



**CO-OPERATIVES UK**

NEW INSIGHT 12

## After The Storm

The reputation of co-operatives

*Ed Mayo*

“ We have to live up to  
our promise. ”



## After The Storm: The Reputation of Co-operatives

The challenges of The Co-operative Bank and the furore around the role of the former chair, made co-operatives an unhappy national news story in late 2013, presenting what we do in a far from flattering light.

What difference did these high profile troubles make to the wider co-operative and mutual sector and the reputation of the co-operative business model?

That there was an impact, we know from our members. For most, there were more concerns around morale than commercial impacts on trade. For a number keen on their own political neutrality, it was the party political aspects of the affiliations of The Co-operative Bank that were of concern.

In many ways, it is still early days, and much now depends on whether the troubles that flared up, with their welter of inquiries to follow, are put behind us – that there is, in short, no new scandal even if we learn more about what has gone wrong. However, to gauge the initial impacts on the reputation of the co-operative business model, Co-operatives UK commissioned field research from YouGov, to take the temperature of public opinion.

The first finding is that this was all seen, primarily, to be about one business. Of those who were aware that The Co-operative Bank had

been in the news over the past three months, 55% believed the issues were specific and individual to that business. Only a small percentage, one in seventeen people (6%), thought that the troubles of The Co-operative Bank will be true of other co-operative businesses throughout the economy.

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However, over half of people that were aware of the news coverage (53%) do say that, overall, they trust co-operative businesses less than they did before the bank coverage (40% said that it had made no change to their level of trust). But, this is not dissolution of trust. Overall levels of trust in co-operatives amongst UK adults still remains high, with, in fact, a small rise in the number of people who associate co-operative businesses with the word ‘trusted’ (47% of those who expressed a view, which is up two percentage points from earlier in 2013).

It is sometimes said that it takes years for a business to build trust and it can take hours to destroy it. The trust that the co-operative and mutual sector has built up over decades has emerged, so far, as more resilient than that. Public trust has been dented, but from a high level. Trust in co-operative businesses is still far higher than companies at large (with just 7%, in other research\*, saying that they trust shareholder companies), so the level of public trust that we enjoy as a sector is still the stuff that marketers’ dreams are made of.

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The irony of the largely hostile news coverage is that it has boosted public awareness of co-operatives quite considerably. 75% of people are now aware of what a co-operative business is - a rise of seven percentage points from earlier in 2013.

So, are we seen now more critically? To a degree, yes. While only cited by a small minority of UK adults, the top three 'negative' associations with co-operatives when asked to select from a list are, for those who expressed a view: old fashioned (30% - up five percentage points from earlier in 2013); inefficient (7%); unprofessional; and greedy (both 2%). Even so, these are all significantly lower than the positive associations which included being ethical (54%), democratic (48%), local (46%) and honest (46%).

It is also notable that, comparing across the age groups, the one that is least likely to say that co-operatives are old fashioned, and most likely to say that they are modern, is the youngest age group of 18-24. Perhaps, each generation is able to see co-operative as something for their time - that would be an uplifting interpretation, if so.

In terms of the types of co-operative organisations people wouldn't trust, not surprisingly, banks come out highest from the list with 6% of adults saying they don't trust them at all - this is up two percentage points from earlier in 2013. This is a concern of course, not just for The Co-operative Bank itself, as it focuses on renewal under its new investor ownership model, but potentially for wider mutuals and credit unions in financial services.

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So how do we respond? First, 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 membership engagement, social media and Co-operatives Fortnight are well placed to contribute.

Second, while the discipline of brand management governs and regulates the use of the 'co-operative brand' used by consumer retail societies, there is a wider inter-dependence across the co-operative and mutual sector. The risk of any one business knocking onto others like a domino is lessened if the sector stands together to champion the underlying model of a member- rather than investor-owned business.

Third, despite what looked like a very public setback, this remains a time of opportunity. After all, later this year, we have the co-operative moment of a brand new, consolidated Co-operatives Act, bringing together all the long-dated legislation on co-operatives and societies. Co-operatives Fortnight, immediately before this, from 21st June to 6th July, will run on a theme of 'Choose Co-operative; local, loved and trusted'. By promoting ourselves in this way, we align what we offer with how,

at our best, the public see us. We offer, confidently, a better way of doing business.

So, on balance, we are still seen in a very positive public light. We fit the concerns of our time. The challenge is to live up to this potential - to be the business that people want and to win their custom and loyalty for the quality and integrity of what we offer. We have to live up to our own promise.

Assuming we do, which is still no small jump to make, we have, as co-operative and mutual businesses, a real opportunity open to us.

The time is still right to press for a more co-operative economy.

#### The most common public associations of co-operative enterprise

1.	Ethical
2.	Democratic
3.	Trusted
4.	Local
5.	Honest

#### Forms of co-operative business that the public most trust

1.	Community Shop
2.	Convenience Store
3.	Farmer
4.	Pharmacist
5.	Undertaker

**Notes**

\* Homegrown: The Co-operative Economy 2013 ([http://www.uk.coop/sites/storage/public/downloads/homegrown\\_co-op\\_economy\\_2013\\_final\\_0.pdf](http://www.uk.coop/sites/storage/public/downloads/homegrown_co-op_economy_2013_final_0.pdf))

All figures, unless otherwise stated, are from YouGov Plc. Total sample size in July was 2097 adults. Fieldwork was undertaken between 19th - 21st July 2013. Total sample size in December was 2064 adults. Fieldwork was undertaken between 4th - 6th December 2013. The surveys were carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).





## 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](http://www.uk.coop)

In 2013, the co-operative sector was rocked by events around The Co-operative Bank, making headlines for all the wrong reasons. The year ended though, with a successful recapitalisation of the bank. This short report assesses public views on co-operatives and mutuals in the light of these.



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Published 2014