BUREAU OF BUSINESS AND ECONOMIC RESEARCH
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY OF MINNESOTA-DULUTH

Working Paper No. 34

CONSUMER PREFERENCES FOR COOPERATIVE RETAIL MARKETING

by

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This paper is based on data from a Small Business Institute case at the University of Minnesota-Duluth.

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INTRODUCTION

This study was an investigation of cooperative members' preferences for shopping in a cooperative store. The shopping goods involved in the study were electrical appliances, and the type of cooperative store was a proposed specialty store dealing only in electrical appliances.

The study was intended to provide information on the strength of retail cooperatives in the United States. It was directed toward a measure of the marketing strength of the retail cooperative in the mid-1980's.

HYPOTHESIS

The hypothesis of the study was that most members of a rural electric cooperative would tend to shop for electrical appliances in retail establishments which offered quality products at low prices with attractive credit terms, without giving preference to a cooperative retail establishment. A minority of members would give primary loyalty to the cooperative organization.

RESEARCH DESIGN

The research design involved a survey of past shopping habits and of future shopping intentions for electrical appliances.

A telephone survey of a systematic, random sample of 212 household customers of a rural electric cooperative was completed. The electric cooperative had about 5,400 households which used electric power on a twelve-month basis.

Each person in the sample was screened to make certain that he or she was a principal shopper in the household.

It was important to know if households had the transportation necessary for shopping in several different communities. A total of 90.6% used the family car for shopping, and 9.4% used a friend's car.

The extent of involvement in the cooperative movement was also a part of the screening process. A total of 74.5% belonged to one retail cooperative, 23.6% belonged to two retail cooperatives, and 1.9% belonged to three or more retail cooperatives.

Therefore, all 212 respondents in the sample were found to be cooperative members, were principal shoppers in their households, and were able to use a car

for shopping in various communities.

The study included four major shopping areas and some minor areas where the cooperative members could shop for electrical appliances. One small shopping area, designated as City A, was very near the cooperative electric power plant. A second small city, north of City A, was designated as City B, and it was about 20 miles from City A. A third large city, north of City A, was designated as City C, and it was about 40 miles from City A. A metropolitan area 115 miles south of City A was designated as City D.

ANALYSIS

The argument for the hypothesis may be stated as follows: (1) Willingness to shop in several communities.

Customers of the electric cooperative had made their last purchase of an electric appliance in the following cities. This diversity of communities indicated the willingness or motivation of these customers to shop in several places for electrical appliances.

TABLE 1

PLACE OF LAST PURCHASE OF AN ELECTRICAL APPLIANCE

BY COOPERATIVE MEMBERS

1986

Place	Number and Percent of Respondents
Small City A (Site of electric cooperative)	30 (14.2%)
Small City B (20 miles north of A)	37 (17.5%)
Large City C (40 miles north of A)	101 (47.7%)
Metropolitan City D (115 miles south of A)	23 (10.8%)
Other shopping communities	21 (9.8%)
Total	212 (100.0%)

(2) Driving distance unimportant for most customers.

Only 21.2% of the customers thought that the driving distance to purchase electrical appliances was important to them. A total of 78.8% reported that driving distance was either unimportant or was a neutral matter.

TABLE 2

IMPORTANCE OF DRIVING DISTANCE

IN THE PURCHASE OF ELECTRICAL APPLIANCES

1986

Rating	Number and Percent
Very important	4 (1.9%)
Somewhat important	41 (19.3%)
Neutral	79 (37.3%)
Somewhat unimportant	62 (29.2%)
Very unimportant	19 (9.0%)
Don't know	7 (3.3%)
Total	212 (100.0%)

These data supplement those in Table 1. They show that not only were the cooperative customers willing to shop extensively, but most of them did not believe that the driving distance was a problem in their shopping activity.

(3) Intention to buy appliances in a proposed cooperative electrical appliance store.

Only 17.9% (38) of the cooperative customers said they would buy electric appliances from a proposed cooperative electric appliance store. Shopping in a cooperative store was not important to 82.1% (174) of them.

Even the 38 (17.9%) who said they would buy were not in agreement. Fourteen of the 38 said that they would buy only if the price were competitive, and three more indicated they were uncertain if they would buy.

TABLE 3

INTENTION TO BUY IN A PROPOSED

COOPERATIVE ELECTRICAL APPLIANCE STORE

1986

Answer	Number and Percent
Yes, unqualified	21 (9.9%)
Yes, price qualified	17 (8.0%)
No	72 (33.9%)
Don't know	102 (48.2%)
Total	212 (100.0%)

The ages of those who answered "yes" were from 21 to 71 or more years. The data for the "yes group" and the total sample are shown in Table 4. The "yes group" was not composed of any one age category. Loyalty to the cooperative store was not age-related.

TABLE 4

AGES OF RESPONDENTS IN THE "YES GROUP"

Age	Total Sample	Yes Sample
	No. and Percent	No. and Percent
15-20	2 (1.0%)	0
21-30	15 (7.1%)	1 (2.6%)
31-40	55 (25.9%)	12 (31.6%)
41-50	44 (20.8%)	11 (28.9%)
51-60	28 (13.2%)	3 (7.9%)
61-70	47 (22.1%)	8 (21.1%)
71 or more	18 (8.5%)	3 (7.9%)
Don't know	3 (1.4%)	0
Total	212 (100.0%)	38 (100.0%)

The "yes group" was widely scattered geographically. Table 5 shows the number in each of 14 communities served by the cooperative power company. Only two were in City B and seven in City C. Loyalty to the cooperative store was not community-related.

TABLE 5

LOCATION OF "YES" RESPONDENTS

1986

Place	Number and Percent
City B	2 (5.3%)
City C	7 (18.4%)
City E	2 (5.3%)
City F	2 (5.3%)
City G	4 (10.5%)
City H	1 (2.6%)
City I	2 (5.3%)
City J	1 (2.6%)
City K	1 (2.6%)
City L	8 (21.1%)
City M	1 (2.6%)
City N	2 (5.3%)
City O	4 (10.5%)
City P	1 (2.6%)
Total	38 (100.0%)

Note: All cities except City C were very small with populations of 100 to about 2500.

The "yes group" was composed predominantly of those who did not believe that driving distance was important. A total of 32 (84.2%) were in that category.

Driving distance was not a factor determining loyalty to the cooperative.

TABLE 6

IMPORTANCE OF DRIVING DISTANCE

TO THE "YES GROUP"

1986

Rating	Number and Percent
Very important	0
Somewhat important	6 (15.8%)
Neutral	15 (39.5%)
Somewhat unimportant	12 (31.6%)
Very unimportant	5 (13.1%)
Total	38 (100.0%)

The "yes group" was composed of 22 (57.9%) who belonged to one retail cooperative, 14 (36.8%) who belonged to two retail cooperatives, and two (5.3%) who belonged to three retail cooperatives. In the total sample of 212 respondents the comparable statistics were: one cooperative 74.5%, two cooperatives 23.6%, and three cooperatives 1.9%. The "yes group" had larger percentages in the multiple cooperative membership groups.

TABLE 7

MEMBERSHIP IN CONSUMER COOPERATIVES

1986

Number of Memberships	Total Sample	The "Yes Group"
One	158 (74.5%)	22 (57.9%)
Two	50 (23.6%)	14 (36.8%)
Three or more	4 (1.9%)	2 (5.3%)
Total	212 (100.0%)	38 (100.0%)

The "yes group" was not age-related, community-related or transportation-related, but there was some indication that a larger percentage of members of this group had joined several retail cooperatives than those in the total sample.

(4) Price, quality and credit policy

The 212 respondents were asked for the importance of three factors in determining where they shopped for their last purchase of an electrical appliance. The ratings are shown in Table 8.

TABLE 8

RATINGS OF PURCHASE FACTORS

FOR ELECTRICAL APPLIANCES

1986

Rating	Price	Quality	Credit Policy
Very important	190 (89.6%)	182 (85.8%)	162 (76.4%)
Somewhat important	20 (9.4%)	30 (14.2%)	50 (23.6%)
Don't know	2 (1.0%)		
Total	212 (100.0%)	212 (100.0%)	212 (100.0%)

All of these factors were rated as important in shopping for electrical appliances.

SUMMARY

Members of a rural electric cooperative rated price, quality and credit terms as important in determining where they would shop for electrical appliances. Driving distance was important to only 21.2% of them.

A total of 82.1% of them were not willing to commit themselves to shopping in a cooperative electric appliance store. Another 8.0% would commit themselves only if the "price was right".

The 17.9% who were willing to commit themselves to shopping in a cooperative retail store were not composed of any one age group, were residents of many communities, and were largely unconcerned about driving distance for shopping. A slightly higher percentage of this group belonged to more than one consumer cooperative.

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