Consumer Perceptions of Co-ops

In survey after survey, consumers rate co-ops as more trustworthy than investor-owned corporations and they say that they would prefer to do business with co-ops. The following are some recent survey findings confirming the public’s trust in and preference for co-ops.

2003 National Survey of Consumer Perceptions of All Types of Co-ops

In 2003, a coalition of cooperative organizations commissioned a survey of 2,031 adult Americans, conducted July 24-28 by The Opinion Research Corporation of Princeton, N.J., regarding their perceptions of different corporate governance practices, their perceptions of cooperatives and publicly traded corporations, and the likelihood that they would do business with cooperatives. At the 95 percent confidence level, the survey has a two percent margin of error.

2003 Survey Findings

Governance Structure
When people were asked if the following governance characteristics make a business more or less trustworthy:

- 68% said that a business that has consumers on its board of directors is more or much more trustworthy;
- 66% said that a business that is owned by the people who use the services of the company or buy its goods is more or much more trustworthy;
- 63% said that a business that is governed by a board of directors made up of the people who use the services of the company or buy its goods is more or much more trustworthy;
- 62% said a business that is locally owned and controlled is more or much more trustworthy; and
- 55% said a business that allows its customers to democratically elect its board of directors is more or much more trustworthy.

Perceptions of Co-ops vs. Publicly Traded Corporations
When people were asked if they agreed or disagreed whether the following attributes described co-ops and publicly traded corporations:

- 81% agreed that co-ops can be counted on to meet their customers needs, compared to 65% for publicly traded corporations;
- 79% agreed that co-ops are committed to providing the highest quality service to their customers, compared to 58% for publicly traded corporations;
- 78% agreed that co-ops are committed to and involved in their communities, compared to 53% for publicly traded corporations;
- 77% agreed that co-ops have the best interests of consumers in mind when conducting business, compared to 47% for publicly traded corporations;
- 76% agreed that co-ops run their businesses in a trustworthy manner, compared to 53% for publicly traded corporations;
74% agreed that co-ops provide products and services that are of high value, compared to 63% for publicly traded corporations; 68% agreed that co-ops are ethically governed, compared to 45% for publicly traded corporations; and 64% agreed that co-ops offered the most competitive prices, compared to 58% for publicly traded corporations.

**Consumer Preference for Cooperatives**
When people rated whether knowing that a business is a cooperative affects the likelihood they would use or purchase a product or service being offered:

- 73% were more likely to buy products from a food cooperative;
- 71% were more likely to use a credit union;
- 69% were more likely to patronize independent, local businesses that belonged to a buying co-op;
- 67% were more likely to buy electricity or telecommunications services from a local, member-owned utility co-op;
- 56% were more likely to use day care services provided by a parent-owned co-op;
- 55% were more likely to prefer health care services offered by a consumer-owned cooperative; and
- 51% were more likely to hold policies with a mutual insurance company.

**Perceptions of Farmer-Owned Cooperatives**
When people were asked whether they agreed or disagreed with the following statements about farmer-owned cooperatives:

- 83% agreed (48% strongly) that farmer-owned co-ops help farmers succeed;
- 82% agreed (48% strongly) that farmer-owned co-ops strengthen rural communities;
- 64% agreed (39% strongly) that food products grown and/or processed by a farmer-owned cooperative were of better quality than food produced by other types of companies; and
- 69% agreed (33% strongly) that they were more likely to purchase food products grown and/or processed by a farmer-owned cooperative than those produced by other types of companies.

**Other findings**
Those who are already members of cooperatives are more likely to favor co-op products and services; even among non-members, being a co-op is a net plus.

- Those who are already members of cooperatives are more likely to agree that the positive business attributes describe co-ops. Still, more than half of non-members agreed all the statements described co-ops.
- Adults 55 and younger are more likely to favor cooperative products and services than adults 55 and older.
- African Americans are more likely to favor co-op products and services than whites.
Seven Cooperative Principles

Cooperatives around the world generally operate according to the same core principles and values, adopted by the International Cooperative Alliance in 1995. The International Cooperative Alliance is a global membership association of co-ops and co-op support organizations. Cooperatives trace the roots of these principles to the first modern cooperative founded in Rochdale, England in 1844.

1. Voluntary and Open Membership
Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control
Cooperatives are democratic organizations controlled by their members—those who buy the goods or use the services of the cooperative—who actively participate in setting policies and making decisions.

3. Members' Economic Participation
Members contribute equally to, and democratically control, the capital of the cooperative. This benefits members in proportion to the business they conduct with the cooperative rather than on the capital invested.

4. Autonomy and Independence
Cooperatives are autonomous, self-help organizations controlled by their members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the cooperative’s autonomy.

5. Education, Training and Information
Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative. Members also inform the general public about the nature and benefits of cooperatives.

6. Cooperation among Cooperatives
Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. Concern for Community
While focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members.
Talking Points
The Co-op Way of Doing Business

- The cooperative form of business brings into the American free enterprise system people from every walk of life and every economic condition.

- Cooperative business is...inclusive, productive, empowering and essential.

- 100 million Americans own more than 48,000 cooperative private businesses that produce $100 billion annual economic activity. This means cost savings, less risk and more choices for America’s consumers and producers.

- Electric cooperatives operate nearly half of the electric distribution lines in the United States and provide electricity for 34 million people—that’s more than one in 10 Americans.

- Revenue generated by cooperatives tends to stay in the community as it is distributed to local members rather than removed shareholders.

- Cooperatives exist not to generate a profit for themselves or outside investors, as do other businesses, but rather to provide goods and services at the lowest possible cost.

- Through cooperatives, people achieve together what they could not accomplish alone.

- Cooperatives are in the mainstream of American business and are an irreplaceable part of our economy.

- Locally owned, locally operated.

- Owned by those we serve.

- It’s the “people” part—the personal involvement, the grassroots activities—that characterizes what co-ops are all about.

- People who know the community resolve questions about service and billing locally.

- Cooperatives are different from other forms of business because of the seven Cooperative Principles that guide every cooperative, define their unique structure and express their direct accountability to their member/owners.

- Cooperatives yield tremendous economic impact.
• Cooperative members comprise a significant percentage of the electorate—almost 40 percent.

• Cooperatives epitomize the democratic and moral principles upon which this country was founded.

• Through cooperatives, those who work together to build a business can attain all of its benefits and those who need service can receive it on their terms.

• Cooperative businesses are created through self-reliance of Americans who come together to meet their common economic, social and cultural aspirations through a jointly owned and democratically controlled enterprise.