iCOOP Co-operative Institute research project 2013-2

2012 iCOOP KOREA Members'

Consumption Pattern and Attitude Survey

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Survey Design

1 Objective

As a consumer co-operative dedicated to meeting members' needs with its businesses iCOOP KOREA is committed to decision-making based on members' needs. In order to collect and accumulate information on members' needs and consumption, iCOOP Consumer Activities first conducted a member survey in 2006 and decided to carry one every 3 years. It was part of a time-series analysis with the 2006 and 2009 surveys in order to explain changes in member's consumption patterns and attitudes.

2 Main Questions

General characteristics of members	Demographical characteristics (age, profession, household income etc.); environmental diseases; economic situation; date, reason and way of becoming a co-op member; membership in other co-ops; education program preferrence
Members' purchasing patterns:	iCOOP shopping times; online shopping usage; current situation and changes in the proportion of iCOOP products in food expenditure; the reason for purchasing iCOOP products; preferred shopping methods and its reasons.
Co-op activities	participation in activities (general and town meetings, club and events); respondent's source for local and national co-op news; changes after joining the co-op.
Member satisfaction	satisfaction regarding the iCOOP KOREA system; views on the usage of monthly membership dues[1], the current status and problems of iCOOP; complaints regarding iCOOP (e.g. delivery)

[1] This scheme is to pay monthly membership dues in order to operate own co-op bylaw. Total of dues is used for management cost, fund of mutual aid among primary co-ops in iCOOP KOREA. iCOOP KOREA has adopted this scheme as ensure autonomous operation by members, instead of marking up primary co-op's running cost from dealing margin of products. You can purchase our products at 10-15 % discount price. So, more purchase, more benefits.

Understanding co-op organization and its businesses	awareness of iCOOP organization and its business; core business and activities; evaluation of iCOOP's identity, ethical consumption; awareness of fair trade, certification systems and advanced payment system[2]; thoughts on monthly membership dues and its usage
Attitude and consciousness on social and environmental issues	Environmental consciousness and practice (e.g. eco-friendly school meals); interest and willingness to partake in activities around the environment; thoughts on social agenda; social capital (e.g. interpersonal trust; mutually beneficial social norm); level of participation in community activities
Others	products in need of discounts; pattern of using store; pattern of online shopping; product satisfaction and need for new products

3 Methods

Population: 169,708 iCOOP KOREA members

Sample

- size : online 1,511 store 1,530
- reliability : online 95%±2.56% store 95%±2.57%

Sampling: random sampling

Survey

- size : online 1,511 store 1,530
- tool: structured questionnaire
- method: online members survey through an online shopping pop-up survey page and in-store customers coordinated and conducted by store activists

※ To compare members' attitude with those of non-members, a non-member (citizen) survey of one thousand female adults between the age of 25 and 69 conducted by the Intel Research Center (IRC).

※ Part of the survey results were analyzed based on two different groups: the 'consumer group' made up of members whose involvement was strictly as consumers and the 'activity group' made up of members who had been involved in at least one co-op activity.

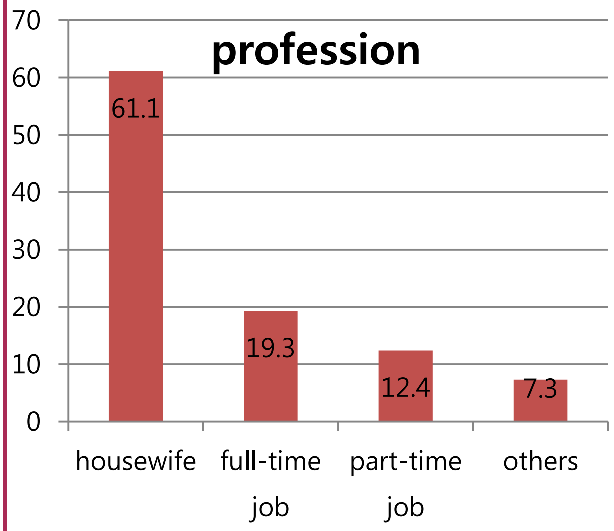
[2] It can be understood as a Members' loan for advance-purchase fund for producers. Members advance 200,000 KRW a month to iCOOP and they can purchase co-op products up to this amount. iCOOP pulls together members' advance payment money to pre-pay farmers so that they can secure their farming expense without taking loans from private banks and make them accountable to the contract of iCOOP.

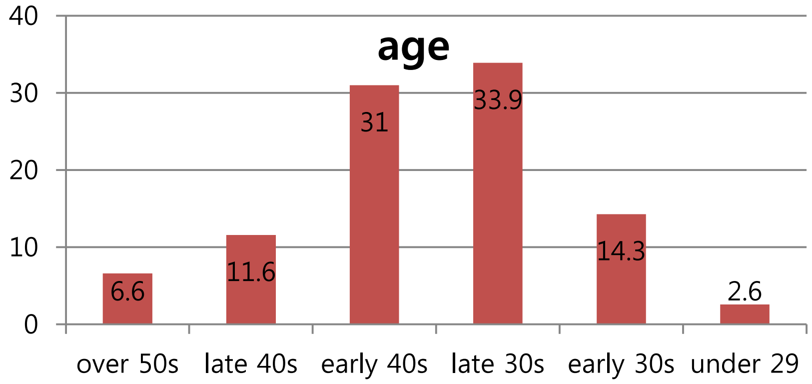
Key Findings

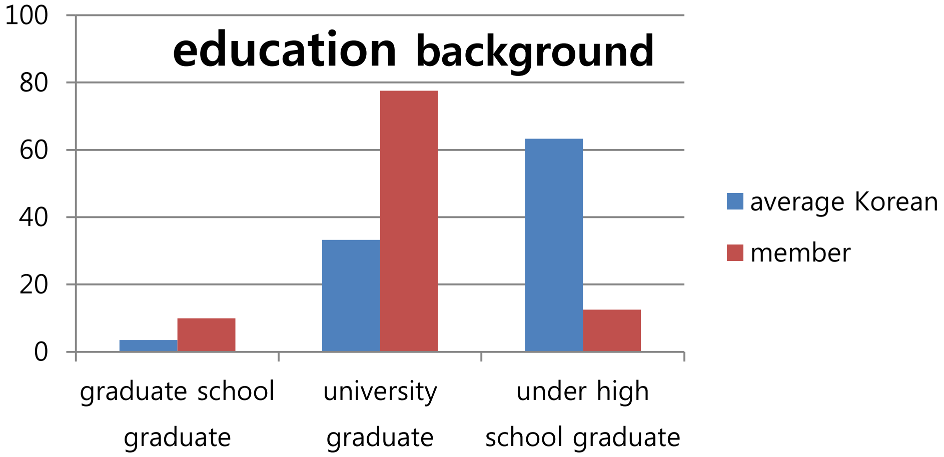
1 Demographic features

1.1. General features of members

The majority of surveyed members joined iCOOP relatively recently, particularly after 2008. 64.9% (online 62%, store 67.8%) of members are in their late 30s or early 40s. Most of them (online 89.2%, store 85.9%) are university graduates. The percentage of university graduates in membership is more than double the Korean average (68.9%) as indicated in the 2010 Population Census. More than half of (online 58.2%, store 63.9%) members are housewives which might be a reflection of the uniqueness of the Korean co-op movement in its predominantly female base.

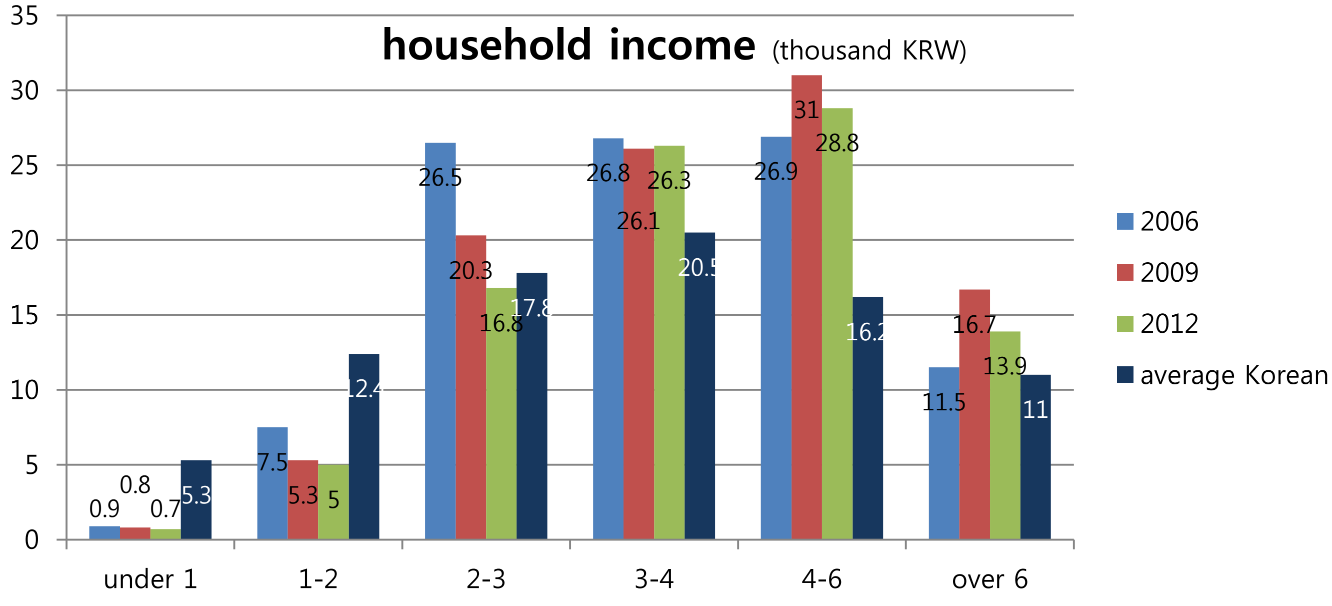






The average household size is 3.62 persons (online 3.59, store 3.65) which according to government statistics is 1 more person than the average Korean household population of 2.52. Members' average household income is estimated to be 4,315,000 KRW[3]. 55.1% (online 60.7%, store 49.4%) state that their household incomes range from 3,001,000 to 6,000,000 KRW.

- There is no significant difference in members' household size and income relative to those in the 2009 survey.
- According to the data obtained, members' household income is 245,000 KRW higher than the average Korean income of 4,070,000 KRW. However, the gap between members and the average Korean income has significantly decreased by 550,000KRW. This can be interpreted to mean that the economic class of the iCOOP membership has considerably lowered.
- 61.6% (online 58.6%, store 63.5%) of members estimate their household economic situation to be similar with that of a year ago. 27.8% (online 30.0% store 25.5%) think their standard of living has worsened, 7% lower than the 2009 survey results. 11.3% (online 11.5%, store 11.0%) think themselves as being better-off, almost double that compared to the 6.9% in the 2009 survey.



More than half (online 50.6%, store 45.9%) of members have at least one person in their family suffering from a disease caused by environmental factors (environmental disease). The percentage decreased from the 58.7% in the 2009 survey. However, it is still very high considering the fact that the average percentage of Koreans who have a family member with a disease caused by environmental factors is 18%.

[3] 1 US dollar is roughly 1,100 Korean Won.

- 39.2% (online 39.3%, store 39%) of members' children have environmental diseases which amount to 39% of members' family having that disease. 57.6% (online 59.4%, store 56%) of this group responded that their reason for joining iCOOP was due to this environmental disease.

1.2. Changes in demographic feature after 2006

Almost half of surveyed members (online 44.6%, store 55.7%) joined iCOOP KOREA after 2010. The percentage of members who have used co-op for less than 2 years is 32.9%, which shows quite a decrease compared to 50.8% in 2009 and 42.5% in 2006.

Just like the 2009 and 2006 surveys, most members (89.3%) joined iCOOP to seek safe food. However, the proportion has declined from 92.3% to 89.7% (online) and from 90.7% to 88.8% (store) compared to 2009 Survey.

- Members' interests in safe food can also be discerned from the fact that their top-rated education program is cooking.

Although members' most desired program was cooking education, there was an 8% and 10% decrease compared to the 2009 and 2006 surveys respectively. This trend was more obvious in store surveys in which interest for cooking education decreased by half to 15.1% from 28.2% in 2009.

- There was no considerable difference in members' ranking of parenting training (17.2%), environment education (15.7%), child-care (11.5%) and health issues (11.3%).
- The result showed that members' need for education had diversified and multiplied. This might have been the result of the diverse kinds of programs conducted in local co-ops: members who experienced these different programs might have come to desire a variety of educational programs.

More than 80% of members had answered that iCOOP was helpful in enhancing their family's health. When this result was combined with the 89.7% of members' joining co-ops for food, then the main purpose and expectation of members was to maintain or enhance their family's health by increasing access to safe food.

Very few members (online 5%, store 5.5%) joined as a result of advocacy and PR efforts. Most members (online 58.9%, store 55.7%) got involved in co-ops through word of mouth from friends, neighbors, and other members.

- Online surveys showed that 12.2% of members joined co-ops after stopping-by a co-op store, a 3-fold increase compared to the 4.9% in 2009 and a 10-fold increase compared to the 1.3% in 2006.
- This increase can be attributed to the fact that the number of co-ops has been increasing around Korea: the number of stores increased from 66 in 2009 to 129 in December 2012.
- When compared to members in the activity group, the percentage in the customer group that joined through recommendation and those that joined through a stop-by was respectively 12% lower and 13.6% higher.

2 Product purchasing pattern

2.1. General pattern

On average, online customers shopped 4.21 times a month and store customers shopped 8.4 times a month. The amount of store shopping was double that of online shopping.

- Online shopping members indicated no change, relative to the 2006 and 2009 survey, in their shopping pattern of once a week.

Members purchased iCOOP products based on belief in its safety and their trust in iCOOP KOREA.

- Members reported food safety and trust in iCOOP KOREA as the reason for purchasing the top 5 sold products in 2012: “Our Bean Tofu”, organic natural eggs, “One Apple Drop”, bean-paste buns, and tangerine pudding.
- This is consistent with the earlier finding that iCOOP’s greatest strength is its trustworthy products.

On average, members spent 71% of their household’s food expenditure on iCOOP products. This was 1% less than in the 2009 Survey.

2.2. Shopping method: online vs. store

The percentage of online-shopping members that accessed the online shopping page via a local co-op homepage (8.4%) halved from the 19.8% in the 2009 survey. Less than 4% of the customer group used the local co-op homepage.

※ iCOOP KOREA needs to respond to this members' changing way of access since the local co-op homepage is currently the main tool for member communication. The same recommendation was suggested in the 2009 Survey as well.

Online shopping members responded that they preferred online shopping due to its lower prices relative to store shopping. Other reasons for preferring on-line shopping were the difficulty of carrying heavy bags (22.1%); the familiarity of online shopping (12.7%); lack of accessibility to the local co-op store due to issues such as lack of parking space (11.1%); and lack of time to visit co-op store (10.9%).

The main reason (39.8%) for store shopping was that members could purchase the products immediately without having to wait for its delivery. This was also the number one reason in the 2009 Survey. The second reason for preferring store shopping (24.4%) was that "it is possible to identify the products firsthand."

- This is likely due to the fact that most iCOOP products are agricultural products. As agricultural products are experience goods,[4] members show a certain purchasing pattern regarding eco-friendly agricultural products: they evaluate the product after purchasing it and decide whether or not to purchase it in the future.

3 Participation in Co-op activities

3.1. Co-op activities

On average, member participation in co-op activities was 54.5% (online 46.4%, store 62.5%), more than double the 22.3% (online 19.8%, store 24.8%) in the 2009 survey. There was a significant increase in club, committee and town meeting activities which might be the result of local co-op's active support and promotion of those gatherings.

The percentage of the customer group that participated in general meetings was 9.6%. The main reason marked for not partaking in general meetings was "being busy"(73.3%).

[4] In economics, an "experience good" is a product or service where product characteristics, such as quality or price are difficult to observe in advance, but these characteristics can be ascertained upon consumption. The concept is originally due to Philip Nelson, who contrasted an experience good with a search good.

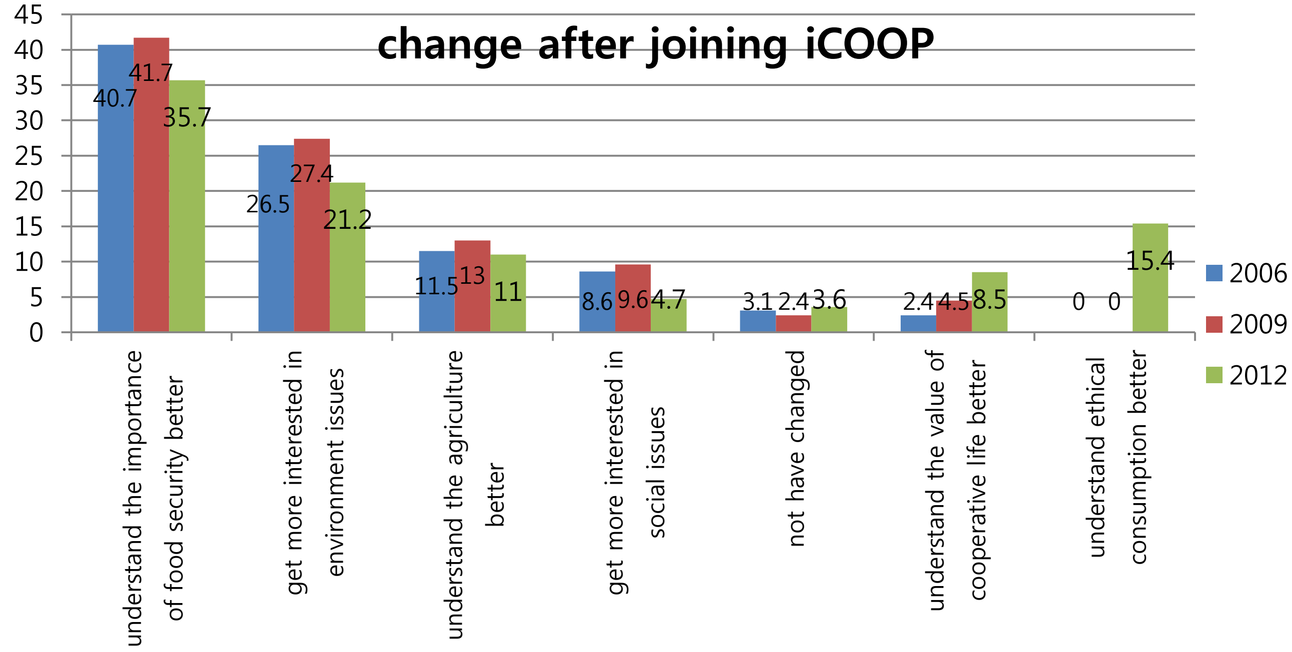
- A quarter of members (online 25.1%, store 24.2%) responded that they didn't take part in the general meeting as they "were not interested."
- The difference between online and store surveys was 0.9%, a negligible gap compared to the 9.6% gap in the 2009 Survey. Although the 2009 Survey estimated that store customer members have lower co-op identity based on the above-mentioned result, although it was the finding of the 2009 Survey.
- Respondents of the store and online survey differed in how they accessed their local co-op news.

The most popular means (28.9%) of accessing local co-op news for those surveyed at the store was by being "involved in local co-op activities." This is different from 2009's most popular response (31.1%) of "going shopping in the store". This is partially due to the fact that 2012 Survey respondents showed higher level of involvement in co-op activities than previous survey respondents.

The most popular means (46.7%) for those members surveyed online to access local co-op news was through "the pop-up banner in the online shopping site." 14% of members gain the news through partaking in town meeting, committee and events. It also was almost doubled compared to 7.2% of 2009 survey.

3.2. Changes in members after joining co-op

Members expressed change in themselves after joining the co-ops as follows: "understanding the importance of food safety" (36.2%); "getting more interested in environmental and ecological issues" (20.6%); "knowing more about ethical consumption such as fair trade" (15.7%); " understanding our agriculture more deeply" (10.7%); "knowing better about the value of cooperative life" (8.9%); "getting more interested in social issues" (4.8%).



- This marked a 7 fold increase from the 5.7% of respondents that in 2009 chose "understanding the importance of food safety" and a 1/8 fold decrease from the 39.4% that had chosen "getting more interested in social issues."
- For the online survey, 37.5% of consumer group members choose "understanding the importance of food safety," 5% higher than the activity group.
- In contrast to the activity group, the consumer group members showed fewer changes in "understanding the value of cooperative life" and "getting more interested in social issues such as the KOR-US FTA and eco-friendly free school meals" (13.2% and 6.7% respectively) was 8% and 3% lower than that of the activity group respectively.

4 Satisfaction as an iCOOP member

4.1. Overall satisfaction

While overall member satisfaction regarding iCOOP KOREA's system was high, there has been a decrease since 2006. The most satisfactory aspect of iCOOP (5.77/7[5]) was the supply staff's friendliness and the least (3.75/7) was the 3-days prior online ordering system. These results were identical to those from the 2006 and 2009 surveys.

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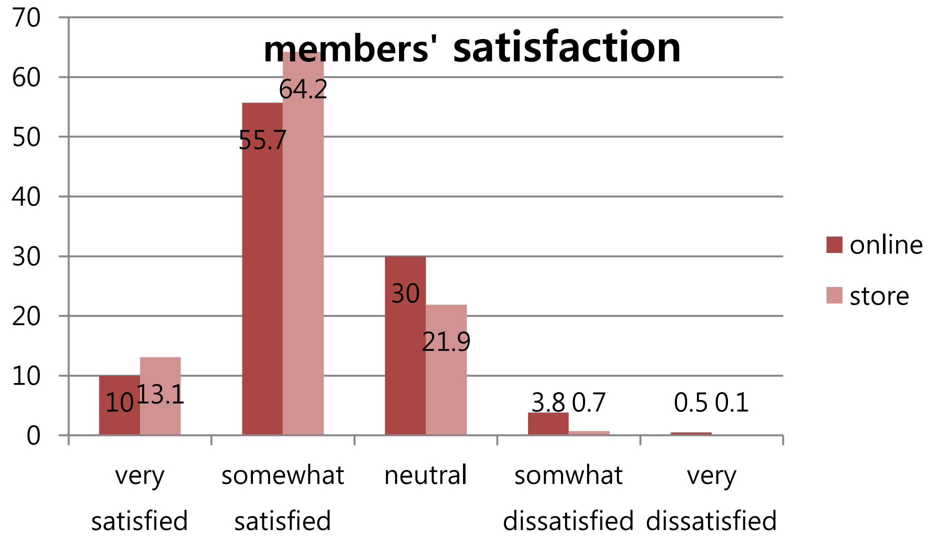
[5] Members evaluated each category by giving it a score. In this case the score ranged from to 7. The average of these values was taken.

- Online customers' satisfaction towards iCOOP KOREA's system increased with greater member participation in educational programs especially regarding the supply staff's friendliness, the advanced payment system, the consultation and grievance management process (i.e. returns and exchanges), and safe delivery (i.e. damaged goods)



65% (online 65.7%, store 64.2%) of members indicated satisfaction with iCOOP KOREA in general, which can be interpreted as a positive view of the iCOOP brand image.

48.9% (online 51.4%, store 46.3%) of members don't show particular concerns regarding price. Ranking 4th place, (online 13%, store 10.3%) price discounts were not viewed as an important problem to be solved.

- The percentage of members who state "don't know very well" when asked their opinion about the product prices was also very high. It also revealed members' indifference towards price.

4.2. Changes in satisfaction: 2009 and 2012 Survey

The customer and activity groups reported different attitudes regarding problems to be solved in iCOOP especially in the online survey: 15% of the customer group chose "diversify the product range" 4.6% higher than the activity group. 17% of the customer group chose "promote iCOOP KOREA's vision and direction," 5.3% higher than the activity group. 3.7% of the customer group chose "actively participate in tackling social problems," half of the 7.1% of customer group.

- Member satisfaction in using the co-op store increased for all of the questions. There was a marked increase regarding the store's hours and the staff's friendliness. Furthermore, members' satisfaction of the store outlook was noticeably improved compared to 2006 and

2009 Survey. These results might be seen as improvements in store management during the past 3 years.

5 Members' understanding of Co-op organization and business

5.1. Co-op organization and identity

Members showed a higher level of awareness of the co-op business than of the organization. Their awareness of both increased as their participation in education increased.

As regards ethical consumerism, its emotional, economic, and social values had the three highest averages. With an average 4.13 out of 5, emotional value ("I feel good when doing ethical consumption") is the highest. With an average 3.75 out of 5, economic value ("the ethical consumer product has better quality than the other brand") is second. Finally, with an average of 3.65 out of 5, social value ("I will give good impression to others when doing ethical consumption") is third.

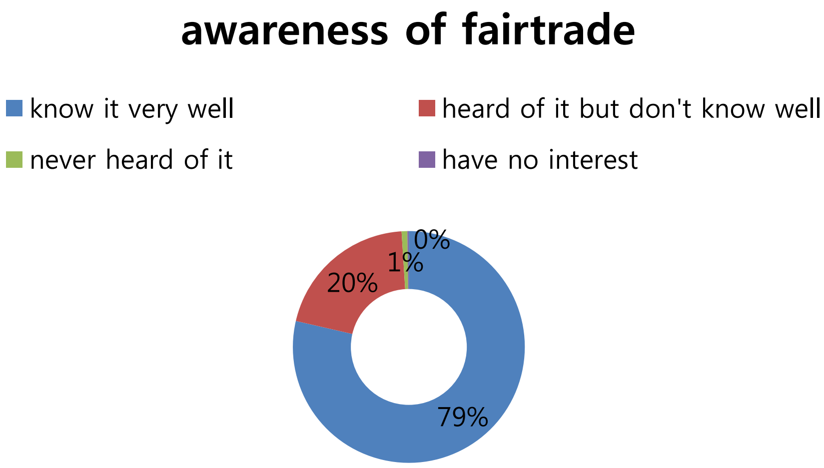
- 81.8% (online 81.2%, store 82.3%) of members stated that they felt good when partaking in ethical consumption. 78.3% (online 78.1%, store 80.4%) think that the supplier and workers should be given fair rewards regardless of increases in price.
- 72.7% (online 70.5%, store 74.8%) responded that they would buy the products of a socially responsible company even if the price were a little higher.
- 39.5% (online 42.5%, store 36.5%) of members answered "yes" when asked about their commitment to ethical consumption ("I invest my money and time in ethical consumption"). While members' consciousness of ethical consumption was much higher than those of non-members, there was no significant difference in their practice.

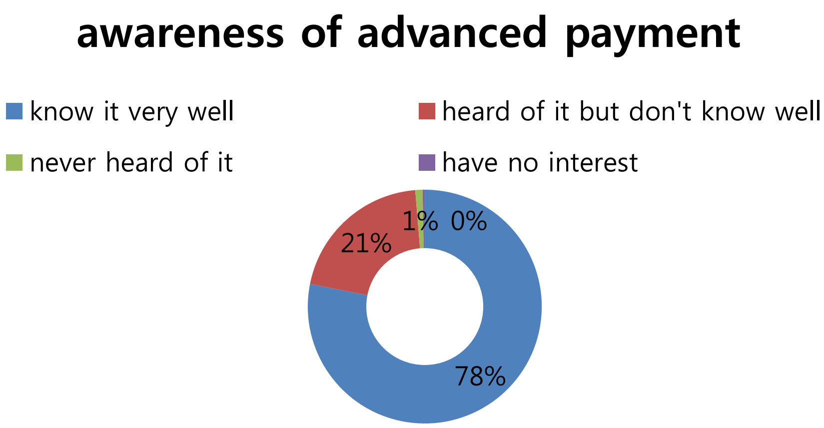
Almost all, 96.1% (online 95.8%, store 96.4%) of members thought that ethical consumption, the identity of iCOOP KOREA, was "appropriate". A total of 80.2% (online 79.4%, store 81%) stated that they not only thought it appropriate but that they also actively put it into practice. Members' willingness to put such principles to practice had increased by 7.8% from the 2009 Survey.

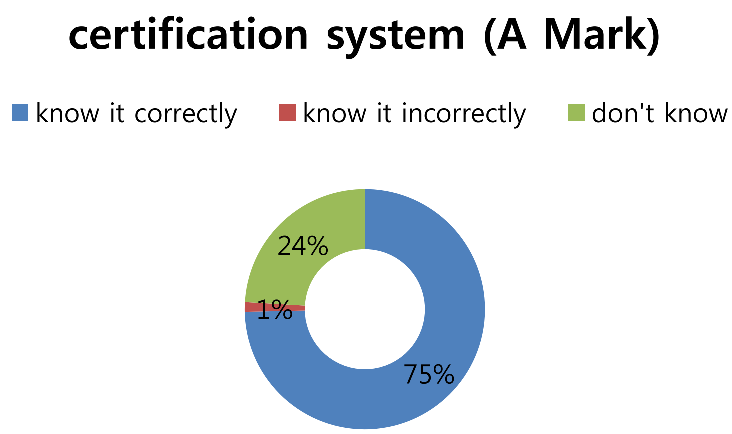
- The percentage of those in the customer group willing to put ethical consumption into practice was 13.5% lower than those in the activity group. The percentage of those in the customer group that chose "I think it appropriate but feel uncomfortable to put in practice" was 8.5% higher than that of the activity group indicating that the will for actual ethical consumption was much stronger in the activity group.

5.2. Co-op policy

The activity group had a higher understanding of iCOOP KOREA's policies. This trend applied to all its policies such as fair trade, advanced payment system and certification system.







- For instance, 87.1% (online 90.5%, store 83.6%) of the activity group, 8.4% higher than the customer group, answered “I know it well” while 68.7% (online 77.9%, store 59.5%) of the customer group claim as such.

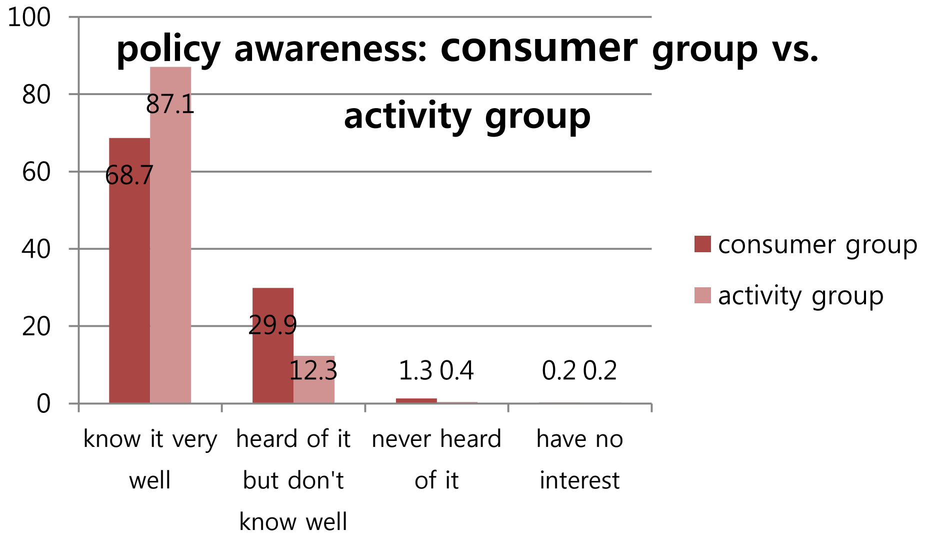
- 29.9% (online 21.2%, store 38.5%) of the customer group stated “I have heard of it but I don’t know it well” when asked about fair trade and the advanced payment system. It is more than double the 12.3% (online 9.3%, store 15.3%) of the activity group.[6]

Most members regard the usage of monthly membership dues as “appropriate,” although the figure is a little lower than that of the 2009 Survey. Campaign funding was the top choice for using monthly membership dues.

- 55.3% (online 47.7%, store 62.8%) of members think highly of the monthly membership due system. Members’ evaluation of monthly membership due system gets more positive as they partake in the education program.

34.8% (online 37.8%, store 31.8%) of members suggested that “price discount on necessities, price stabilization and service improvement” as the top 2013 priority business or activity for iCOOP. This was also the case in the 2009 Survey.

- When allowed multiple choices, the customer group showed the percentage of 37.7% in the same answer while activity group indicates 31.9%, 5.9% lower than the customer group.



[6] iCOOP KOREA established an certification company, KCOD (Korea Certification of Distribution) for ensure the products’ quality and reliability. KOCD, the designated “2011 Excellent Certification Organizations” by the NAQS, National Agricultural Products Quality Management Service, endows “A Mark” to the products that meet its detailed qualifications.

6 Attitude toward social issues

6.1. Social issues

Members showed their greatest support for increasing the domestic food self-sufficiency rate (4.56/5). The next social issues that they chose were about the welfare state (4.46); eco-friendly free school meals (4.41); social economy invigoration (4.31); conversion to a non-nuclear society (4.31); and extension of voting hours (4.25).

- The average score for democratization of the economy (4.12/5) was lower than the overall average for social issues (4.13).
- Members showed their opposition to the KOR-US FTA (the free trade agreement between the US and South Korea) but the degree of opposition was slight (2.66/5).

Relatively large number of members responded “no interest” to the question regarding social agenda.

- For instance, among the total 1,511 online survey respondents, the number of members who reported “no interest” was as follows: 50 to the conversion to a non-nuclear society, 45 to the democratization of the economy, 37 to the extension of voting hours, 29 to the KOR-US FTA, 22 to the social economy activation and 12 to the increase of domestic food self-sufficiency rate.

6.2. Environmental issues

Members live up to their environmental consciousness. Their priority practice is using shopping bags (4.41/5) including 60.7% of store respondents who “always use a shopping bag.” Their other environmentally friendly practices are saving electricity (3.94), re-using bottles or plates (3.93), using eco-friendly cleanser (3.87), saving water (3.80). Engaging in the environmental movement by donating or participating in campaigns is the least practiced field (3.37).

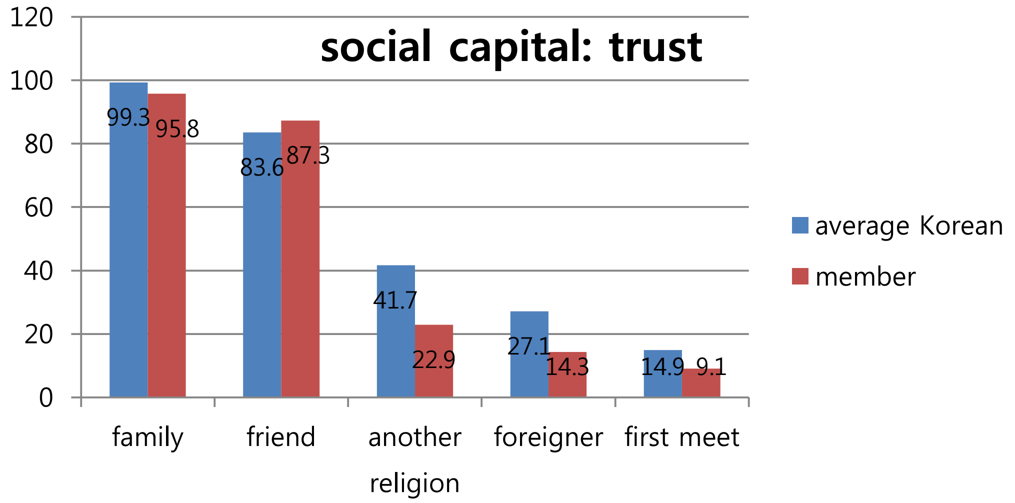
95.8% of members claimed that the ingredients of school lunch should be completely eco-friendly agricultural products (both domestic and imported) while 58.5% of non-members responded in such way.

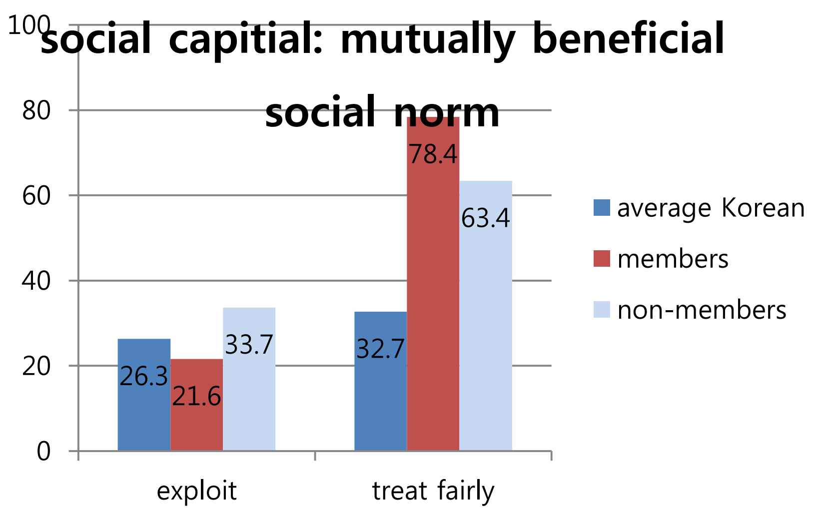
- 87.5% (online 87.8%, store 87.1%) of members responded that schools should use domestic eco-friendly agricultural products. This is a 5.7% increase compared to the 2009 survey. Non-members’ response was 47.7%.

- Members who don't mind imported agricultural products as long as they are eco-friendly were 8.3%, a 5.6% decrease compared to the 2009 Survey. This shows an increase in people's disapproval of imported agricultural product.
- Members' preference for domestic products was 91.9% while that of non-members was 88.5%. The difference between members and non-members was the smallest when it came to the combined use of domestic eco-friendly and non-eco-friendly products for school lunches.

6.3. Social capital

Members show high level of interpersonal trust, the indicator for social capital. When the trust gap between family and others is small, society's trust level is high. Members' trust level trend is identical with the average Korean in the 2005/6 World Value Survey.





In case of the indicator "mutually beneficial social norm," members showed higher trust levels than the average Korean in the 2010 Korean General Social Survey (KGSS) and 2012 non-member survey. 73.7% of responding members (online 69%, store 73.4%) thought that people treated others fairly rather than opportunistically exploiting them.

- While 33.7% of non-members responded that people would exploit them given the opportunity, 26.3% (7.4% lower than non-members) of members agreed with the statement.
- Members' trust levels are also higher than that of average Koreans. According to the 2005/6 World Value Survey, 54% of Koreans responded that others would exploit them rather than treat them fairly.

7 Others

- 26.5% of members (online 31%, store 21.6%) reported that rice is their top choice for products in need of price discounts. The runner-up was organic natural eggs (online 31.3%, store 29.9%)
- The need for a price discount for bean sprouts was under 0.7% while that for Chinese cabbage, onions, and potatoes was 2.7%. This is likely due to iCOOP KOREA's overall low vegetable prices in relation to its higher quality.
- In case of processed foods, members' top need was the reduction of additives.