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Main Feature

JCCU's Co-op Member Opinion Survey in 2006

Who are the Co-op Members and What Do they Think About Co-op?

Deborah Steinhoff, Ph.D.

Co-op Opinion Poll

The Japanese Consumer Co-operative Union (JCCU) conducts a nationwide Members' Opinion Survey every three years. The results of the latest survey, conducted in the summer of 2006, were published in November of the same year. The Review of Consumer Co-operative Studies, March 2007 no. 374 ran a special issue to present the findings and analysis of the survey. What follows here is a brief summary of the results of the survey and its implications for the continued growth and development of Co-op in the future.

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News in Brief

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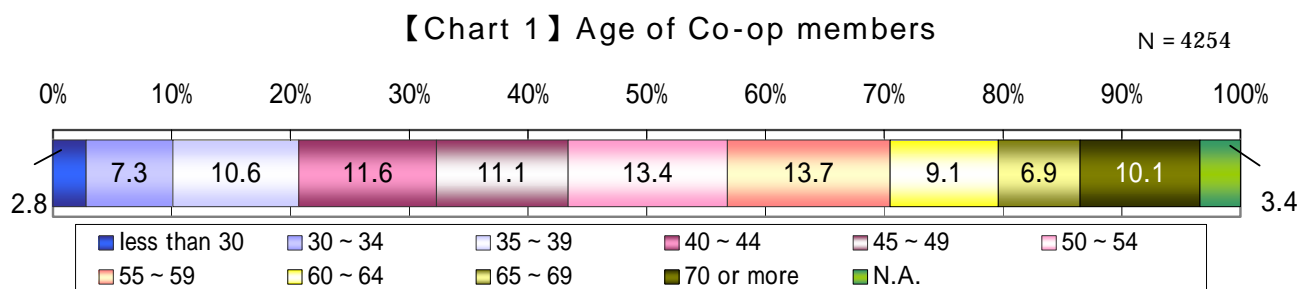
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The history of opinion surveys of co-op members is almost as long as the history of consumer Co-ops in Japan. While the first polls date back to 1963, the Japanese Consumer Co-operative Union has been conducting in-depth member surveys, every three years, since 1994. The 2006 survey is thus the 5th such survey in the past 12 years. As is customary in these surveys, JCCU randomly selected 6000 co-op member among the top 30 regional Co-op societies to participate in the survey. The rate of return for the 2006 survey was as high as 70.9%. The results of the survey provides Co-op with information about the changing demographics of Co-op's membership and it is in effect a report card from the membership on what Co-op is doing well and where there is room for improvement. The survey is in fact an incredible source of direct information from member users that can assist Co-op to develop better products and services to meet the changing lifestyles of members not to mention attract new members in the future.

Co-op Members

For the first time ever in the history of Japanese consumer Co-ops, the average age of Co-op members has surpassed 50. In fact it is 51.4 years of age. The results of past surveys show the average age of members has been steadily increasing. While in 1994, 68% of the members were below the age of 50, in 2006 only 44% were younger than 50 years of age and in fact 26% were above 60 (See Chart 1). Among the membership, the survey indicates that 51% are married with children.

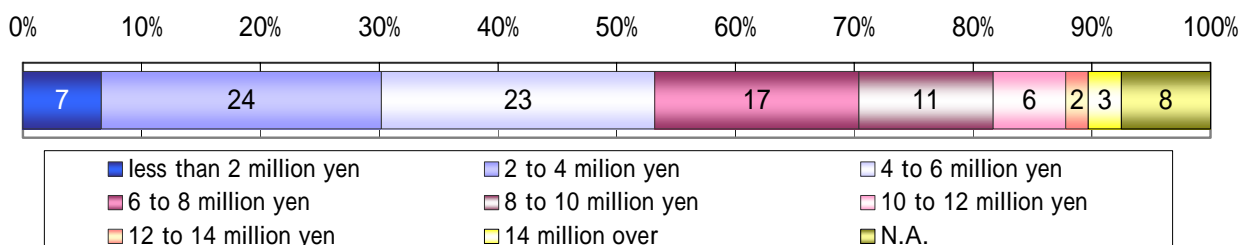


Looking at the combined income of husband and wives within member's households, those households with a combined income of under 4 million yen per year has increased from 26% in 2003 to 31% in 2006 (See Chart 2). For those members in their 30s, the households in this income bracket rose from 18% in 2003 to 21% in 2006. Overall, only 13% of those members surveyed answered that their income increased in 2006 over the previous year. In fact, 41% indicated that their income has decreased compared to last

year and another 41% indicated no change in household income.

【Chart 2】 Combined annual income

N = 4254



What the latest survey results reveal is that the majority of Co-op members have been members for long period. In fact 60% of those surveyed have been Co-op members for more than 10 years. Of those members 50 years of age and older, only 5% have been members for less than 3 years. These numbers indicate that while Co-op does have a stable older membership base for support, Co-op needs to find ways to attract new young members.

The survey indicates that 44% of members are Internet users. 10% of respondents indicated that they regularly log on to various websites. Also, the number of members making electronic payment transfers over the Internet significantly increased. Of members in their 20s, 93% regularly use email, among those members in their 50s, 54% use Email and among those members in their 70s, 16% indicated that they use email.

In terms of using the Internet for researching and buying merchandise, among members in their 20s, 49% said they regularly use the Internet, while 45% of members in their 30s also said that they regularly use the Internet. Member surveys show that members are generally Internet savvy and the young members are very connected via the Internet. In order to attract new members, Co-op could better utilize the Internet as a means of communication and providing services.

Member's Views on Co-op Services and Activities

Co-op Joint Buying and Individual Home Delivery

The JCCU statistic shows that for the first time in the history of Co-op, Individual Delivery Services surpassed Joint Home Delivery Services in terms of the number of members utilizing these services. In fact the percentage of members using Individual Delivery Services who had never used the Joint Home Buying Services increased from 37% in 2003 to 44% in 2006.

Furthermore it is most important to note that although 46% of members said they did not use Individual Delivery Services, among those members 28% said they would consider using the Individual home delivery services if the service/delivery charge was reduced. With these results, it is obvious that Individual Home Delivery is the wave of the future for Co-op and although many Co-ops are working to expand this service, there are still Co-ops that are lagging behind in terms of developing Individual Home Delivery Service.

In terms of member usage of the home delivery services, 61% of respondents who used only Individual Delivery Services spent over 20,000 yen per month, while 44% of members who used only Joint Home Delivery Services were included in this bracket. This indicates that members are spending more on Individual Home Delivery over Joint Buying Services and Co-op needs to focus on expanding Individual Home Delivery Services.

Member's Satisfaction with Services Offered

Members were asked to rate their satisfaction with various Co-op Activities on a scale from -10 (unsatisfactory) to +10 (satisfactory). The survey indicated that the overall rating on Co-op Store experience slightly improved over 2003 to +3.37, but it was still low. In particular they gave poor ratings to the lack of information available in stores, the price of merchandise and the variety. There is still obviously much room for improvement at Co-op retail outlets.

When members were asked to rate non-store retailing i.e. Joint and Individual Home Delivery Services, the overall rating was +4.61 which was highest ever in those nine years. Members noted the convenience it offers and although they see room for improvement in terms of price, and freshness of perishable merchandise. Many did note that they were not satisfied with the merchandise they received as there was discrepancy between the goods they received not meeting the expectations of the goods they ordered.

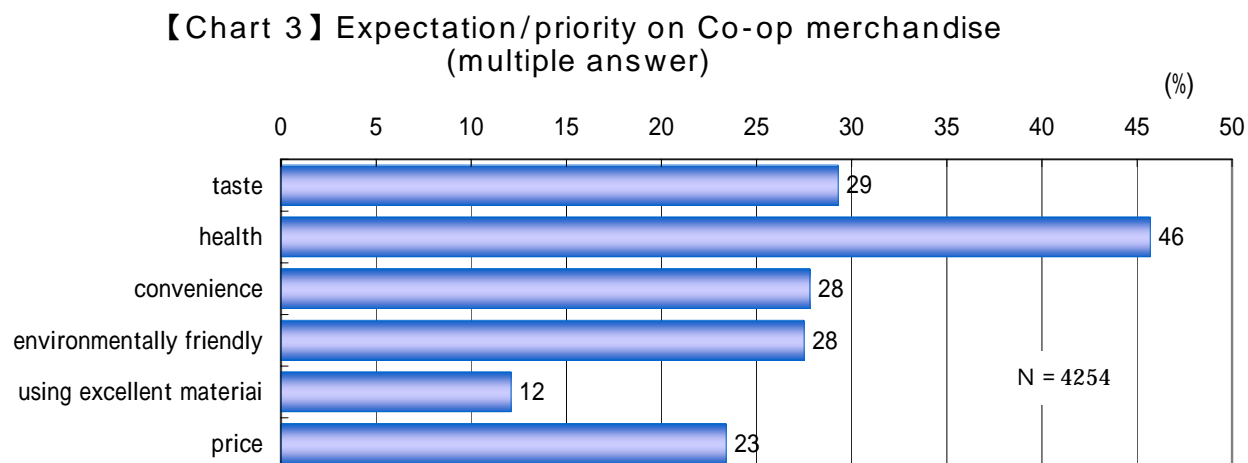
Member's Expectations for Co-op activities and Co-op Brand Merchandise

Among all categories on Co-op activities, the members showed greatest expectations for Co-op as follows: (1) Quality of food and merchandise (2) Safety of food (3) Price (4) Variety.

Members were asked to rate their priorities/concerns in terms of Co-op Brand merchandise. 46% of respondents answered health and low calories followed by taste, convenience, environmentally friendly and price (See Chart 3).

Co-op's Image

Overall, Co-op members are primarily concerned with Safety and Security first followed by convenience and then confidence and trust.



Survey Results: A Basis for Co-op's Future

The survey illustrates what the most important tasks are for Co-op in terms of future growth and development. First, overall members indicated a slight to moderate dissatisfaction with Co-op stores. Co-op faces stiff competition in terms of retail outlets in Japan and the survey results indicate that Co-ops need to reevaluate the Co-op stores with the aim to improve the Co-op store image, merchandise variety and the overall Co-op store shopping experience.

Although, members did indicate relative satisfaction with Co-op's Non-store business which includes the Joint Buying Home Delivery and Individual Home Delivery, the survey clearly showed that members are more and more interested in Individual Home Delivery Services and although the current level of delivery service received an overall favorable impression, there is room for improvement on many levels, first of which is making it more cost effective both from the consumer and from Co-op's viewpoint. The survey also clearly showed that more members would use Co-op Individual Home Delivery Services if the service/delivery fee was reduced.

The survey also showed that member indifference, when it comes to Co-op activities has bottomed out. While in recent years member's interest in Co-op activities has lagged as members were either too busy or not interested in Co-op activities, the latest poll shows that this trend is bottoming out. This means it is a good time for Co-op to reevaluate what activities Co-op should focus on in the future to better address and

attract members.

As Co-op looks toward the future, it is also important to take full advantage of information technology and improve services and activities on the Internet. The survey clearly showed that members are Internet and technology savvy and Co-op must expand its capability in this area to better address the lifestyle of its members and also attract new members.

Looking at the membership, the survey confirmed that the majority of Co-op members are women in their fifties. The largest percentages of these women are long-time Co-op members who are in tune with Co-op's philosophy and services. Co-op needs to work to develop activities and services to cater to this segment of the membership especially when Co-op considers that these women have a higher disposable income than members in other age brackets. It is therefore very important for Co-op to work very hard to capture this segment of the membership, retain and hopefully improve their patronage and their interest in participating and supporting Co-op.

The other major group that Co-op will need to pay particular attention to in the future is young mothers in their 20 and early 30s with children. This is the age group that has a relatively high degree of loyalty to Co-op because they trust Co-op, above other retailers, to provide safe and healthy food for their children. Many also shop Co-op for the convenience of Home Delivery. They have become Co-op members for the safety and reliability of Co-op Brands and the basic premise of environmental protection. This group is interested in Individual Home Delivery Services and prices are secondary to safety when it comes to food safety and their children. This is also the group that is now concerned about the environment and Co-op would be wise to capture the energy of these young members to sustain the future growth and development of Co-op.

JCCU's tri-annual member's opinion survey is an essential tool from which Co-op can gain insight into its membership, thereby giving Co-op a step-up on their competition. With the information obtained through the survey, Co-op can gain an upper-hand in understanding not only who their members are, but also knowing what members perceive to be Co-op's strengths and weaknesses. With this information, Co-op should be able to better meet the needs and expectations of its members and attract new members in the future.

News in Brief

CCIJ Award Given to a Book on the Logic of Volunteerism

This CCIJ Award was created in 1999 in commemoration of CCIJ's 10th anniversary and consists of grants to research projects and awards recognizing excellent works in the fields of citizen's life and co-operation. Out of 51 nominated works, the award was given to the "*Logic of Volunteer Activities*" written by Ms. Shiho Nishizawa of Yamanashi University. In the field of Consumer Co-op Studies, a special award was given to the "*Revival of Co-operative Sanchoku*" written by Mr. Akifumu Yamamoto, a freelance writer. The award ceremony was held at CCIJ on March 9th. On the same day, scholarships were awarded for research by the Selection Committee members who also delivered comments on each of the projects.

Symposia and Colloquia

On March 3rd, the Association of Co-operative Financial Institutions held its annual symposium in Tokyo: *Symposium: Are Co-operative Financial Institutions Visible in Communities?* The symposium was organized around a guest lecture followed by a panel discussion where representatives of the Labor Bank, Shinkin Bank, SME Credit Bank and Agricultural Co-ops exchanged views on ways to strengthen member relations.

Also in Tokyo, a colloquium was held on May 12, 2007, at Co-op Plaza, Tokyo. This is the third such meeting in a series of colloquiums, starting from May 2006 and having been held bi-annually: *CCIJ Colloquium: Search for the "Raison d'Etre" of Consumers' Cooperatives in Japan Today.*

Special emphasis was placed on searching for Co-op's distinct features such as its food-system or marketing perspective. Two keynote lecturers were invited: Prof. Shogenji (Univ. of Tokyo) and Prof. Wakabayashi (Kyoto Univ.). Other participants included co-op-related specialists, university professors, and those who are engaged in civic activities. To start with, both keynote lectures emphasized Co-op's distinguishing characteristics such as its closed membership structure and how it has developed face-to-face relationship with the members. Two lecturers suggested, that co-op could take more advantage of this feature than it currently does.

In the latter part of the colloquium, six panelists gave comments from their respective standpoints. Among others, comments by Mr. Yoshino (Japan Center for Economic Research) and Mr. Hamanaka (Hokkaido Shimbun) gave counter arguments on the keynote address and thus stimulated the conversation among the participants.

Mr. Yoshino cast strong doubt on whether Co-op's seemingly advantageous position in this market society, including most notably their preferential tax imposition was justified or not. In support of this, Mr. Hamanaka asserted that the "not-only-for-profit" or the "pro-social" attitude of the Co-op alone can any longer be the justification, because it is now shared by most for-profit supermarkets, though its extent varies widely.

These comments turned out to reveal the difficulties faced by co-op as it searches for ways to survive and flourish. On the one hand, coop has to develop and make full use of its advantages in order to stay competitive. But on the other hand, Co-op must justify its way of business and activities from a social point of view. In regard to the later point, Mr. Yoshino expressed his expectation that Co-op could contribute to local communities with activities based on its "mutual-help" principle. Of course, contributions cannot by themselves enable co-op to compete with for-profit companies. Thus the question remains: how can Co-op meet both these requirements, which are at opposite ends of the spectrum of Co-op activities? This point no doubt provides the key to Co-op's future.

Recent Publications

As results of a CCIJ research project headed by Professor Mari Osawa of the University of Tokyo, a Volume on "*Co-operation in Living: From Exclusion to a Society of Living Together*" was published by Nihon Hyoronsha, March 2007. This research project proposes the concept of "Co-operation in Living" as collective actions undertaken to enhance living security at the meso level, since security at the macro level (state) has encountered serious financial difficulty and or a deficit in democracy while at the micro level, households and companies are being transformed and are deteriorating. The group visited co-operatives and social enterprises in Japan, the UK and Italy from 2002-2005 to test their hypothesis. Three researchers from CCIJ contributed articles.

The publication of a volume on Consumer Co-operation and another volume entitled "*A Reader on Consumer Co-operation*" compiles lectures and students' comments from a special course held at Chiba University of Commerce (CUC) in October-January. Chiba Prefectural Consumer Co-op Union and CUC Co-op sponsored the course, which featured Professor O. Hasumi (CCIJ President), Professor K. Shoji (NFUCA President, CCIJ Board), Professor. M. Aso (CCIJ Auditor) among others. The CCIJ assisted in organizing lectures and editing the final volume.

New Guest Researcher

A new guest researcher joined CCIJ in April. Mr. K. Hayashi, (Ph.D. candidate, University of Tokyo) studies communal land systems from a comparative institutional perspective. Special attention has been paid to the principle regarding use and allocation of the community land (*ex. iriaichi*), how commoners (share-holders) make an agreement on land division, or assignment and restriction of the rights of each other. He will continue exploring the question: how and on what economic and communal bases do people co-operate, make rules, and adjust rules to the circumstances.

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