution to this problem. Under the Bill powers are taken to permit the irradiation of food, but no general indication is given of how or when the powers will be used. We already know that there is a sizeable volume of opinion in this country against irradiated food in any shape or form. It would be better for the Ministry to recognise that fact and deal with this matter in an open and frank manner."

He believed the Government were going further than the draft EEC Directive, at a time when the European Parliament had voted to permit only the irradiation of herbs and spices.

### **Take-over of a Building Society p.l.c.?**

You read it first in the Journal of Co-operative Studies! This column has consistently warned that the Abbey National Building Society, or any other building society converting to Company (plc) status, will be subject to a take-over bid by a Bank. As recently as the last issue (No. 67) I warned that an American or Japanese bank would seek to take over the Abbey National Building Society in 1994, but maybe things are moving more rapidly than I predicted.

I took my reassurance from Section 101 of the Building Societies Act 1986. This forbids a take-over of any Building Society converting to plc status during "the protective period" of five years. During this period no single share holder can hold more than 15% of the issued share capital. However Section 101 (4) lays down that the Bank of England can waive this protection "if it considers it desirable in the interest of the depositors and potential depositors."

It is worth noting that similar provisions related to Jaguar Cars plc. "The Golden Share" enshrined the Government's right of veto on a take-over bid but as soon as a serious bidder (Ford) appeared the Government lifted its veto to allow a take-over bid.

### *Straw in the Wind?*

*The Guardian* on 6 February predicted that the first take-over bid of a building society by another institution would take place "within the next few months". Apparently this is the view of the Building Society Analyst at merchant bank Morgan Grenfell. The Prudential Insurance Company and Citicorp were named as potential bidders, and Abbey National was amongst the potential targets. Apparently the Pru has made it known that it would like to add a

building society to its estate agency network. It has talked to a number of societies already.

One advantage, or disadvantage, depending on your view point, of the recent Abbey National flotation, and the take-over of the Guardian Building Society by the Cheltenham and Gloucester, is that building society members have "got used to the idea that their membership is worth something." Inconveniently this idea runs directly counter to the mutual ethic of building societies. There are suggestions that mutual status should be discarded as a historical irrelevance.

The article also makes an unfavourable comparison between the perks acquired by Abbey National members on flotation and those received by Guardian Society members when they sold out to the Cheltenham and Gloucester. Whilst Abbey national members received £100 of free shares Guardian members got a cash handout of £500.

*The Guardian's* article ends on a reassuring note saying that "the TSB stands as a dreadful warning to any institution which believes that the only future lies in copying everybody else."

## **A Prayer for Co-operatives**

*ICA News* recently published a Prayer for Co-operatives written by Edgar Parnell:

*God Save Co-operatives*

Keep them from -

the *Academics* who wish to pull them apart to see how they work;

the *Professionals* that believe that nothing can be achieved by ordinary men and women;

the *Advisers* who never tire of finding new problems but never have time to solve any;

the *Managers* who want a Co-operative to work for them, rather than for them to work for it;

the *Politicians* who seek to use Co-operatives as their stepping stone to power;

the *Government* that will bury them in bureaucracy;

the *Pedlars of Dogma* who try to make them fit their view of the world and will not accept Co-operatives as economic enterprises;

the *Investors* who would take them over and cash in on their assets.

*Help them to deliver benefits* working in the interests of their members without transgressing the rights of those outwith the Co-operative.

### **The Author**

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