

Marketing the Co-operative Advantage

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In Atlantic Canada, where I live, there are retail co-ops, housing co-ops, fishing co-ops, and credit unions. The credit unions have assets of about \$2.6 billion: that's significant. The retail co-operative system has retail sales of just over \$1Bn dollars per year and in Atlantic Canada that too is significant. The 'Antigonish Movement' as it has come to be known, was a very successful effort in community-based economic development. Individual farming and fishing families came together to build what became Co-op Atlantic. We are now committed to renewing the vision that created this movement. I want to try and address three questions. Firstly, what is the context we are working in? Unless we stop for a moment and think about the world around us and what is happening in it, it is very difficult to come up with a course of action. Secondly, who are we? What are co-operatives and what are they all about? Thirdly, given the world around us and who we are, what are the implications of this and what are the opportunities, particularly for marketing?

The context we are working in

I am going to paint what might be seen as a dismal picture, not to be depressing or to dwell on the negative but simply to highlight some of the things we need to think about in the world around us. There are positives and negatives. We are entering into a global economy in a way the world has never had a global economy before. We are looking at the emergence of global corporations with enormous capacity to ship capital anywhere in the world almost instantaneously, and that has enormous implications for our communities and to the society around us and we need to think about that. We are moving toward global markets. Markets have been important, because markets are based on very simple principles; they are based on billions and billions of dollars, and each dollar is one vote. We are also in an era which is witnessing the retreat of civil society and government

as we have known it. Certainly, government in my country is in extended, prolonged and rapid retreat - from education, health care, and all areas of service. Government is built on a different basis, of one person, one vote; we are retreating from that.

We are in the midst of a profound ecological crisis. In the area of the world that I come from, in 20 years we have turned the ocean from a pasture of plenty to a commercial desert. When John Cabot arrived here 500 years ago, he wrote about the ability to almost walk across the water on the backs of the fish, and today we have turned that into a desert; we cannot catch a cod fish now ... but remember, the earth has no dollars, so the earth has no vote. It does not have a vote in the market place.

We are living in the midst of an amazing information revolution. I can sit in my office and talk via E-mail to someone in the Japanese co-operative movement, and ten minutes later I can talk to someone in the Mondragon co-operative movement, and ten minutes after that I can talk to someone down the street - all with the same technology. I can tap into databases in the United States, Europe, and anywhere in the world. We are in the midst of a technological spiral, and I say spiral because it is getting faster and faster and faster. Technology is primarily produced by the military and by large corporations. We are in a technological race which has no speed limit, yet we still do not fully understand the technologies we brought in 20 years ago. We are on this amazing technological spiral where the computer you buy today is out of date when it touches your desk.

We are also living in a world which Xabier Gorostiaga, Rector of the University of Central America in Managua has called 'the champagne-glass global society', a society where the top 20% owns 84.7% of the wealth of the world, and the bottom 20% owns only 1.4% and the other 60% are in the middle; that, too, has profound implications for the future. We are in a world that is in ethical retreat, and when I hear people talk about the economy I hear them talk about an angry god, to whom we must sacrifice women, children, the elderly. There is no end to the sacrificing, and yet the economy god doesn't get any happier - the rate of sacrifice just speeds up. Is everyone gloomed out? Don't be! We only really need to be depressed if we refuse to look these trends in the face and if we stop asking, "What kind of world do we want to build?"

Who are we?

Co-operatives are an alternate form of enterprise with a different basis than the standard form which dominates the economies of the west. They are, therefore, the basis for an alternative kind of economy - an economy that is not an angry god. The key value of co-ops comes from the fact that they are people-centred rather than capital-centred and that has profound implications for co-operatives as enterprises. It gives them, among other things, multiple bottom lines. Welch's, for example (a large and successful US farmers' processing co-op) would not go out and deliberately squeeze every last cent out of the farmers that **own** their national grape co-operative. Co-op Atlantic would not try to squeeze every last cent out of the consumers who own it; they wouldn't do it, it is not thinkable.

There is one part of the co-operative difference that is very important to what we are talking about - marketing. Co-operatives are based on the dignity of people. That belief in the dignity of people is where the commitment to education comes from, otherwise who would educate people if we did not think they had dignity? Why would we accord them any rights? Why would we believe in empowerment? Why would we believe in responsibility? How would responsibility be possible without education? Education is a fundamental part of what co-operatives are all about and it has always been a fundamental part. There is a difference between education and communication. Communication is just getting any idea across, while education has to engage people, it has to engage their dignity, it has to spark some growth. Much of that education is focused on the board members, the employees, management - people who are immediate stakeholders. Much of it is focused on external stakeholders - the general public and groups of people within the general public, it might be politicians. So let us remember that in co-operatives marketing is integral to education, it is not separate from education; all marketing is education.

We often used to say at Co-op Atlantic 'When the member walks in the store you are educating'. What they see when they go into that store tells them a lot about what you believe in, what your principles and values are. If they go into a co-op store and they see the same attempts to rip them off that they see in

any other store, you have taught them something that \$10 million worth of pamphlets or 200 courses will not change; you have taught them not to trust you. So marketing and education are not separable, some education is marketing, all education impacts on marketing, and all marketing impacts on education.

The implications for marketing

I want to set up a distinction between image marketing and what I call character marketing. **Image marketing** is based on getting others to believe what we want them to believe about us. So we create an image and then begin communication - not education but communication - in order to create that belief in their minds. It begins with an image that we want to create, and is often focused on the competition. We spend a lot of time with image marketing looking at where the competition is going. Who are they? What are they doing this week? Image marketing exaggerates trivial differences, because often these are the only kind of differences there are. It supports its claims about those differences with contrived evidence. We often hide statistics that are at odds with the image; we do not often see big corporations risk their image by airing any dirty laundry of any sort, or admitting that they have any shortcomings (this is often true of co-operatives as well). Image marketing relies almost totally on company-generated communication; the way they will get their message across is to generate the message themselves because they cannot trust anyone else to generate it.

Often, image-based corporations have conflicting brands. You might have a perfume company with one brand up here which says it is this, and another brand down there which says it is that. You say, 'Wait a minute. How do you get these two different brands? Which one do I believe in?' Traditional marketing says just keep them separate, no one will know that they are made by the same company; you are selling the brand, not the company. Image marketers often strain credibility and create cynicism and they attempt to create feeble relationships. So you have the amazing proliferation in the last 10 years of clubs: frequent flyer programs, frequent hotel guests: you stay in a hotel 10 nights and get one night free. All of these are attempts to create a very feeble relationship, a thin bonding between the

customer and the company.

Now let us look at **character marketing**; this should be the natural choice for co-ops. It is about communicating what we really are, communicating what we are all about. Instead of going out and trying to create an image about your products, you try to create a product that reflects what you are, that reflects your values. Character marketing creates real differences, because once you define who you are you begin to impose that definition on what you do. It also means you can rely on other people to give your message, because you haven't built it on contrived differences. You can allow the news media to pass on your message, because you are not hiding anything. You can do as Ben & Jerry's (the ice-cream company) does - they have an independent social analyst. Every year he does a social audit of Ben & Jerry's and they print it in the annual report. It says, 'Look here at the fifteen areas where we fell down on who we say we are'. Does that hurt Ben & Jerry's? No, because they know who they are and what they believe in, and they know that in spite of the fact that they have shortcomings there is credibility in being honest and having integrity.

Character marketing creates the basis for deeper relationships. For co-operatives, that is a unique advantage. It is not hard for co-operatives to build deep relationships; that is their uniqueness. Co-operatives are relationships. Relationship or character marketing for co-operatives is just a natural. In the context of the trends that are causing such enormous concerns in our world today, people are incredibly hungry for something they can trust. They do not trust big business, they do not trust big government, they **do** trust co-operatives. They want something they can believe in. The unique selling point for co-operatives is that they are positioned by their principles and values. Those values are a source of hope to more and more North Americans. The beauty of Co-op Atlantic's position in the marketplace is that the competition cannot copy it without becoming a co-operative, and they will not do that, so the Co-op is unreachable. The only thing that can destroy this advantage is when co-ops undermine their integrity, their own uniqueness.

Furthermore, the beauty of character marketing is that it has an enormous positive impact inside as well as outside the

company; when you look at United Airlines' marketing you get a sense of the power of that. If you tell people in your advertising who you are, and you are honest about who you are, then your employees also get a powerful message. If, on the other hand, you duck who you are and you say something like, 'Get them in the door with cheap prices and we will tell them about the co-op stuff later' - eventually you destroy yourself. You are telling your employees, 'We're ashamed of who we are. We have no pride in who we are and we don't believe in who we are'. What character marketing allows you to do is to keep your integrity intact, and there is nothing more powerful in the world of business enterprise than an organisation that has integrity. There is real excellence in pursuing your co-operative values and marketing your co-operative values, and that excellence will enhance your market position.

The opportunity exists to renew our co-operatives, and for them to draw their business strength from their co-operative values and principles. Ten years ago I do not think people believed that. They were not ready for character marketing by co-ops. Now they are starting to believe it, and so now co-ops can draw their business strength from co-operative values and principles. They can move from being tentative and shy about who they are - little co-operative islands in a sea of investor-owned businesses - to being confident and dynamic about who they are. This is because the values that underlie co-operatives are a source of hope in a world in which there is despair and increasing fear about the future.

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