

The Natural Food Co-op

The Natural Food Co-op is a Japanese consumer co-op with 72,000 members providing weekly home deliveries of organic and Japanese fresh, frozen and processed food, alongside a small range of imported goods. It operates from a highly mechanised distribution centre.

Organisational structure

The Natural Co-op is a consumer co-op with a board elected from 72,000 members. There are 150 staff, organized hierarchically, of which 44 work on the automated packing line.

Producers do not have voting rights but are offered pre-season advance contracts. Producers are responsible for delivering to the warehouse. The Natural Co-op sets prices, including a mark up. Some producers are organized into supply co-ops but about half are individual farmers typically on farms of 1.5h.

Practical operation

40,000 members per week place an order. Twenty percent of members order online. The rest order with paper forms which are automatically entered into the computer system. The co-op sends out a weekly brochure of products.

Producers bring pre-ordered items to the warehouse. The box packing system is highly automated and capital intensive. The computerized system creates picking lists for every box, which are made up from a conveyor belt. They are home delivered via regional distribution hubs in polystyrene boxes which are returned by the consumer the following week.

There is a large product range including fresh and frozen produce, meat, vegetables, ready meals, processed goods and ready to cook raw meals.

50% of the vegetable suppliers use no pesticides. 30% of the vegetables are certified organic. This is one of the few outlets for certified organic produce in Japan; supermarkets sell very little organic food and most goes through close knit consumer groups who know and trust their farmers' methods and do not need certification.

Goods are labelled on delivery so that consumers can trace them to the farm where they grew.

Finance

The turnover is 9 billion yen and growing steadily. 3 billion yen of organic produce is sold each year.

Members pay 3000 yen (about £23) to join. Some lend to the co-op with withdrawable loans which give no interest or dividends.

The organic premium is 20 – 50%. Co-op prices are lower than supermarket prices. The significant capital investment derives from reinvestment of surpluses and consumer loans.

Key ingredients for success

The organic movement in Japan has a long association with the co-op movement and has a history of producer- consumer collaboration. Until now, most organic food has been distributed by member run Teikei groups, typically of 50 housewives, who have a loyal commitment to a farm and offer voluntary work. Teikei groups are weakening as women become too busy to volunteer. Natural Co-op does not require volunteer labour but it makes a convenient alternative. It also offers a market for the organic producers struggling with oversupply to the diminishing teikei groups.

The operation is efficient and mechanized. There are stringent quality control systems.

Benefits and considerations

The co-op promotes organic food. Prices are lower than supermarket prices. It also promotes Japanese food at a time when many are concerned about food security in Japan. It offers a reliable market for producers.

Natural Co-op does not provide close connections between farmers and consumers. It is too big to promote local food. It is too large for co-op members to know each other and probably less democratic than a smaller group. Only a handful of the 72000 members take an active role on the board.

Some members of the organic movement promote whole and fresh foods. Many of the product lines offered by Natural co-op are processed.

The co-op undertakes social and environment work for example in protecting habitats and rare breeds, educational work with children and organising anti GMO and anti nuclear demonstrations. If well run, it has the potential to bring farmers and producers together for some effective lobbying.

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