

# International Association of Consumer Co-operatives

by J.B. Owen

My article on Inter Co-op consists, first, of a factual statement on this international association of consumer Co-operatives and then of some personal reflections, particularly on the future. Inter Co-op is a specialised organisation within the ICA framework and there has been a major reorganisation of it during the first half of 1995.

## Reorganisation in 1995

Prior to January this year, the collaboration between member organisations of Inter Co-op involved a complicated structure of associated and subsidiary activities.

At the 1994 annual meeting of Inter Co-op members it was agreed that its three sectors be formally separated, with a different membership base reflecting the specific interests of each member organisation within the separate sectors. The new structure came into being on January 1st 1995.

*Nordisk Andersforbund Amba* (NAF International, in short and, you will be relieved to hear, with a difference in Danish from its English meaning) is now operated autonomously with 7 member organisations, these being the Co-operative federal societies from Sweden, Denmark, Norway, Italy, Finland and the UK. Its main function is the buying of food commodities, things like coffee, canned fruit, fish and meat, and fresh fruit and vegetables. CWS is a full member of NAF. It has offices in Copenhagen, Bologna, Valencia, Santos - Brazil and San Francisco.

*Inter Group* is the new name adopted to cover the functions of the former non-food sector. It has offices in Hong Kong additional to the head office in Copenhagen and co-ordinates buying of durable consumer goods. Its membership principally comes from Scandinavia, with CWS an Associated Member.

All other activities and functions remain within *Inter Co-op* itself, which consists of 14 member organisations, from 12 countries - broadly the exchange of know-how and experience which was previously conducted through a Retail Committee which I chaired for the past 7 years. The members account for Co-operative trade in excess of £47,600 million and

combined individual membership of more than 35 million. The activities are controlled by the Inter Co-op board, which is elected by member organisations.

The three separate and autonomous bodies do, however, still share the same head office premises in Copenhagen and fully co-operate on an informal basis.

### **The New Inter Co-op**

Looking at what is then in effect the "new" Inter Co-op its objectives can be described as follows:

- (i) Exchange of know-how and information.
- (ii) Support collaboration.
- (iii) To provide an executive and management network.

It is, in fact, the only forum where management and executives from consumer Co-ops can meet and discuss the common interests affecting the movement, if not worldwide, at least in a European dimension.

### *The Working Groups*

Under the auspices of the Board and the Executive Committee, Inter Co-op operates six permanent working groups.

The first three of these groups are store types - covering Hypermarkets/ Superstores, Supermarkets and Discount Stores. These groups set their own agenda. Topics covered at recent meetings include store design and layout, manpower planning and labour scheduling, staff motivation and media advertising. Of particular interest was a staff exchange programme which took place earlier this year involving Sweden, Denmark and Finland.

A fourth group is the Food Laboratories Group which is very long established and involves members from eleven countries, including Japan. The group monitors quality assurance and management systems and arranges factory inspections.

Fifthly there is the Logistics Group which has recently completed a detailed study of best practice and issued a comprehensive report on supply chain management.

The sixth Group is the Steering Group for the management development and education programme for senior managers entitled "Strategic Management in Co-operative Retailing". The programme is a series of seminars in three modules, located in three different countries and it takes delegates through a number of cases and disciplines relating to retailing logistics, strategic planning and marketing. The programme is now being organised for the third year running. In each year the UK has been strongly represented. This year's delegates include Ian Extance, Deputy Chief Officer, Lincoln Co-op; Graeme Ross, Marketing Manager Scottish Co-op and two Manchester-based CWS managers, Phillip Wilkinson and Steve Parker. Agreement has already been reached to repeat the Strategic Management in Co-operative Retailing programme in 1996.

Additionally, Working Groups are set up from time to time to deal with specific topics of current and mutual interest. Issues covered of late under this heading include environment, dividend schemes, security, ethical trading and teleshopping. These groups like the permanent groups are well supported by the member organisations with the information obtained both relevant and significant.

Inter Co-op also provides an international information service, with regular bulletins and newsletters, giving key statistics and relevant information on European retailing, covering Co-operative and non-Co-operative organisations.

#### *Similarities and Differences*

In relation to all the work of Inter Co-op, experience suggests that some issues facing consumer societies in each country are very similar and, in these circumstances, the opportunity of exchanging experiences in a non-competitive environment is very valuable.

On the other hand, whilst the expansion of world travel and communication has made Europe a relatively small place, the *market conditions*, *culture* and *consumer preferences* can be very different in each country. Inter Co-op then provides the mechanism where managers are made aware of market conditions which differ from their own and they are exposed to other people's views on handling such situations. Better informed managers can be expected to make better decisions in situations of change.

In conclusion, it should be said that with European cross-border retailing now becoming common, the importance of collaboration between consumer Co-operatives becomes all the more relevant. This can be achieved by both multilateral and bilateral contacts. In either event, Inter Co-op provides the network that enables this to happen.

## **Problems for the Future - and Lessons**

Lessons to be learnt are unending, ranging from the expansion of cross-border retailing to international buying alliances; from the experiences of restructuring in Sweden to the financial crises in Germany, Austria and more recently, EKA in Finland.

### *Cross-Border Retailing*

The establishment of the European Single Market acted as a catalyst to trigger the European retail invasion into the U.K. It would seem that for a decade the stretch of water between the United Kingdom and mainland Europe protected us from these predators, in much the same way as it has protected the nation's sovereignty for centuries before.

Cross-border retailing has been a feature in many European and, particularly Scandinavian countries for a number of years. Inter Co-op commissioned a study of European retailers in May, 1991, and the significance of that study is only now being appreciated by many within the UK.

Its production was prompted by the desire of the Inter Co-op Retail Committee to expose the experience in different countries of the strengths and weaknesses of retailers who were known to be planning expansion into pastures new. It was a perfect example of practical international collaboration of considerable commercial benefit. It highlighted the features of Aldi, Netto and others, well before their appearance in the UK and also identified particular aspects of their respective businesses which would be of interest and value to Co-operative societies facing such competition in the future.

With a number of major British retailers now expanding in Europe, earlier failures seem to be forgotten. Tesco, Marks and Spencer and others have had their problems. This was not simply a case of the British failing to understand the continent for continentals have also chalked up failures.

However, more recent excursions look as though they may be more successful and European retailing looks to have arrived and there are various Co-operative cross-border initiatives. Amongst these we have the K.F. fashion chain, Kapp-Ahl operating in Sweden, Norway and Finland, Tradeka Finland operating shops in St. Petersburg, Moscow and Talin, and Co-op Switz involved in some interchange taking place along the Swiss/French border. A consortium of Italian Co-ops has a stake in Spanish hypermarkets operated by Basque Eroski Co-op.

### *International Buying Alliances*

We should not, however, underestimate the effect on the market of the different cultures and tastes that exist within Europe, let alone further afield. This has most certainly had an impact on the effectiveness of international buying alliances that have emerged in recent years. Since 1989 around a dozen Pan European buying groups have been formed, and whilst there was a great deal of activity and publicity when they were set up, there has been little evidence of their success. These buying groups have found that supplier structures are still nationally based, and even with the largest multi-national companies, European-wide overriders are not easily negotiated.

Of course, as Co-operators we could have told them that. I can hear the cry of Co-operative commercial managers shouting - "been there, done that". It is very ironic that with regard to international joint buying ventures the Co-operative movement was well "ahead of its time". Will Watkins has described the efforts to establish international trading relations in the 1920s and 1930s through the formation of the 'International CWS' in 1924 and 'International Trading Agency' in 1938. I have already noted the Scandinavian buying group - NAF - formed in 1917. This group has stood the test of time and in recent years its membership has extended to Italy and the United Kingdom. Under the reorganisation described above, both NAF and the Inter Group for non-food buying seek to achieve more focus, and demand greater commitment from member organisations. Competing against strong, efficient competition, the "pick and choose" philosophy of the past will not do.

Even with strong authority, the joint international buying arrangement has to contend with different market conditions in each country, as well as varying safety standards and specifications - and without the vital ingredient of common taste. Compare the taste of coffee in Scandinavia, Italy and the United Kingdom and you begin to appreciate the problem the buyers have!

### **In General**

My experiences of practical international Co-operation are limited to Europe, principally Scandinavia, and reflect involvement with Inter Co-op and its associated enterprises. As Co-operators we have so much to offer and probably even more to learn. My overwhelming experience in dealing with Co-operative colleagues in other countries is the warmth of response and desire to share experiences. We should not underestimate its value.

The recent difficulties (and lessons) from France, Belgium, Germany and

Austria should not be forgotten. There are, however, more successes than failures and strong vibrant consumer movements in many countries from which there is much to learn.

### **The Author**

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### **In Passing**

*Which other directions should we follow to realize the ambitious objectives Co-op has set for itself?*

*First of all, we should reinforce the Co-operative image at European level by presenting it as an important system of enterprise which resolutely promotes and protects consumer interests whilst also supporting strict environmental protection.*

*... The Co-operative movement has meanwhile acquired a long tradition of supra-national solidarity which should be maintained and further reinforced by likewise using these long-standing international bodies. but we should also move in other directions by inserting our operations into an international and, above all, European perspective.*

*Signor Ivano Barberini, President of the  
Associazione Nazionale delle Co-operative di  
Consumo - Journal 68, May 1990*