

Draft Speech on Consumer & Retail

The Consumer and Retail sector is home to some of Europe's best-known co-operatives, many of which have played a key role in the economic and social development of their countries. Today, they have a combined annual income of 362 Billion Euros across the EU.

The first co-operative shops were established almost 200 years ago, in response to failure of the market. Private merchants would frequently trap their customers in debt, in order to ensure they continued doing business with them. This allowed them to pursue maximum profit whilst neglecting food quality and hygiene. Co-operative retailers were established to offer a trusted alternative to these exploitative practices.

Today, these businesses continue to operate to the benefit of their customers. This manifests itself in a number of ways. Some do this directly, by distributing a dividend to their members, others have lower average prices, and some maintain key services, such as by keeping less profitable stores in small communities open, where the free market would see no worth in doing so. In this way, co-operatives can afford to consider social value alongside profit in their decision making, in a way that listed companies cannot.

Indeed, co-operative retailers were among the first to adopt fair trade practices that benefits producers, particularly in the third world. They have also proven to be pioneers of new retailing methods, developing the first supermarkets and department stores in Finland, and introducing services like frozen food and self-service to West Germany.

Retail co-operatives have also been innovators in socially responsible business practice. A good example of this is the French Hypermarket chain E. LeClerc. Rather than paying a fee to a central office, individual branches are required to adopt several guidelines to ensure they conduct their business fairly.

These include commitments to always sell at the lowest price, to distribute at least 25% of their profits to their employees, who must fully own their store, and be able to voluntarily participate in management. E Leclerc has had remarkable success with this model and has expanded into six other countries in the EU. The company stands as an example of the egalitarian potential that co-operatives possess.

Co-operation also benefits small businesses, allowing them to come together under one umbrella and brand that allows them to compete with larger providers, whilst at the same time keeping their autonomy and maintaining a community-based alternative to national and multinational competitors. This corporate diversity in turn benefits the general public by maintaining local enterprise.

Retail co-ops combine the strengths of independent ownership with the bargaining power of larger firms, allowing these businesses to experience the best of both worlds, whilst at the same time giving employees, producers, and consumers alike a stake in their wealth and governing structures. A progressive agenda for business should aim to actively promote the principles of co-operative ownership within the retail market.

Questions

- What can be done to encourage consumers to become members of a retail co-operative?
- What measures can governments take to improve the co-operative presence in the retail market?
- What is the most important function that co-operatives can perform play in improving the retail market?

