



# **BUYING GROUPS – A VIABLE SUPERMARKET ALTERNATIVE?**

Can buying groups offer a viable alternative to supermarkets in the UK? This report provides a summary of key findings from research on large scale international organic buying groups, as well as from English buying groups, as part of the Big Lottery funded Making Local Food Work (MLFW) programme.

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# Executive Summary

## A new way to buy food?

More and more communities are working together and pooling their buying power to purchase affordable quality food in bulk direct from producers and suppliers. Cooperation is all about two or more people working together to do something they couldn't do on their own. With food buying groups, or coops, this means joining forces with others, by volunteering time and pooling resources to get access to local food direct from farmers and wholesalers. This means getting quality food at an affordable price whilst having control over where it comes from. They can also help to support healthier diets, as the main aim of many food co-ops, particularly those targeting disadvantaged groups, is to help their customers eat more healthily by providing access to affordable fresh fruit and vegetables. Buying groups also support food producers for whom a real challenge is to find alternative and viable marketing approaches that can shift larger produce volumes on a regular basis. Elsewhere in the world, 'Buying groups' are proving an increasingly popular way of buying food as consumers pool their resources to buy collectively in bulk direct from producers and suppliers.

## European large scale models

This report is an exploration of UK organic buying groups, established and supported through the Big Lottery funded Making Local Food Work (MLFW) Programme<sup>1</sup>, alongside a comparison of what we can learn from two established and successful European large scale models of organic trading. Both Biocoop in France and the GAS network in Italy provide significant direct volume markets for producers as well as enabling positive social and environmental change for the consumer groups who purchase food from them. Could organic buying groups also become a force for change here in the UK, as we enter a new era in which we will need cooperative rather than conventional business models?

## Buying groups in the UK

A food buying group can be anything from a very informal buying club such as a group of neighbours who bulk order organic chicken from a nearby farm, to a formally constituted consumer co-operative. The majority of UK buying groups are currently supplied by one of the three largest wholefood worker cooperatives; Suma, Essential Trading, Infinity. There are also now a number of larger scale member run and owned food cooperatives which operate from permanent retail outlets - the People's Supermarket in London is a recent high profile addition. These initiatives have been driven by local food activists, emerging in areas where there is no longer a readily accessible independent outlet for organic and local produce. A key benefit for these consumers is that it provides an affordable way to buy ethical and quality produce as well as one which isn't reliant on a supermarket to do so.

## UK box schemes

However since the early 1990's there has been a strong development of organic box schemes and other direct sales eg. farmers markets, mail order; this has meant that the buying group model is not so attractive to UK consumers, as they already have easy access to this type of produce within a competitive and professional marketplace, which doesn't require their active participation or commitment to advance purchase.

## Connecting up through innovation and cooperation

Buying groups are a relatively new concept for most UK consumers so it takes time for them to be understood, then adopted and developed. However we have seen that once this has happened they can take off very quickly, learning from other models but taking on their own unique identity, reflective of their own community, resources and motivations. Consumer cooperation is often the missing link and it is important to try and understand, before being able to establish larger scale buying groups, how we can help to inspire and mobilize consumers to change their shopping habits in this way.

### <sup>1</sup> Making Local Food Work (MLFW)

*Making Local Food Work* is a support programme for community food enterprises across England. MLFW was awarded £10 million from The Big Lottery Fund to support and further develop community food enterprises across England. The programme is run by a partnership of seven organisations (Co-ops UK, Country Markets, CPRE, FARMA, Plunkett Foundation, Soil Association and SUSTAIN). The intention was to support change in the current food sector; in particular through helping localised food systems to become a key way in which food is produced and consumed.

## What is a buying group?

A buying group is simply a group of people who together, regularly buy products in bulk. Motivations vary but in general groups may be primarily concerned with organising themselves to buy collectively, affordably and ethically. A food buying group could be very informal buying club, such as a group of neighbours who bulk order organic chicken from a nearby farm or could operate as a formal co-operative<sup>2</sup>. Sustain's<sup>3</sup> working definition describes a food co-op or buying group as *'any outlet run by local people that is involved in supplying food for the benefit of the community, rather than for private profit'*.

## An overview

- The majority of UK buying groups are supplied by one of the three largest wholefood worker cooperatives; Suma, Essential Trading, Infinity. Although already a significant market, as well as still a potential area for growth, these wholesalers haven't actively marketed this approach in order to not undermine the independent retailers who are their main customers
- Over 400 different food coop and buying groups have been supported through Making Local Food Work<sup>4</sup>, these represent a wide range of different models, including mobile shops, bag schemes and stalls. Most groups involve fruit and vegetables or organic wholefoods however some also trade meat and dairy produce.
- An interesting recent development is the establishment of a number of large scale food coops or buying groups—operating from permanent retail outlets – such as the People's Supermarket in London or True Food Coop in Reading. These initiatives have been driven by local food activists, emerging in areas where there is no longer a readily accessible independent outlet for organic and local produce and providing viable alternatives to supermarkets.

## What do these look like?

Examples of some buying groups, supported by The Soil Association and Sustain through MLFW. For all case studies go to [www.soilassociation.org](http://www.soilassociation.org) or [www.sustainweb.org](http://www.sustainweb.org)

### Small Scale –

- **Wholefood wholesaler buying groups** – These may consist of just a handful of households (1 – 6) buying in regularly in bulk. After reaching 6-8 households many then break away to form a new group (for ease of admin and coordination). The larger groups, perhaps based around an existing community centre / social club or other 'common interest group' may reach around 20 – 30 members.
- **Bungay Beef Group** – A group of ten friends and neighbours buy a live animal each quarter from one local farmer, arrange for slaughter and butchery then share out the cuts amongst the group.

### Medium Scale –

- **Backwell Buying Group, Bristol** – Organic wholefood buying group with around 30 members. Operates from fortnightly fairtrade café in a local village hall and also sells products to around 50 – 100 other customers.
- **Scoop, Exeter Uni, Cornwall** – Weekly wholefood market with 60 members and 50 weekly customers as part of a University food buying group on Tremough Campus near Falmouth.

### Large Scale -

- **True Food Co-op, Reading** - A community owned enterprise with a retail outlet and 130 members. They employ 3.5 staff and hold a wide range of stock from several wholefood wholesalers including Infinity Foods and Suma. It was formed as an informal buying group in 2005 with 20 – 30 members and has grown steadily to 130 members by 2008; it now has a formal coop membership structure.
- **Real Food Exeter, Devon** - A community owned food store in the heart of Exeter with shop, café, takeaway and bakery owned by over 300 members who raised £153,000 through a community share offer. Run by a voluntary board and employs the full time of equivalent of 6.5 staff. Established in March 2011 after an initial meeting by Transition Exeter in 2009.

<sup>2</sup> Ruth Little, who researched buying groups for the Soil Association as part of her 2008 PhD research, offered the following definition: *'A buying group is a group of people who regularly buy organic and/or local food together. The group can be a handful of people, or much larger. It can buy fresh produce such as meat or vegetables, or dry or canned goods. Group members usually live nearby and share a delivery between them. They have at least an informal agreement between them about how things are organised, and sometimes have a formal legal structure such as a co-operative.'*

<sup>3</sup> The Food Co-ops and Buying Groups (FCBG) project<sup>3</sup> is managed by Sustain, the alliance for better food and farming, as part of the Making Local Food Work (MLFW) programme. [www.foodcoops.org](http://www.foodcoops.org)

## Large Scale Buying Groups

Food co-ops and buying groups represent a wide range of models and scales, from the small-scale UK whole food co-ops ably supported by the wholesaler worker coops eg. Suma, Essential, to large-scale overseas consumer co-ops, which support networks of 1,000+ consumers eg. in the US, Japan, Italy and France.

To try and understand how we can help to support replication of some of these inspiring groups here in England, we researched a number of successful large scale European and other overseas buying groups in order to understand the models and drivers. We researched these as part of the Soil Association's work within MLFW; developing and presenting the work at a series of specialist conferences and seminars to disseminate their potential for replication in the UK. See Soil Association website [International buying group case studies](#) (ref Appendix 1). Two European models offer special interest due to the scale of their success and operations:

- **Biocoop in France** is a national organic distribution cooperative which links producer coops to consumers by supplying its network of organic shops that are united as a federation and share the same 'Biocoop' identity. There are now 320 independently-run Biocoop member shops, 20% of which are structured as co-operatives themselves. Biocoop as a network controls 15% of the French organic market share.
- **Gruppo di Acquisto Solidale network, Italy (GAS)** is a 'bottom-up' national network linked with other 'social economy' networks and has grown rapidly since the mid 1990's. GAS groups buy in bulk collectively from individual farmers, producer cooperatives and other large scale wholesalers. There are now some 700 groups registered with the network, group membership numbers vary from 10-300 families.

### Points of interest to the UK

The two models have very similar origins in terms of motivation and principles and have developed in countries which have:

- a) a strong food culture
- b) many small scale family farms, and
- c) a strong culture of local organizing and cooperation, both from a religious and political tradition.

They differ over timescales and structure. The Biocoop movement in France began in the late 1960's and structures were formalized in the mid 1980s. The GAS movement in Italy began in the mid 1990s and has no formalized central structure other than a website. Biocoop is a national organic distribution cooperative which links producer coops to consumers by supplying its network of organic shops that are united as a federation and share the same 'Biocoop' identity. The GAS movement continues to grow rapidly and has grown from a consumer desire to live in a just, ethical and sustainable way. GAS groups buy in bulk collectively from individual farmers, producer cooperatives and other large scale wholesalers.

### Cooperative benefits

In addition to the economic and environmental benefits we found that these groups also provide a range of impressive social characteristics:

- Strong ethical policies eg. fair trade sourcing, good employment practices
- Strong commitment to democracy eg worker co-ops, producer co-ops, consumer co-ops
- Strong grass roots community engagement and participation eg consumer run local shops
- Offers useful and fair market to small local producers
- Offers useful market for UK organic produce ie includes fruit, vegetables, dairy
- Offers benefits of scale and handles large volume
- Have capacity to positively influence culture eg. provides community food education, campaigns.

The overseas models we researched are very inspirational;

- The Italian GAS network model shows how scaling up is really connecting up through consumer buying groups working together to buy direct from producer cooperatives and ethical suppliers.
- The French Biocoop model shows how scaling up is connecting up through cooperatively organised distribution and retail.

They have grown from a sense of solidarity between producers and consumers and have made it into the mainstream; however it is unlikely that exactly the same can be replicated in the UK, due to the very specific cultural and environmental conditions from which they were born, even though there are some very useful learning's which could help us to build on what has already been achieved here.

## **Organic Buying Groups (OBG)**

Since the mid 1990's the UK organic movement has seen a steady and successful increase in organic sales through the main UK multiple retailers. By 2000 the annual percentage share of supermarket organic sales was 80%. Alongside this, key players have been pioneering alternative routes to market and developing a range of direct marketing approaches which include box schemes, farm shops, farmers markets, direct supply to caterers and various types of community share farming initiatives. None of the existing approaches offer anything like the size of market offered by the multiples. The 'Big Four' supermarkets control over 75% of the UK's retail food market and offer the customer a convincing package of 'value and convenience'.

### **A viable supermarket alternative?**

The need for alternatives is perhaps becoming more apparent with a fall in annual share of supermarket organic sales to 72% by 2010, despite the increase in numbers of supermarket outlets. However one of the biggest barriers to the growth of alternative routes to market is the issue of volume. Buying groups offer real growth potential when it is ever more urgent for us to find appropriate solutions to the increasing growth and proliferation of the supermarkets, with the accompanying devastating consequences of a declining high street and collapsing independent processing and distribution infrastructure. However it is also clear that the supermarkets succeed because they are extremely good at selling food and offer the consumer a very convenient, competitive and attractive proposition.

### **Flexible model**

Both an opportunity and challenge for buying groups is the many different scales on which they operate. Although it is not possible to provide viable local markets for organic producers with small scale buying groups alone. Alternatively if there are enough clusters of small buying groups in one town or city then this could support one or a number of producers to supply into them. Although we have found that many of the existing wholefood buying groups don't have either the infrastructure e.g. premises, storage; or the motivation to start also buying fresh local produce if they already have access to this produce elsewhere e.g. organic veg box delivery.

### **Scaling up in the UK**

We do already have some successful established large scale worker and consumer cooperatives here in the UK e.g. Suma, Essential Trading and Infinity (wholesaler worker coops); Unicorn Grocery, Manchester and True Food Coop, Reading (member run and owned consumer coops).

These coops have been driven by local food activists and have emerged in areas where there is no longer a readily accessible independent outlet for organic and local produce. However many smaller scale buying groups are not run professionally or eventually fold due to their reliance on voluntary labour.

### **Future Support**

So there is clearly the need for long term carefully thought support to facilitate the sustainable growth of consumer buying groups, also to help ensure a minimised negative impact on the independent retailers if buying groups are to increase in number and size. Appropriate advice and support such as that provided through MLFW is also essential. Our experience has been that there isn't ready a pool of customers waiting to set up their own buying group; producers, organisations and consumers all need encouragement and support to sell and shop in a different way.

## ‘Scaling or connecting up’

One of the main interests of MLFW has been to better understand how to effectively ‘scale-up’ or increase the number and size of community-based food enterprises. While it may not have been possible to achieve the level of scaling up, as seen in France or Italy, within the lifespan of the MLFW programme it has been possible to explore the issues and evaluate options for future development. This MLFW learning activity has focused on exploring what needs to be put in place to effectively grow the community enterprise sector in the future, based on the hypothesis - ‘scaling up is really connecting up’. We found this hypothesis to be the best way of achieving the aims of increasing the size and scale of organic buying groups, through linking up a number of different food production and trading systems as a critical mass in order to enable increased production and sales through these groups.

### Connecting up through innovation

Buying groups are a relatively new concept for most UK consumers so it takes time for them to be understood and then developed. However we have seen that once they do they can start to take off very quickly, learning from other models but taking on their own unique form and identity. The following new innovative buying group models, which we have supported during MLFW, are supporting groups of producers and consumers in different geographic locations to develop new trading relationships and markets;

- **Stroud Co, Stroud** [www.stroudco.org.uk](http://www.stroudco.org.uk) A ‘multi-stakeholder’ consumer and producer owned buying group which now has around 200 members who order produce through an online system which is delivered each week to a ‘food hub’ at a local school. This has created a whole new trading network of producers which include a range of enterprises; dairy, meat, brewery, baker, Stroud Community Agriculture. The networks were developed at meetings and some new trading relationships between them have also formed. StroudCo has also encouraged the producers to buy from each other e.g. the baker has been encouraged to use local eggs and organic flour. It has since inspired replication with other groups throughout UK.
- **Food4Macc, Macclesfield** [www.maccinfo.com/Food4Macc](http://www.maccinfo.com/Food4Macc) – A practical and organised group who are putting their many great ideas into action. They have established a CIC called Food4Mac Direct and are setting up a series of buying groups including lamb, chicken, trout and veg. Basically they are a group of consumers with committed relationships with several producers - so an example of a new sort of buying group using a Stroud Co type of model. Also quite similar to how CSA works in France (AMAP) in that they have contracts with several producers, except they didn’t start with a relationship with an individual farm.
- **Tamar Grow Local (TGL) CIC, Cornwall** [www.tamargrowlocal.org](http://www.tamargrowlocal.org) - TGL have set up a producer cooperative of eight members, representing a range of produce inc: honey, pork and cut flowers. They now share distribution and staff to run a cooperative stall at local markets in the Tamar Valley and Plymouth, with fresh organic produce being brought into the city down the River Tamar through local social enterprise ‘SailTrade’. As part of this work they have set up three consumer buying groups, which each started with different product ranges: wholefoods, pork and beef. Also inspired by Stroud Co as well as other international models, TGL are now facilitating the set up of three more buying groups to operate as part of a network with distribution through local village hall ‘food hubs’.

### Collaboration not competition

Co-operatives are not about making profits for shareholders, but creating value for customers – this is what gives them their unique character. In line with this philosophy many buying groups don’t want to scale up as this potentially involves competing with their local independent retailers.

- *Colin Trier, founder of Grasp the Nettle coop in Plymouth, used MLFW support to explore the options for scaling up and sourcing local fresh produce. However he came to the conclusion that it was better for them to stay small (30 members) as to increase in size would mean ‘getting a paid coordinator, premises and putting up prices, which would in turn put us into direct competition with already vulnerable retailers and a very good local organic box scheme, which we definitely don’t want to do!’*

### The Cooperative

We do of course already have one of the world’s largest cooperatives right here on our doorstep, the Cooperative Group who are now the UK’s 5<sup>th</sup> largest retailer and the biggest consumer cooperative organisation in the world. However they don’t currently retail significant volumes of local or organic produce and they also support a centralised procurement and distribution structure similar to that of the other main supermarkets. Although we can learn a lot from them and future partnership working should still be future explored.

## Conclusions

A buying group is a flexible model that operates at a range of scales, from informal buying clubs to formal co-operative membership structures, as well as those set up as part of wider health initiatives. They address a set of wider and less tangible issues that are related to food access but that also involve a differing range/combination of social, health, environmental and economic issues in each community. The model offers a flexible and effective way for groups of consumers to work together to purchase affordable yet quality and ethical produce. However in the UK there is still a big job to do in order to raise awareness with consumers and to motivate and support them to change their shopping habits in this way. The convenience and affordability offered by the 'Big Four' supermarkets and also even the ready availability of organic and local produce through box schemes, home delivery and other direct sales schemes means that there is less motivation for UK consumers to change their habits and make the commitment.

The overseas models we researched are very inspirational. However they have grown from a sense of solidarity between producers and consumers and have made it into the mainstream and it is unlikely that exactly the same can be replicated in the UK, due to the very specific cultural and environmental conditions from which they were born. However there are some very useful learning's which could help us to build on what has already been achieved here.

There are clearly opportunities for the development of large scale organic buying groups in the UK which could provide viable shopping alternatives to supermarkets. However, to make progress it will require significant collaboration and investment from a range of partners and stakeholders across the supply chain. This is needed as it will require national and regional supply networks, supported by appropriate distribution and warehousing infrastructure, alongside a large mobilisation of new consumer engagement. So before going down this route we need to really consider if we have the right drivers in this country – who needs this arrangement and are the stakeholders in a position to create it? For even if the end result is highly desirable for several stakeholders, getting there will be a challenge.

It may be that ongoing support from the UK organic wholesalers and other support agencies to facilitate the growth of consumer buying groups is the next immediate and achievable step. A multi stakeholder partnership which operates to agreed ethical principles could be a good place to start in order to enable the required long term collaboration and networks which will support them. Training and support for consumers on how to run groups well, building on what Sustain and the Soil Association have provided through the Making Local Food Work (MLFW) programme, which ended in March 2012, will also be essential

There is also a communication job to do to inform the UK public of alternative food buying options that already exist here including buying from existing organic wholesalers and independent retailers. In addition we need to engage a wider body of the public in learning about how the Italian public are organising themselves to pool their purchasing power to buy in bulk from ethical suppliers.

### **Act now to protect our high street**

There is an increasingly shared view of the urgent need to protect local food economies and infrastructure from the ever-expanding 'Big Four' supermarkets, in order to support a diverse and resilient high street, which in turn provides more market opportunities for smaller scale suppliers. In order to turn this tide we need well informed consumers with increased awareness of supermarket trading practices and their impact on our food producers and high streets. We also need more consumers to support the alternative food buying options. There are already some successful and established buying groups and food cooperatives and the numbers are growing but it is not a business model yet well known in the UK. Planned interventions are needed to build a national network of viable buying groups which could support local trading and sit alongside the independent retailers

### **Next steps**

MLFW has supported over 1,200 community food enterprises inc. Community Supported Agriculture (CSA), Farmers Markets, Food Coops and Buying Groups, Country Markets. One of next stages in development is to support these enterprises to become sustainable and to be part of resilient local food trading systems, working with local farmers and growers to provide volume markets through direct partnerships. A scaled down 12 month support programme will commence from September 2012 to provide targeted enterprise support and to support enterprises to work effectively together in order to support resilient food systems.

## Appendix 1

### Summary of notable larger scale models [Soil Association: Case studies](#)

#### Large Scale –

**Bio-Coop, France** – [www.biocoop.fr](http://www.biocoop.fr) 10,000+ members, consumer cooperative Biocoop is a network of organic food shops across France. Biocoop has over 300 outlets in major cities across the country, and an annual turnover of 250 million Euros.

- **G.A.S, Italy** - [www.retegas.org](http://www.retegas.org) 3000 members. Started with one group in 1994, now have over 500 groups registered, but estimate the actual number of groups in existence is nearer 1000, involving over 100,000 people.
- **Natural Food Coop, Japan** – [www.shizenha.ne.jp](http://www.shizenha.ne.jp) 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. There are 150 staff, organized hierarchically, of which 44 work on the automated packing line. 40,000 members per week place an order. Twenty percent of members order online.
- **Seikatsu Club Consumers' Co-operative Union, Japan** [www.seikatsuclub.coop/english/](http://www.seikatsuclub.coop/english/) There are approximately 600 consumer co-operatives with 22,000,000 members in Japan (out of a total population of 127,000,000). From the Hokkaido in the north to Osaka in the south, the Seikatsu Club Consumers' Co-operative Union, (hereafter SC or SCCU) which consists of an association of 30 consumer cooperatives active in 19 administrative divisions (prefectures) of Japan, has altogether about 300,000 members, most of whom are women. In addition, there are 9 associated companies such as a milk factory. The purpose of the pre-order collective purchase system of the SC is to supply consumer goods whose raw material is known, without excessive expense.
- **Just NYC, US** - [www.justfood.org](http://www.justfood.org) Just Food is a non-profit organization that connects communities and local farms with the resources and support they need to make fresh, locally grown food accessible to all New Yorkers. Since 1995, Just Food has pioneered and championed the proliferation of sustainable food programs, including CSAs, community-run farmers' markets, and farm-to-food pantry programs. Just Food serves thousands of New Yorkers by forging partnerships between local farms, neighborhood groups, and consumers, and by providing urban communities with a framework for growing, and knowing, healthy food.
- **Oklahoma food coop, US** - [www.oklahomafood.coop](http://www.oklahomafood.coop) As of June 2008, the coop has nearly 2000 members, 125 of them are producers; \$61,000 - \$65,000 monthly turnover.
- **Park Slope Food Coop, NYC, US** – [www.foodcoop.com](http://www.foodcoop.com) Founded in 1973 by a small group of committed neighbours who wanted to make healthy, affordable food available to everyone who wanted it. PSFC now has more than 12,000 members, most of whom work once every four weeks in exchange for a 20 – 40% savings on groceries. Only members may shop at the PSFC and membership is open to all.



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