



ORGANIC BUYING GROUPS

Opportunities for ‘scaling up’ through cooperation: what can the UK learn from European models?

Research of two European large scale organic buying group models and their relevance to the UK – A Soil Association report as part of the Making Local Food Work programme.

July 2011



Soil Association



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Executive Summary

Since the mid 1990's the UK organic movement has seen a steady and successful increase in organic sales through the main UK multiple retailers. By 2000 the annual percentage share of supermarket organic sales was 80%. Alongside this, key players have been pioneering alternative routes to market and developing a range of direct marketing approaches which include box schemes, farm shops, farmers markets, direct supply to caterers and various types of community share farming initiatives. However one of the biggest barriers to the growth of alternative routes to market is the issue of volume. None of the existing approaches offer anything like the size of market offered by the multiples. The 'Big Four' supermarkets control over 75% of the UK's retail food market and offer the customer a convincing package of 'value and convenience'.

A new way to buy food?

So the challenge remains to find an alternative and viable marketing approach that can shift larger volumes for producers on a regular basis. Elsewhere in the world, 'Buying Groups' are proving an increasingly popular way of buying food as consumers pool their resources to buy collectively in bulk direct from producers and suppliers. This report explores what the UK might learn from two established and successful European large scale models of organic trading.

Biocoop in France is a national organic distribution cooperative which links producer coops to consumers by supplying its network of organic shops that are united as a federation and share the same 'Biocoop' identity. There are now 320 independently-run Biocoop member shops, 20% of which are structured as co-operatives themselves. Biocoop as a network controls 15% of the French organic market share.

Gruppo di Acquisto Solidale network, Italy (GAS) is a 'bottom-up' national network linked with other 'social economy' networks and has grown rapidly since the mid 1990's. GAS groups buy in bulk collectively from individual farmers, producer cooperatives and other large scale wholesalers. There are now some 700 groups registered with the network, group membership numbers vary from 10-300 families.

Buying Groups in the UK

A food buying group can be anything from a very informal buying club eg a group of neighbours who bulk order organic chicken from a nearby farm, to a formally constituted consumer co-operative. The majority of UK buying groups are currently supplied by one of our three largest wholefood worker cooperatives; Suma, Essential Trading, Infinity. Although a potential growth area for these wholesalers, they haven't actively marketed this approach in order to not undermine the independent retailers who are their main customers. There are also now a number of larger scale food cooperatives which operate from permanent retail outlets - the People's Supermarket in London is a recent high profile addition. These initiatives have been driven by local food activists, emerging in areas where there is no longer a readily accessible independent outlet for organic and local produce. As yet the larger scale opportunities for fresh produce to be sold in this way still remain relatively untapped.

Ethical Trading vs the 'Big Four'

Clearly the 'Big Four' supermarkets which currently retail over 70% of the UK organic market provide a very efficient, competitive and attractive service for British consumers. However their business model does not provide such a good deal for the farmers and other food businesses that are consistently hammered down on price and are offered little contract security. Also customers don't necessarily get real value from them as there are a huge number of hidden social, environmental and economic costs to the 'cheap' prices at the checkout. In contrast the buying group models we have researched are underpinned by cooperative principles and governance with grass roots community engagement and participation, which are run for the benefit of their members. They have strong ethical policies eg. fair trade sourcing, good employment practices.

Act now to protect our high street

There is an increasingly shared view of the urgent need to protect local food economies and infrastructure from the on-slaught of the ever-expanding 'Big Four', in order to support a diverse and resilient high street, which in turn provides more market opportunities for smaller scale suppliers. In order to turn this tide we need well informed consumers with increased awareness of supermarket trading practices and their impact on our food producers and high streets. We also need more consumers to support the alternative food buying options. There are already some buying groups and food cooperatives, but it is not a business model yet well known in the UK. Planned interventions are needed to build a national network of viable buying groups which could support local trading and sit alongside the independent retailers. A multi stakeholder partnership which operates to agreed ethical principles could be a good place to start in order to enable the required long term collaboration and networks which will support them. Training and support for consumers on how to run groups well, building on what Sustain and the Soil Association have provided through the Making Local Food Work (MLFW) programme, which ends in March 2012, will also be essential.

Introduction

This report is an exploration of what the UK might learn from two established and successful European large scale models of organic trading. Both Biocoop, in France and the GAS network in Italy provide significant direct volume markets for producers as well as enabling positive social and environmental change. Could organic buying groups also become a force for change here in the UK, as we enter a new era which will need cooperative rather than conventional business models?

Background

Since the mid 1990's the UK organic movement has seen a steady and successful increase in organic sales through the main UK multiple retailers. By 2000 the annual percentage share of supermarket organic sales was 80%. Alongside this, key players have been pioneering alternative routes to market and developing a range of direct marketing approaches which include box schemes, farm shops, farmers markets, direct supply to caterers and various types of community share farming initiatives. The need for alternatives is perhaps becoming more apparent with a fall in annual share of supermarket organic sales to 72% by 2010 despite the increase in numbers of supermarket outlets. However one of the biggest barriers to the growth of alternative routes to market is the issue of volume. None of the existing approaches offer anything like the size of market offered by the multiples. The 'Big Four' supermarkets control over 75% of the UK's retail food market and offer the customer a convincing package of 'value and convenience'.

Making Local Food Work programme

The Soil Association (SA) leads the Organic Buying Group (OBG) project strand of Making Local Food Work (MLFW) in partnership with Sustain. The overall aims of this work are to:

- support the development of new buying groups
- increase organic sourcing to existing buying groups
- develop new regional trading links between organic producers into buying groups and
- to research the potential of larger scale buying groups in England, drawing on learning from successful overseas models.

Scaling up or connecting up?

One of the main interests of MLFW (as shared by other programmes and support organisations) is to better understand how to effectively 'scale-up' or increase the number of community-based food enterprises. While it may not be possible to achieve this scaling up within the lifespan of the MLFW programme, it is possible to explore the issues and evaluate options for future development. This MLFW learning activity has focused on exploring what needs to be put in place to effectively grow the community enterprise sector in the future, based on the hypothesis - 'scaling up is really connecting up' (see separate '*Forecast for the Future*'¹ evaluation work for MLFW).

¹ 'Forecast for the future: Growth of community food sector', Cardiff University, MLFW research – working paper 2 March 2011

Objectives that informed the organic buying group evaluation

- To increase the availability and affordability of local organic food
- To enable producers to engage in an informed exploration of alternative routes to market
- To develop a range of UK models for local organic buying groups
- To explore trading mechanisms of food with clear provenance, based on producer and consumer partnerships
- To establish new viable business models for organic buying groups
- To support the development of the organic sector based on organic principles of just, resilient, low-carbon food systems.

Definition

A buying group is simply a group of people who together, regularly buy products in bulk. Motivations vary but in general groups may be primarily concerned with organising themselves to buy collectively, affordably and ethically. A food buying group could be very informal buying club, (eg a group of neighbours who bulk order organic chicken from a nearby farm) or could operate as a formal co-operative.

Ruth Little², who researched buying groups for the Soil Association as part of her 2008 PhD research, offered the following definition: *'A buying group is a group of people who regularly buy organic and/or local food together. The group can be a handful of people, or much larger. It can buy fresh produce such as meat or vegetables, or dry or canned goods. Group members usually live nearby and share a delivery between them. They have at least an informal agreement between them about how things are organised, and sometimes have a formal legal structure such as a co-operative.'*

Beneficial characteristics³

Looking at the current supply network for local and organic food, trading outside of the 'mainstream' system, we found it useful to remind ourselves of how cooperatives offer something different and why we are interested in them:

- Strong ethical policies eg. fair trade sourcing, good employment practices
- Strong commitment to democracy eg worker co-ops, producer co-ops, consumer co-ops
- Strong grass roots community engagement and participation eg consumer run local shops
- Offers useful and fair market to small local producers
- Offers useful market for UK organic produce ie includes fruit, vegetables, dairy
- Offers benefits of scale and handles large volumes
- Has capacity to positively influence culture eg. provides community food education, campaigns

² Ruth Little, 2008 PHD, University of Coventry

³ Jade Bashford, Soil Association, April 2011

What's the difference?

| Supermarket | Ethical Buying Groups |
|---|--|
| <ul style="list-style-type: none"> • Seeks to profit shareholders • Seeks to profit shareholders at producer / consumer expense • Exclusively till operatives • Based on trade – sets price below production costs. • Controlled by shareholders, 'dictates to us'. • Product choices based on profit of centralised system + shelf life • Small producers + shops are squeezed. • Seeks centralisation • Seeks large suppliers • Profit extracted • Closed, non-transparent | <ul style="list-style-type: none"> • Seeks to <u>benefit</u> members • Based on partnership + good relationships along supply chain • Good employment practices • Educates and involves consumers • Democratic • Seeks to further principles • Product choices based on ethics + fair trade • Small enterprises + suppliers are supported • Welcome small diverse suppliers + supports producer coops • Profit often re-invested or shared with members • Transparent |

Research summary

Research was undertaken on two large scale organic buying group models, Biocoop in France and the GAS network in Italy. Information was gathered from telephone, skype and face to face interviews and visits by two researchers to produce two detailed case studies. From this information a presentation was put together for a large conference workshop and a follow-up small roundtable workshop with key stakeholders.

Bio-Coop, France - some key facts

- Biocoop is a cooperative federation founded in 1987 by a pioneer group of co-operatives.
- There are now 320 independently-run Biocoop member shops, 20% of which are structured as co-operatives themselves. Biocoop also has consumer and producer co-operative members. Biocoop as a network controls 15% of the French organic market share.
- There are 4 regional distribution platforms in Paris, Brittany, the South West and the South. Biocoop has its own centralised product ordering system, owns its own trucks and organises daily deliveries to its members.
- Biocoop's aim is to support organic agriculture in a spirit of equity and cooperation and to create fair transparent supply chains in partnership with producer groups.
- The Biocoop 'charter' adhered to by its members sets out 'three conventions' which govern relationships with consumers, staff and

producers. The charter is in a prominent point in each shop with a certificate saying that the shop will adhere to the Biocoop charter.

- There is a national elected board of 14 people representing producers, staff, consumers groups and shops.
- The central Biocoop structure employs 700 staff and has a senior technical management team. It also has four subsidiary companies (transport; public procurement support for producers; retail finance; producer finance)
- Shop membership benefits include a national Biocoop identity, retail signage, retail consultancy services (shop set up, staff training, business advice, retail 'professionalism'); own brands; local sourcing; access to loans.

Gruppo di Acquisto Solidale network, Italy (GAS) - some key facts

- GAS is a 'bottom-up' national network linked with other 'social economy' networks and has grown rapidly since the mid 1990's.
- GAS is based around an ethical concept of 'solidarity' buying to promote justice and sustainable living for all involved – from the producer to the consumer.
- There are now some 700 groups registered with the network though the actual number of groups is estimated to be closer to 2000.
- Group membership numbers vary from 10-300 families. A group in Milan has 1500 members.
- GAS groups buy in bulk from food producers taking a partnership approach. They also purchase non-food items and services like clothing, ethical finance, and renewable energy.
- GAS groups are linking up with other similar-minded groups to increase the potential for collective bulk purchase and to create local district 'solidarity economies'.

Quick comparisons

The two models have very similar origins in terms of motivation and principles and have developed in countries which have:

- a) a strong food culture
- b) many small scale family farms, and
- c) a strong culture of local organizing and cooperation, both from a religious and political tradition.

They differ over timescales and structure. The Biocoop movement in France began in the late 1960's and structures were formalized in the mid 1980s. The GAS movement in Italy began in the mid 1990s and has no formalized central structure other than a website. Biocoop is a national organic distribution cooperative which links producer coops to consumers by supplying its network of organic shops that are united as a federation and share the same 'Biocoop' identity. The GAS movement continues to grow rapidly and has grown from a consumer desire to live in a just, ethical and sustainable way. GAS groups buy in bulk collectively from individual farmers, producer cooperatives and other large scale wholesalers. *(For more detail see full case studies.)*

Points of interest to the UK

There are many details to understand but at a first level of investigation the following points may be of interest to stakeholders in the UK:

Biocoop:

- Biocoop federation of organic shops which share a visual identity and collectively have 15% share of the French organic market
- Financial and other support services for retailers and producers; staff training
- The Biocoop 'Ensemble' range of products which clearly labels players in the supply chain and shows what proportion of the final retail price goes back to the producer, processor and distributor.

GAS:

- Rate of 'bottom-up' growth of GAS groups
- Producer contracts with buying groups for bulk staple items
- Potential for bulk purchase of non-food products and services
- The organising of similar-minded groups committed to living sustainably into local district 'solidarity economies'.

OBG stakeholder seminar

The overseas models we are looking at are very inspirational, they have grown from a sense of solidarity between producers and consumers and have made it into the mainstream; however it is unlikely that exactly the same can be replicated in the UK, even though there are some very useful learnings which could help us to build on what has already been achieved here.

In June 2011, we organised a seminar and brought together a selected group of people. The aim was to help unpick the key learning's from these larger scale overseas models, whilst also interpreting them effectively for our own unique situation. In addition we wanted to further the thinking and explore motivations for, and possible ways to establish or grow larger scale organic buying groups in the UK. The seminar took place in Bristol on 16 June 2011. A wide stakeholder group with appropriate experience and expertise was invited to contribute to this process from a selection of; project partners, organic producers and suppliers, consumer coops and independent retailers (*see Appendix I*).

Workshop structure

- What's happening in the UK?
- What's happening in France and Italy?
- What's a realistic vision for larger scale OBG in the UK?
- How might we develop larger scale OBG in the UK?
- Jim Brown's reflections – structures, finance, business models
- What are the next practical steps?

Current UK organic market situation⁴

- Annual % share of supermarket organic sales: 72% in 2010 (80% in 2000)

⁴ Soil Association Organic Market Report 2011

- Non-supermarket share of sales: 28%
- 60% of livestock sold to supermarkets through marketing groups
- 40% livestock sold direct by producers into abattoirs
- 80% milk goes through a marketing group to supermarkets
- 8% of consumers buying 54% of organic produce
- Sales of organic products fell 5.9% to £1.73 billion in 2010
- In contrast France's organic market is growing – 15% going through Bio-coop – consumers are very engaged with organic.

Roundtable discussion

The stakeholder group all had experience of buying groups and interest in their future development, whilst all coming from a very different experience and viewpoints.

All agreed that buying groups offer a real potential growth trading model and also that it was more urgent than ever for us to find appropriate solutions to the ever increasing on-slaught of the supermarkets, with the consequences being a declining high street and collapsing independent processing and distribution infrastructure to support it. However it is also clear that the supermarkets succeed because they are extremely good at selling food and offer the consumer a very convenient, competitive and attractive proposition.

It was recognised that we do already have some successful established worker cooperatives (eg. organic wholefood wholesalers; Suma, Essential Trading and Infinity) and consumer cooperatives (eg. Unicorn Grocery, Manchester and True Food Coop, Reading) in the UK. The consumer coops have been driven by local food activists and have emerged in areas where there is no longer a readily accessible independent outlet for organic and local produce. However many smaller scale buying groups are not run professionally or eventually fold due to their reliance on voluntary labour.

All agreed that there is a need for long term carefully thought support to facilitate the sustainable growth of consumer buying groups, also to help ensure a minimised negative impact on the independent retailers if buying groups were to increase in number and size.

We also must not forget that we already have one of the worlds largest cooperatives right here on our doorstep, the Cooperative Group who are now the UK's 5th largest retailer. However they don't currently retail any significant volumes of UK organic produce and they support a centralised procurement and distribution structure similar to that of the other main supermarkets, although this shouldn't rule out future attempts at partnership working.

Key themes (Appendix II - SWOT analysis)

The workshop discussion covered many interesting observations and suggestions on what is needed in the UK and how large scale OBG could play a role within that. Here is a selection of comments from delegates within the key themes which emerged:

Working with retailers

'Is there an opportunity to build on the work of the Plunkett Foundation with the rural community shops networks? People can use the shops to buy their daily essentials but could also order other products such as dried goods, vegetables and meat in bulk'.

Fair and equitable trading

'We want to create a just and fair market – when looking at voluntary buying groups you're creating a disadvantage compared to those on the high street as rent and rates so high. Small buying groups which have free time and free premises are ok to sit alongside independents, but once scaled up, things change and more costs are involved.'

'We need to ensure that the principles of ethical trading and transparent supply chain partnerships such as those embodied in the Bio-Coop and GAS models are included'.

Training and support

'There is a need for training and support for buying groups to be professional and sustainable. The Graig Farm brand saw co-ops come and go due to lack of professionalism - very well meaning people but they didn't know what they were doing'.

'There is a lack of education about what a buying group is. People often make unreasonable demands – such as wanting individual invoices etc - they don't realise how the supply systems need to work.'

Ethical principles

'We need to ensure that the principles of ethical trading and a transparent supply chain are made very clear.... Otherwise a large scale supply partnership could be seen as the same as Tesco but just in 'different clothes''.

Powerful drivers

'There is an urgent need for us to do something to address the grip of the multiple retailers on the supply chain and market place. The Bristol Wholesale market, which supplies fresh produce, is shrinking as the number of independent greengrocers declines'.

'We need to do something to protect our businesses and to support a vibrant and resilient high street. In 2004 there were 19 of the 'Big Four' supermarkets in Bristol, in 2011 over 70.'

Looking ahead – what do we need?

| | |
|---|--|
| Consumer engagement and education <ul style="list-style-type: none">➤ Well informed customers➤ Increase awareness of supermarket trading practices➤ Campaign about 'what your high street going to look like' in 20 years time | Multi stakeholder federation / partnership <ul style="list-style-type: none">➤ An umbrella structure and brand to provide an identity➤ Inclusive structure that supports individual retailers too.➤ Eg. Coop.Org / Fairfood.coop / Fairorganic / Coop.Organic |
|---|--|

| | |
|---|---|
| <p>Collaboration with independent retailers</p> <ul style="list-style-type: none"> ➤ Retail to act as bulk drop off point with surcharge for coop ➤ Collaboration with community owned shop network ➤ Increased networking amongst independent food enterprises in a location, directed towards co-operation | <p>Ethical trading</p> <ul style="list-style-type: none"> ➤ Just and real prices for everyone in supply chain ➤ Ethical trading charter and principles ➤ Align business model with ethical and social values (eg. address pay differentials!) |
| <p>On-line resources</p> <ul style="list-style-type: none"> ➤ A directory (not on-line ordering) of 'where to buy' ➤ Order system to collate, administrate and process orders ➤ Develop shared software for buying groups, box schemes and independent retailers that links into software for ethical wholesalers | <p>Training and support</p> <ul style="list-style-type: none"> ➤ Hands-on training on how to run groups well (recruitment of members, food handling, dealing with perishables and fresh produce) ➤ Build network of buying groups with incorporated models to 'focus minds' on mutual benefit / principles. ➤ Enabling community buy outs of food enterprises and setting up more community owned food enterprises (like Plunkett's village shop programme) |
| <p>Distribution and infrastructure</p> <ul style="list-style-type: none"> ➤ "Drop off" hubs ➤ Engage organic producers, buying contracts ➤ Work with existing national organic supply and distribution networks | <p>Collaboration and networks</p> <ul style="list-style-type: none"> ➤ Get the existing buying groups together to meet and network ➤ Support collaboration and networks across supply chains ➤ The Cooperative Group (CRS/CWS) is a partner we should be trying to work with, and maybe persuade to work with us in developing a really direct food supply system? |

Coop.organic – fair shares for all (Appendix III – A discussion paper)

As part of this work, a draft proposal 'Coop.ORG – Fair shares for all' was presented to provoke discussion and help explore issues.

... 'Coop.ORG is a social enterprise, a producer-consumer food cooperative, linking producers with new customers through a network of urban consumer buying groups. It would have a brand identity, backed by a national distribution network and on-line ordering system, underpinned by the combined cooperative and organic values and principles which all members subscribe to...'

The group generally felt that these ideas should be further explored, perhaps initially through smaller, more manageable, delivery projects which would help to develop new buying groups and the required collaborative networks between the wholesalers, independent retailers and other stakeholders.

The idea of an ethical charter and multi-stakeholder partnership which signed up to these shared principles, potentially with a recognizable brand identity, was also seen as a desirable outcome. The new Soil Association ethical standards, also the ['ECCE-Bio Charter'](#) could provide a good starting point for these. It was also flagged that we should explore partnership options with The Cooperative group before developing anything new.

A new business model

Jim Brown summed up with some challenging thoughts about the need to address the fundamental question of the business model before any significant changes could be made. This needs to extend to fair and transparent pay structures to workers.

'People don't see the Soil Association (SA) as challenging the business model. If the SA wants to be a social movement, they have to have a charter of principles about the business model. This is new. And it's going to take a very long time. There has to be a commitment to the long term in this – the next 30-40 years, it's not about the next funding pot. Is Riverford too big? We need 600 Riverfords to feed UK'.

The starting point is how we buy food – what is the shoppers experience, how do we connect the shopper with the producer – what is the retail process? We're entering an era of needing to work together rather than continuing to follow the capitalist approach. There are three important issues to address: identity, empowerment, and engagement.

Conclusions

The Italian GAS network model shows how scaling up is really connecting up through consumer buying groups working together to buy direct from producer cooperatives and ethical suppliers.

The French Biocoop model shows how scaling up is connecting up through cooperatively organised distribution and retail.

There are clearly opportunities for the development and 'mainstreaming' of large scale organic buying groups in the UK. However, to make progress it will require significant collaboration and investment from a range of partners and stakeholders across the supply chain. This is needed as it will require national and regional supply networks, supported by a national distribution and warehousing infrastructure, alongside a massive mobilisation of new consumer

engagement. So before going down this route we need to really consider if we have the right drivers in this country – who needs this arrangement and are the stakeholders in a position to create it? For even if the end result is highly desirable for several stakeholders, getting there will be a challenge.

It may be that ongoing support from the UK organic wholesalers and other support agencies to facilitate the growth of consumer buying groups is the next immediate and achievable step. There is a communication job to do to inform the UK public of alternative food buying options that already exist here including buying from existing organic wholesalers and independent retailers. In addition we need to engage a wider body of the public in learning about how the Italian public are organising themselves to pool their purchasing power to buy in bulk from ethical suppliers.

How we buy food? – Jim Brown's final reflections:

"I think there were some very valuable lessons to be learnt from the two case studies, especially Biocoop. One lesson in particular, is the significance of membership – this strikes me as a key feature of Biocoop and something that all the suppliers at this seminar do not offer to their customers. This is a particular issue among the suppliers that are currently workers' cooperatives – I appreciate it would be a massive change for them to open their membership to their customers too; but I think that would be an important part of the process of connecting organic standards to co-operative values. For me co-operation is about embracing all stakeholders in the enterprise, not arranging it in the interests of a single stakeholder group. However this is a very big and sensitive issue for the co-operative movement.

I support the idea of a charter, or statement of principles, for something like coop.org (I actually think coop.organic would be a better name) and open membership should be one of those principles. I think another principle should be about human welfare – where the pay differentials argument comes in.

However, the big issue you face is how to start a supply/distribution enterprise such as coop.organic? Starting it up from scratch is a possibility – partnerships with others is another possibility – however, maybe the starting point is to think about the "shopping experience" – or the question of "how we buy food?" I am interested to learn more about linkages with neighbourhood buying groups, or possible tie-ups with community-owned shops or community-owned pubs, or even community centres. I just wish we had spent more time exploring the question of how we buy food because I suspect it will be the key to unlocking this issue."

APPENDICES

Appendix I

OBG Seminar attendees & objectives

Is there a need for large scale Organic Buying Groups in the UK?

10am – 4pm, 16 June 2011

Lady Eve room, Soil Association, South Plaza, Marlborough Street, Bristol, BS1 3NX

Confirmed Attendees:

Anna Batchelor (True Food Coop),
Barney Lodge (Lodge Consulting),
Bob Kennard (Graig Producers),
Clive Peckham (Local food consultant),
Georgina Milne (Essential Trading Coop Ltd),
Jade Bashford (Soil Association / Making Local Food Work (MLFW)),
Joy Carey (Local food consultant),
Jim Brown (Plunkett / Baker Brown Associates),
Mark Kidner (Bristol Wholesale Market),
Pauline Dixon (SA Farmer and Grower Board), Paul Moore (Community Foods),
Phil Haughton (Better Food Company / The Community Farm),
Tim Blanc (Essential Trading Coop Ltd),
Tom Andrews (Soil Association),
Tim Crabtree (MLFW / Local Food Links Ltd),
Traci Lewis (Soil Association / MLFW)

Apologies: Guy Watson (Riverford Organic Vegetables), Huw Bowles (OMSCo), Maresa Bossano (Sustain)

Overall aim: To further our thinking, with key stakeholders, on why and how to establish or grow larger scale organic buying groups in the UK and to identify some clear options for action

Objectives of the seminar:

- To review the G.A.S (Italy) and Biocoop (France) models
- To clarify the situation in the UK – the current market situation; the need for larger scale organic buying groups; current level of interest; the drivers; the stakeholders; the opportunities
- To reach some consensus on identifying which elements of the G.A.S and Biocoop models might be relevant in the UK
- To map stakeholder interests and consider if there are one or two large scale models that allow trading of local food and increase democracy that we can envisage in the UK within 10 years time?
- To consider what conditions would be the most fertile for these models to grow
- To identify the most useful next steps that can be undertaken within the final year of the MLFW programme.
- To identify possible longer-term steps that could be developed into a follow on programme of work

Appendix II

SWOT TABLE

| | |
|--|--|
| <p>STRENGTHS</p> <p>Flexible easy model to set up and operate</p> <p>Large scale models already show it can be done</p> <p>Existing successful national organic supply and distribution networks</p> <p>New markets for producers and suppliers</p> <p>Protect existing infrastructure eg wholesalers</p> <p>Effective way for consumers to cooperate and bulk purchase quality affordable produce</p> <p>Effective way to enable access to quality produce in low income areas</p> <p>Food inflation and recession – provide access affordable good quality food</p> <p>In line with the Coalition’s Big Society aspirations</p> | <p>WEAKNESSES</p> <p>Limited consumer demand</p> <p>Who pays for development work?</p> <p>Organic certification, food safety issues</p> <p>Badly planned groups fail and discourage people.</p> <p>Wholefood wholesalers patch</p> <p>Putting independent shops out of business</p> <p>Price competition <i>unjust</i> \updownarrow</p> <p>Needing volunteers / cheap labour / unpaid work required</p> <p>Luke warm support from Local Government</p> <p>Education – people don’t know about community coops.</p> <p>Perceiving similar enterprises as the competition instead of multiples.</p> <p>How to grow from small informal passionate to large sustainable professional</p> <p>Dependence on grant funding</p> |
| <p>OPPORTUNITIES</p> <p>Food Deserts – urban & rural areas</p> <p>Village shop network</p> <p>Free delivery space for community groups</p> <p>Pressured wholesalers seeking new markets</p> <p>Supermarket fruit and veg is more expensive than greengrocers</p> <p>Price of fuel, driving to supermarket out of town.</p> <p>Mistrust of supermarket ethics</p> <p>Home delivery to groups is efficient</p> <p>Future of Riverford</p> <p>Supply to public sector</p> <p>Big Society Bank or Community investment?</p> <p>The Cooperative Group (CRS /CWS)</p> | <p>THREATS</p> <p>Wholesale fruit and veg market shrinking, with retailers</p> <p>Competing on convenience and consistency of supply</p> <p>Supermarkets disrupting price</p> <p>Retaining infrastructure</p> <p>Shrinking infrastructure eg slaughter and cutting</p> <p>Lack of policy support</p> <p>UK mentality is less supportive of local Coops</p> <p>Buying groups fail with unprofessional management</p> |

Appendix III

A discussion paper : 'Coop.ORG – Fair shares for all'

Project overview

- Coop.ORG is a social enterprise, a producer-consumer food cooperative, linking producers with new customers through a network of urban consumer buying groups
- Coop.ORG acts as an umbrella organisation managed by the Soil Association as part of a cross sector stakeholder partnership, committed to finding new and equitable routes to market for sustainable and organic food producers and suppliers, whilst helping people to access healthy, good quality food at an affordable price direct from the farmer or supplier
- Coop.ORG has a brand identity, backed by a national distribution network and on-line ordering system, underpinned by the combined cooperative and organic values and principles which all members subscribe to.

Background

- The Soil Association (SA) leads the Community Supported Agriculture (CSA) strand of Making Local Food Work (MLFW) and Organic Buying Group (OBG) work within the Food Coops and Buying Groups project strand, in partnership with Sustain, this 5 year programme ends in March 2012
- MLFW has demonstrated that CSA and OBG models work and have potential for growth, however many are small scale and only access already 'deep green' consumers. Based on our experience of these models and our review of international large scale models – we think that with the right project partners, ambition and intervention this could change!
- International inspiration: Bio-coop, France; GAS, Italy; Just NYC, US, US; Olkahoma Food Coop, US; Natural Food Coop, Japan (www.soilassociation.org/obg.aspx)

Why do we need it?

- The four main multiple retailers hold on the supply chain and market is ever increasing and needs a strong and coordinated multi-stakeholder approach to compete with it
- Cultural and market barriers to changing purchasing habits - consumers need education and support
- Local and organic producers and suppliers need support to access new customers and markets
- To make it physically easier for suppliers to reach a local market eg. ordering, storage, distribution
- Buying groups have been shown to be an effective way to enable 'food access' in low income areas
- Diet related health problems are rife where fresh good food is often not available
- Food inflation and recession mean many people need help to access affordable good quality food
- CSA and buying group trading models can appear confusing and hard work to many consumers – so we need to make it more accessible and attractive to a wider 'more mainstream' audience.

Partnership working

- Our FFLP and MLFW programmes have demonstrated the power of strong partnerships, which are key to enabling larger scale change. We can learn a lot from both these programmes however neither of have really managed to integrate their innovation and effective social outcomes with support for new organic markets of significant volume.
- Partner roles – Produce, supply and distribution (Organic producers & suppliers); Community investment advice and business support (Plunkett); Coop and buying group development (Sustain); Legal / governance structures (Coops UK); *Other?* Developing 'secondary structures' eg admin, HR, finance; Skills training for practitioners eg.business, finance, people management; Volunteer / mentoring networks and training; *Others:* The Cooperative Group? The Fed of City Farms?

Project outcomes / deliverables

What?

- **200 Small scale groups** (5 – 50 members) (*200 groups x 10 members x 4 in household = 8000 beneficiaries*) Based on existing wholefood wholesaler buying groups scale and model; workplace / school/ uni groups; urban CSA's
- **100 Medium scale groups** (50 – 500 members) (*100 x 50 x 4 = 20000*) Actively target community and social interest groups (100 new groups in 8 different English cities and towns), with 25% to be established in 'low income / deprived' areas of towns/ cities (*this aspect could be supported by grant funding or from % of other membership/ turnover fees*)
- **8 Large scale groups** – (1,000+) (*8 x 1000 x 4 = 32000*) Following local consultation / SWOT, a proposal for large scale buying group / food hub is developed with local partners (*consultation/partnership building could be developed as part of Sustainable Food Community (SFC) project*) and/or connecting up existing CFE's through Coop.ORG network – *this process would aim to work with existing community food enterprises and independent retailers where possible and only establish new outlets when 'market failure' and/or all other collaboration options have been explored*
- Public sector supply opportunities to be explored for Coops.ORG producer members (eg.FFLP schools, Catering Mark caterers, eg. *Plymouth Food Procurement project*)

How?

We would target an initial selected network of 30? organic producers and suppliers, 3 wholefood wholesalers and 10 existing consumer coops to join and help to develop the on-line ordering and delivery system and brand. We would work with existing ordering, supply and distribution networks, where possible; With Coops.ORG as a front end system to link national and local fresh organic product range with existing wholefood wholesaler catalogues. Small scale producers can join to supply buying groups within 30 mile radius of specific geographic locations where we will be focussing. Once system working we would then start developing the consumer membership with an effective and targeted PR and marketing campaign - making the offer 'easy, exciting and accessible'.

- **4/6 regional coordinators** - Actively working with producers and supply networks, targeting 'new consumer groups' through areas of common interest eg. social clubs, sports clubs, faith groups, mothers groups, universities; to provide pro-active targeted support (3 days advice available per each new group? With clear 'user friendly' set up procedures and templates (*targeting specific geographic locations? Eg as part of Sustainable Food Communities (SFC) project*))
- **On-line database** of Coops.ORG producers, suppliers, customers and volunteers to provide a matchmaking service to set up new groups; plus as on-line product ordering system
- **Distribution network** – set up new local delivery services where required, whilst first exploring and supporting effective collaboration between existing networks of producer / supplier partners; Would also need access to warehousing facilities.
- **Brand** – Marketing and on-line identity for PR/ point of sale / other marketing and awareness raising
- **National and local supplier collaboration** – Product sector mix of national organic suppliers combined with local small scale sustainable farmers and food producers. This will enable a national distribution network and full product range, enabling economies of scale, whilst also providing new local markets for small scale producers.
- **One-stop-shop advice and support** - Coop.ORG would provide effective access to a wide range of advisers who can offer effective and targeted support to establish groups, taking away some of the responsibility eg. Liaising with farmers /suppliers, ordering systems, legal and governance issues (*ie. would they still need to separately incorporate if part of Coop.ORG? could Coop.ORG insurance cover the volunteers working within the individual groups?*)

- **Member benefits: Consumers**– support setting up and developing right scale buying groups (community building, business planning, legal & governance), liaison with farmers / suppliers, website, newsletter, volunteer insurance? Not supporting multi-national/ plc business; good quality food at affordable prices; **Producers** – access to new customer networks, on-line presence, part of new organic national supply and distribution network, new markets, cooperative structure, policy representation, PR / Marketing campaigns.

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