

I'd like to shop at the Co-op but they never have what I want

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Retail competitors of the Co-operative Movement in the UK have become world leaders in managing the supply chain. Getting the right goods, at the right price, to the right place, at the right time, in the right quantity, at the right quality and at the right cost to the retailer is something that Tesco, Sainsbury's, Asda and Safeway are very good at.

Consumer co-operatives exist to serve their members. The ultimate service is one of availability. Has the store got what I am looking for? An empty shelf is going to mean a disappointed member. Whilst this principle applies to basic commodities such as milk and canned goods, it also applies to an ever-increasing range of more discretionary items, many of which are highly perishable. This is where the competition's expertise in retail logistics is taking business away from the consumer co-operatives. Members expect a more extensive range of merchandise than their co-op can deliver in a viable manner. Hence the title of this paper and indeed the difficulties that every co-op in the UK is experiencing in trying to operate superstore-size outlets profitably.

Space does not permit a comprehensive review of retail logistics here. To illustrate the gap in performance, stock replenishment systems will serve our purpose. The typical competitor will have stock replenishment driven by the scanning system at the check-out. Orders are generated automatically on the basis of sales. This removes the human error factor inherent in manual systems and reduces the level of stock-holding at store level. The member gets an improved service and the operation becomes more efficient.

Taken one step further, retailers like Tesco are now running so-called "stockless" distribution centres. This means that the orders generated from each store's scanners, are compiled in order that the supplier can arrive at the retailer's depot with a delivery exactly tailored to the immediate requirements of the business. The merchandise can then be "cross-docked" or sorted

for delivery into stores, within hours of arrival at the depot. This removes the need for any bulk storage of product at the distribution centre. Again the customer wins, through better service and a fresher product on shelf. Again the operation makes efficiency gains, through cutting storage and handling costs.

The Co-operative Movement is seriously behind these developments. Only recently have pilot schemes been launched, to test automated sales-based-ordering. Of course the movement is fragmented. There are at least two nationwide co-operative supply chains. In efficiency terms this is nonsense.

I was asked by lay members at the fringe meeting, "What can we do about it?" One obvious difficulty is the back-of-house nature of most of the supply chain. It is out of sight. The empty shelf as a measure of performance is crude. Why not ask for a report on supply chain development from your management. How is the business co-operating with other consumer co-operatives and with suppliers to improve retail logistics? These are crucial issues for the survival of consumer co-operatives in the UK. As Professor Bamfield in his presentation to Congress noted, unless the problems besetting co-operative trading are sorted out, then any notion of mutuality will be irrelevant.

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