



CO-OPERATIVES UK

Good business?

Public perceptions of co-operatives

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“Most people view co-operatives as local, based on sharing profits, fair, honest, trusted and a good way to run a business.”

How people at large view co-operatives is a key factor in the business environment, whether for attracting staff, customers or members. To track public perceptions of co-operative enterprise, Co-operatives UK has compiled market research on behalf of its members. The key findings are:

- Co-operatives are part of everyday language and there is good recognition that this is a distinctive form of enterprise.
- The associations of fairness and trust attached to a business being co-operative are high.
- Compared with shareholder companies, co-operatives are viewed far more positively by the public.
- However, whether because co-operatives are seen as sharing or because of poor perceptions of performance, companies rate higher in the public mind in terms of commercial attributes of profitability and innovation.
- Co-operatives stand out as best of class in the wider vocabulary of the social economy.
- There is significantly higher public recognition and understanding of the term co-operative than of 'social enterprise'.
- There are also more positive associations, both ethical and commercial, with co-operatives in the public mind than for mutuals.

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The co-operative identity is therefore a very positive asset. The public is receptive to co-operatives and it makes good sense on commercial grounds to use marketing that builds on these advantages.

There is also work to do, however, to consider how to position co-operatives in relation to strengths that are underplayed in terms of perceptions of aspects of commercial performance.

Introduction

This short paper outlines the key findings from market research into public perceptions of co-operatives undertaken between May and August 2010.

The primary findings are based on a panel questionnaire conducted by George Street Research, supplemented by selected questions as part of an omnibus survey conducted by YouGov. All data reported here is from George Street Research, except for data on the number of co-operative businesses people can name, which is sourced from YouGov. The analysis is by Co-operatives UK.

It explains the reasons co-operatives can be cheerful, outlines where there is work to be done and shows where there are variations in views between age groups and regions of the UK. It concludes with recommendations for individual co-operative businesses and the co-operative sector as a whole.

Reasons to be cheerful

What is a co-operative?

From time to time, it is suggested that people do not know what a co-operative is and, if they do, they think of a high street food retailer or funeral care, not other kinds of businesses. Evidence here shows that things are not that bad: 84% of people say they know what a co-operative is. However, knowing what a co-operative is does not necessarily translate into recognition of co-operatives on a day-to-day basis. Only one in five people (22%) can name more than one co-operative, while over two fifths of people (43%) report that they cannot think of any co-operatives.

The awareness of what a co-operative is emerges as lower for women than for men - over half of women (52%) say that they do not know what a co-operative business is or cannot name one.

So people may not know the details of what a co-operative is or see the range of sectors that co-operatives trade in. But far from walking into obscurity there is widespread awareness of co-operatives in the UK.

Positive associations

People also have some very positive associations with co-operatives. Most people viewed co-operatives as local, based on sharing profits, fair, honest, trusted and a good way to run a business.

Co-operative businesses are widely perceived to be local (81%), share their profits (79%), fair (75%) and customer owned (73%). Around two in three adults surveyed also associate co-operative businesses with being "trusted" and "for public good" (66% and 65% respectively). At least one in two adults surveyed also associated co-operative businesses with being honest (63%), open (59%), democratic (53%) and involving (52%).

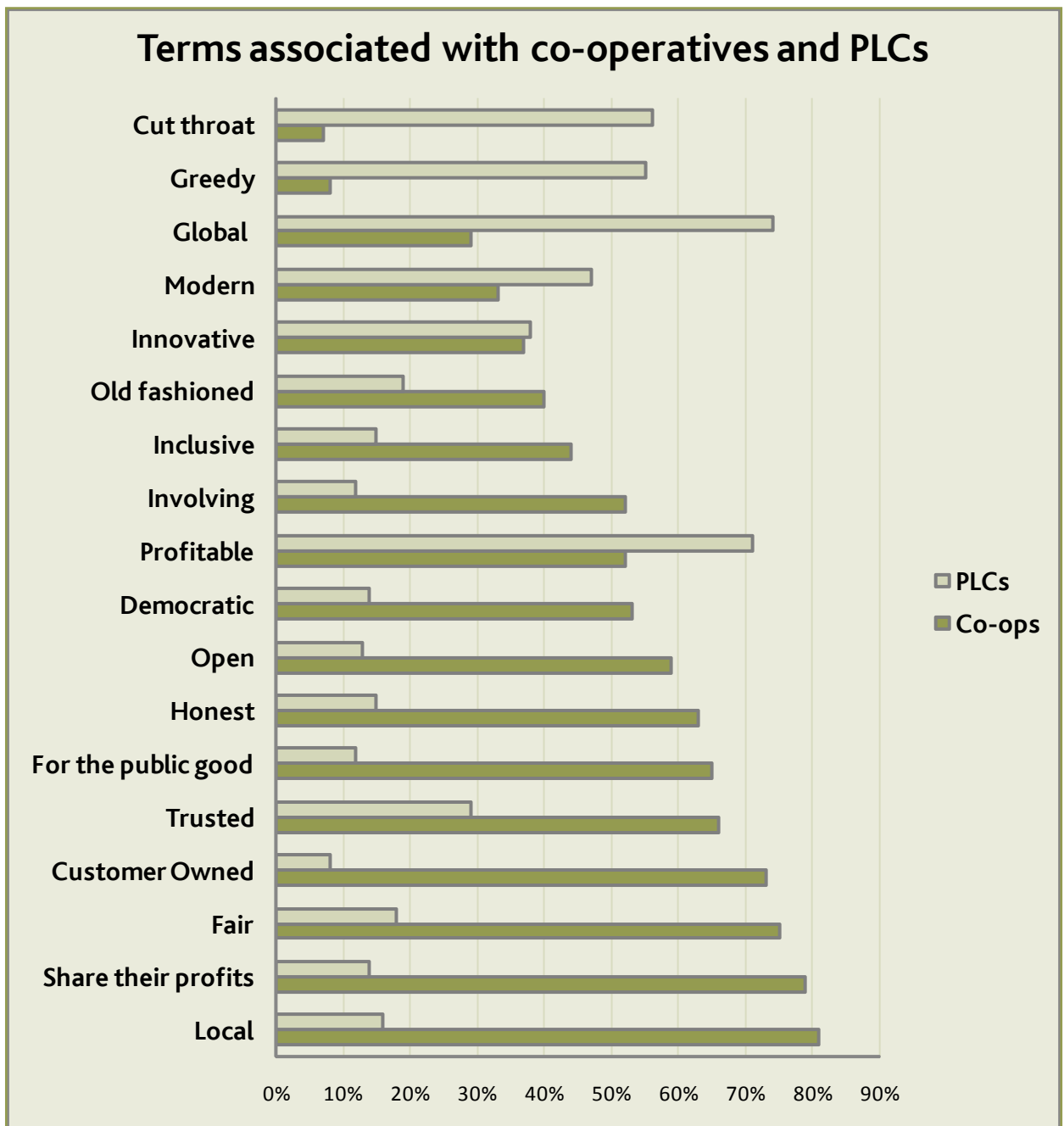
At lower levels, 44% associate co-operative businesses with being inclusive and 40% associate them with being "old-fashioned" (conversely 33% apply the term "modern"). A minority of adults surveyed associate co-operatives with innovation (37%) or being "global" (29%) and very small proportions select descriptors of greedy or cut-throat (8% and 7% respectively).

Comparison with shareholder companies

In contrast with co-operatives, shareholder companies ('PLCs') are widely associated with being global (74%), cut-throat (56%) and greedy (55%). These attributes appear to translate more strongly into a perception of being profitable than the qualities associated with co-operatives; 71% of adults surveyed associate PLCs with being profitable compared with 52% for co-operative businesses.

Whilst shareholder companies are less frequently cited as old-fashioned than co-operatives (19% compared with 40%), they are still not widely perceived as modern (47%). Further, there is virtually no difference in levels of association with innovation (38% for PLCs, 37% for co-operatives).

Only 29% of respondents associate companies with being "trusted" and fewer than one in five adults surveyed associate them with qualities such as fair (18%), "for the public good" (12%), honest (15%), open (13%), democratic (14%), involving (12%) or inclusive (15%).



Comparison with other alternative models of business

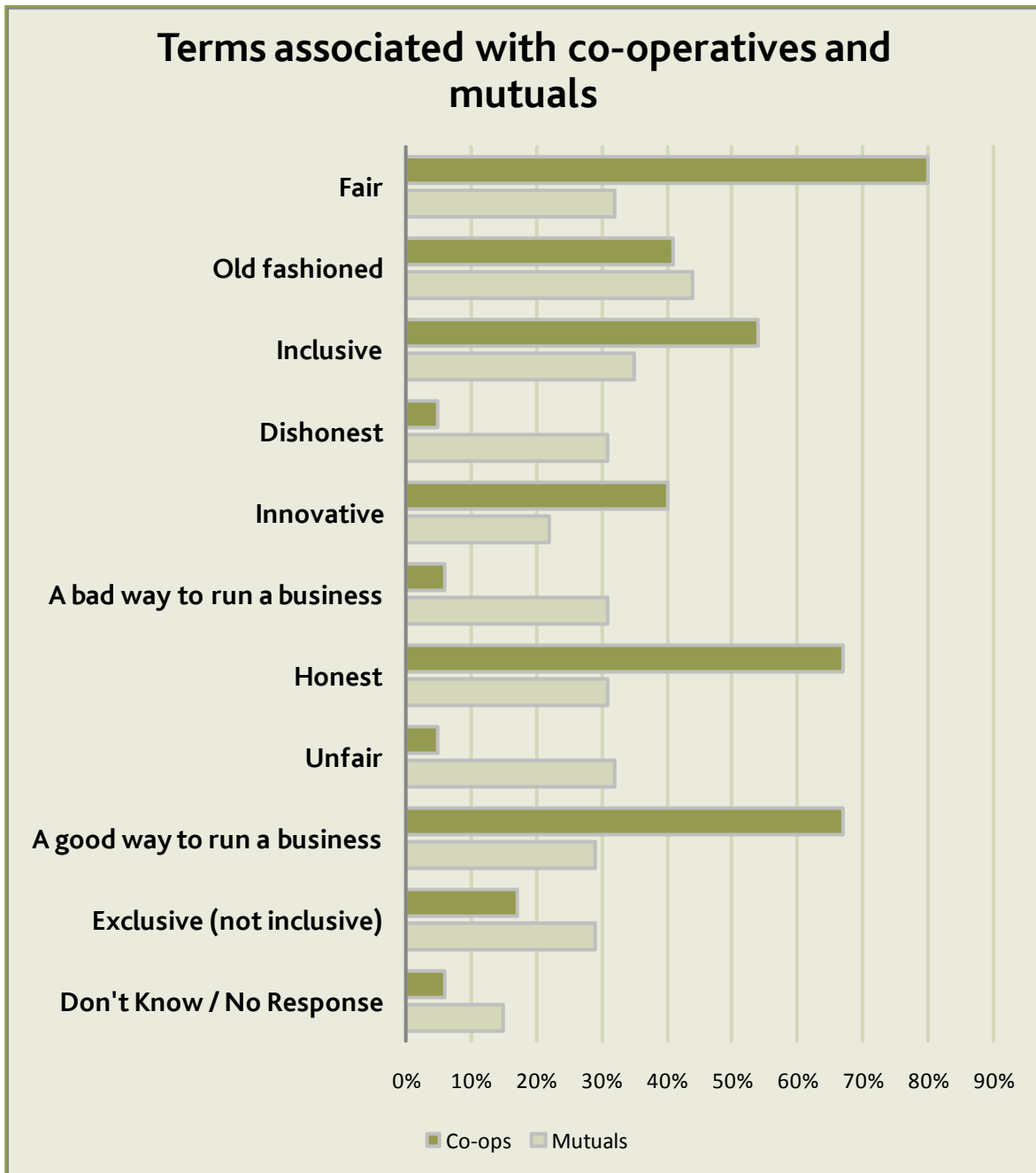
Co-operatives stand out well too compared to other terms used for alternative models of enterprise.

Respondents were also asked to say which of a list of words and phrases they associate with the terms “mutual” and “co-operative”. 15% of those surveyed felt unable to apply any descriptor to the term mutual, suggesting less clear understanding or associations with mutuals than co-operatives (only 6% did not apply any descriptors to the term co-operative).

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The term co-operative is widely associated with fair (80%), honest and “a good way to run a business” (each cited by 67%) and also inclusive (54%). The term mutual appears to lack strong associations, either positive or negative, with none of the listed qualities being linked to mutual by more than one in two adults surveyed.

The qualities most widely associated with the term mutual are old-fashioned (44%, 41% for co-operative), inclusive (35%), both unfair and fair (each cited by 32%) and both honest and dishonest (31% each). Overall, perceptions appear polarised between positive and negative associations with the term mutual.



Research by the Wales Co-operative Centre in early 2009 showed 93.8% of respondents had heard the term co-operative before whilst only 35.1% of respondents had heard the term 'social enterprise' before. Only around one in four (26%) felt they could explain the difference between a social enterprise and a PLC.

Perceived benefits

Evidence also shows that the public have relatively clear perceptions of the main benefits of co-operatives.

First, people think that an advantage of co-operatives is sharing, whether that is sharing profits amongst members or sharing more broadly. Second, in line with this, people see fairness as a major benefit of co-operatives. Third, co-operatives are viewed as good at helping people, allowing people to work together and bringing about mutual benefits. Finally, people see co-operatives as supporting communities.

When co-operatives are marketing their business, touching on how they deliver some of these benefits will find a receptive audience.

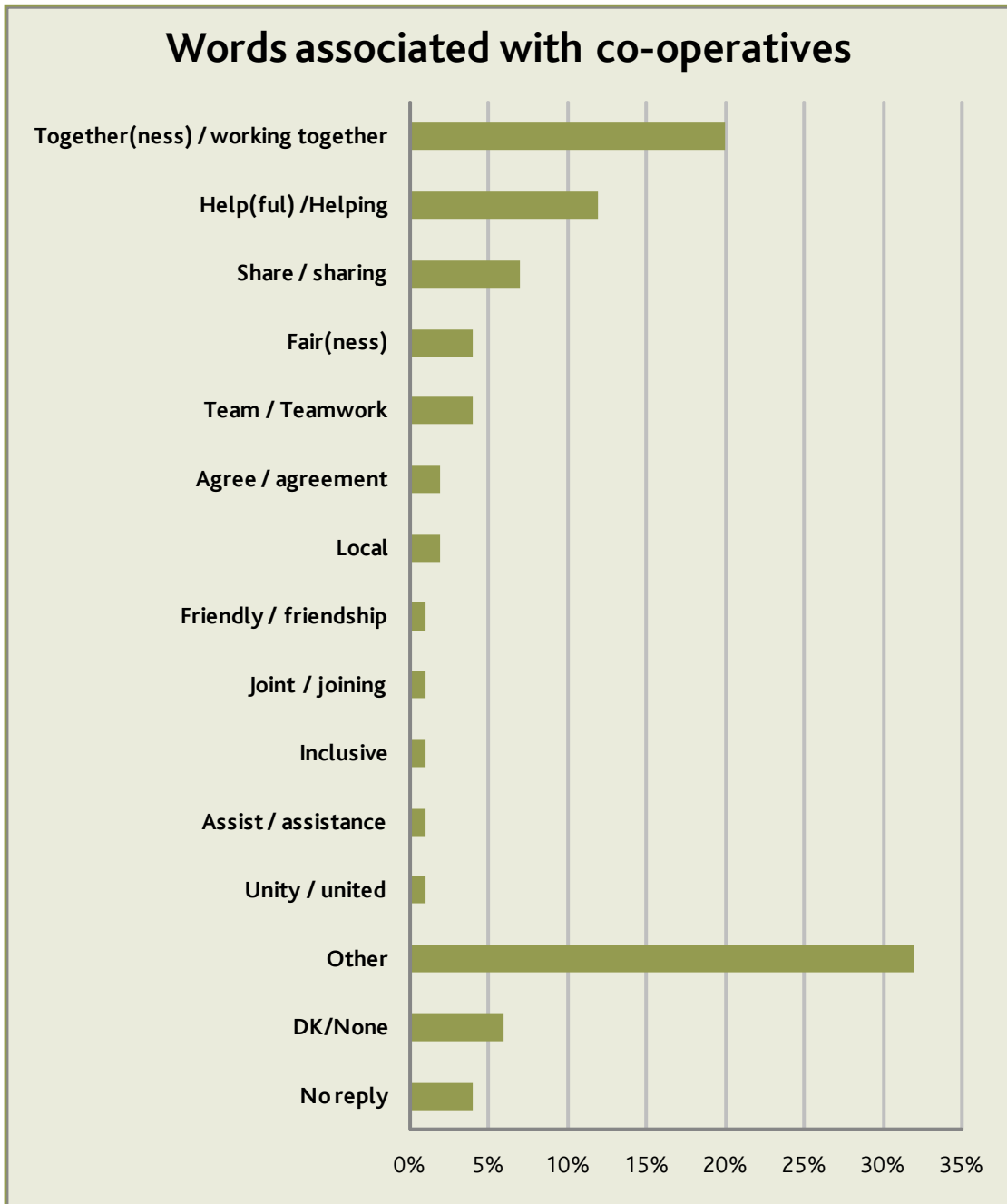
Benefits of co-operatives

Benefits of co-operatives	
Benefit	% mentioning
Profit sharing	19
Sharing	18
Fairness	14
Helping	10
Working together	9
Mutual/everyone benefits	8
Local community	8

How the public sees 'co-operation'

When we asked respondents for the first words that came to mind when they thought about co-operation, their answers were very wide ranging, albeit some clear themes emerged. One in five adults surveyed (20%) think of a word or phrase that includes "together" e.g. togetherness, working together or similar. A further 4% mentioned aspects of team or teamwork and 7% think about some aspect of sharing. All of these words and phrases, collectively cited by 31% of adults surveyed, reflect aspects of unity and collaboration between multiple parties.

A second common theme relates to aid; 12% of respondents mention help, helpful or helping, and a further 1% cites assistance or assist as words that come to mind when thinking about co-operation. The third key theme is about being equitable, with 4% of respondents thinking of fair / fairness and 1% making reference to inclusiveness. Other common words and phrases include agree/agreement (2%), local (1%) and friendly/friendship (1%).



Work to be done

Here then are some very positive associations that most company marketing directors could only dream of... and that co-operatives can capitalise on. There are also some important negative associations that need to be addressed.

Profit - what profit?

Importantly, only just over half of people see co-operatives as profitable. This may indicate a lingering association with past commercial weakness, such as the decline in market share over past years, now on an upward trend, in the retail sector. Or it may be an association of co-operatives being part of a third sector that includes, most prominently charities and community groups that are indeed not-for-profit.

Also significant is that just 4 out of 10 people see co-operatives as innovative and only 3 out of 10 see them as modern. On all three of these terms PLCs are viewed more positively than co-operatives - slightly more innovative, certainly more modern and definitely more profitable.

Finally, although co-operatives form a global movement with over 800 million members and 100 million employees - which is 20% more employees than all multinational enterprises put together - only 3 out of 10 people see co-operatives as global, whereas 7 out of 10 see PLCs as global. This could be an opportunity, given the extent to which British companies are now owned by overseas investors, or alternatively, it could be tied up with a relative weakness of the global co-operative sector that, to date, it has been compartmentalised on a local or national level rather than fostering global co-operative brands.

The business case

So there is work to be done. Co-operatives might be seen as fair, local and sharing but they are not seen by any great number of people as profitable, innovative, modern, global businesses, particularly when compared to PLCs.

This is not simply a consequence of companies such as Nike or Apple developing global brands that trade on being an international success. It may also stem from co-operatives having been seen for decades as ethical at the expense of profitable, as community focused at the expense of innovative or global.

The co-operative movement carries a lot of history about its formation and development in tandem with the labour and trade union movement that is hard to shift. But there is of course a renaissance in the co-operative movement today and much is being done to counter these perceptions - above all, a rejuvenated brand from The Co-operative Group and partners, a move away from the word 'co-op' and work to put innovative, modern, profitable and ethical businesses at the forefront of campaigns for the co-operative sector.

An ongoing concerted effort of this kind may well be needed. Individual businesses have a role in showing their customers that they are modern, innovative and profitable. New iconic co-operative models, in renewable energy, football and village shops, also play a role - disproportionate to their small scale - in winning public attention and resonance. And the co-operative sector as a whole - perhaps through campaigns such as Co-operatives Fortnight - has role to emphasise the 'business' side of co-operatives to greater effect.

Does age matter?

These broad trends in views about co-operatives largely go across all age groups, but there are some important differences between younger and older people. Older people have far more positive associations with co-operatives and when it comes to knowing about and naming co-operatives, there is a significant age difference.

When it comes to naming more than one co-operative, it is interesting that although less young people know what a co-operative is, for those that do, they are more likely to be able to name a wider variety of co-operatives. Over the age of 25, people are more likely only to know one, perhaps reflecting for older generations an awareness that focuses on high street retail stores.

Recognition of co-operatives by age group					
	% of 18-24	% of 25-34	% of 35-44	% of 45-54	% of 55+
Can't name a co-operative business as I don't know one is	35	27	20	17	22
Can think of a number of co-operatives	34	22	20	21	18

When it comes to associations with co-operatives, there are also differences between younger and older people. In two areas younger people have slightly more positive views than older people - in terms of co-operatives being modern and innovative. This is an interesting finding. It may reflect the fact that younger people know about a number of different co-operatives or associate retail societies with Fairtrade and ethical produce, whereas older people may have memories of retail societies as old fashioned businesses.

For all other associations, though, older people are consistently more positive than younger people. In terms of co-operatives being local, sharing profits, fair, honest, trusted or a good way to run a business, older people are more likely to associate co-operatives with these positive attributes than are younger people.

This issue is one the co-operative sector is well aware of and trying to address through, amongst other things, the development and promotion of Co-operative Schools, through campaigns such as The Co-operative Group's Inspiring Young People and educational activities by East of England Co-operative Society or The Co-operative Education trust Scotland and by Co-operatives UK's recent work on co-operatives in the creative industries for freelancers and graduates. This research confirms that these activities focused on younger people are of real strategic importance.

Terms associated with co-operatives by age group				
Term	Average for all ages	% of 18-34	% of 35-54	% of 55+
Local	81	74	83	87
Share their profits	79	61.5	82.5	91
Fair	75	64.5	76.5	82
Honest	63	52.5	62.5	71.5
Good way to run a business	67	54.5	67.5	77.5
Trusted	66	52	68.5	76
Modern	33	36.5	32	31.5
Profitable	52	46.5	53.5	56.5
Innovative	37	38	38	34.5

Do regions and nations matter?

The trends outlined above largely cut across all the UK regions and nations.

There are some regions and nations where there is a higher than average understanding and positive associations with co-operatives. People in Wales, North West England and North East England are very positive about co-operatives, with Scotland following close behind.

The majority of the other English regions follow the same pattern, although the patterns are sometimes less pronounced. In London, for example, there is above average agreement that co-operatives are local and innovative, but below average association with trust and fairness.

Conclusions

There are plenty of reasons to be cheerful. As the mood in the UK shifts towards more fairness, trust and social purpose in business, co-operatives are well placed to benefit.

Economic uncertainty and jobs lost through public sector cuts could see ethical values lose out to straightforward value for money. But conversely deal-conscious consumers may be more willing, and not less, to put their money with businesses they trust and treat them fairly. Co-operatives, by promoting themselves as local, fair and honest can ride on existing perceptions and align themselves with the interest in a better way of doing business.

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But there is work to do.

First, whilst people view co-operatives as fair and local, they do not perceive them as innovative, profitable, global businesses. If the business world, entrepreneurs and government are to see co-operatives as a viable, sustainable alternative, this perception will limit co-operative success in future.

Co-operatives are winning the argument that they are ethical. They still need to win the argument that they are commercially as good as the best.

Second, older people tend to have more positive associations with co-operatives than do younger people. This is an issue that needs to be addressed if co-operatives are to continue to be perceived positively. Younger people need to learn more about the benefits and strengths of co-operatives.

Underneath the headline figures reported here, there will also be other key population or 'psychographic' (attitudinal) segments that have high commercial value and high co-operative affiliations. There are other groups, such as business advisers, banks and accountants that appear to be less sympathetic to co-operative models - working to discourage new co-operative business formation or growth in an unnecessary way.

How can these changes be brought about?

Partly they can be brought about by individual co-operatives. By demonstrating to their customers and community that they are a serious business, committed to both profits and principles and by providing products, services and promotions designed to appeal to younger people, co-operatives can help address the two challenges facing perceptions of the model. This will be mutually beneficial - both to the co-operative sector as a whole and to the business itself.

In tandem with this, the co-operative sector - through organisations like Co-operatives UK - needs to ensure that it clearly communicates in all its messages that co-operatives are profitable, innovative, successful businesses and, in doing so, uses the messages and the media that younger people will notice and use.

Public perceptions are shaped by a wide variety of channels of information. Over time there has been a significant cultural shift, sometimes dubbed as a journey from 'deference' to 'reference', where consumers trust business and marketing less. They place far more emphasis on what they learn from friends and family - or from other people and agencies they know and trust. In this context, initiatives such as the co-operative brand, membership engagement and Co-operatives Fortnight are well placed to contribute.

The discipline of brand management governs and regulates the use of the 'co-operative brand' led by the Co-operative Group and benefits from the success of co-operative leaders over time such as Co-operative Financial Services. But there is a wider inter-dependence across the co-operative sector. In many ways, in terms of public perceptions, co-operatives stand or fall together.

This is a time of great opportunity. Co-operatives are seen in a very positive light, in a way that fits with the concerns of the time. The challenge is to build on this so that co-operatives live up to the potential to be the business that people want and win their custom and loyalty for the quality and integrity of what they offer. The time is right to press for a more co-operative economy.

Method

Findings on associations and demographics are taken from an online survey, commissioned by Co-operatives UK and conducted by George Street Research, amongst a demographically representative sample of 1,052 adults across the UK.

Invitations to participate were issued to 9,514 Research Now panellists and the surveys were completed between 28th April and 12th May 2010. The findings on awareness of co-operatives are taken from responses to an omnibus survey run between 11 - 13th August 2010 by YouGov with a total sample size of 2,399 adults.

We are grateful for additional input to this work from the Wales Co-operative Centre and Co-operative Development Scotland.

Co-operatives UK

Co-operatives UK works to promote, develop and unite co-operative enterprises. It has a unique role as a trade association for co-operatives and its campaigns for co-operation, such as Co-operatives Fortnight, bring together all those with a passion and interest in co-operative action.

Any organisation supportive of co-operation and mutuality can join and there are many opportunities online for individuals to connect to the latest co-operative news, innovations and campaigns. All members benefit from specialist services and the chance to network with other co-operatives.

www.uk.coop

THE AUTHORS

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