2015-04
Project Research

2015 iCOOP KOREA Members' Consumption Pattern & Attitude Survey

연구 행동(動)

2016 (재)아이쿱협동조합연구소 10주년

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translated by LEE Kyungsoo

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Survey Design

1. Objective

iCOOP KOREA, the consumer co-operative dedicated to meeting members' needs, is committed to decision-making based on members' needs. In order to be more aware of members' needs, iCOOP Consumer Activities first conducted a member survey investigating members' consumption pattern as well as their distinctive features in 2006 and decided to carry out member survey every 3 years. The 2015 member survey is the fourth survey conducted by iCOOP Co-operative Institute to keep up with change and collect information on members. It is part of a time-series analysis with the 2006, 2009 and 2012 surveys to explain changes in member's consumption patterns and attitudes.

2. Main Questions

General characteristics of members	Demographic characteristics: age, profession, education, residence type, residence area, household structure, the number of household members, the age of youngest child, household income, income bracket
Membership	Date, reason and way of joining co-ops; changes in daily life upon becoming a member
Members' purchasing patterns:	iCOOP shopping times; average monthly spending on food and iCOOP food; the reason for purchasing iCOOP products; preferred shopping methods and reasons, price, product and user satisfaction; future consumption; membership in other co-ops; other eco-friendly food shopping times; future improvement suggestion
Co-op participation and satisfaction	Awareness of general and town meeting; participation and intention for participation in co-op activities; bottleneck problem for participation; communication with co-op activists; future program suggestions

Understanding of ethical consumption	Awareness of ethical consumption in general; ethical consumption practice through iCOOP; ethical consumption as the iCOOP identity; awareness of fair trade
Understanding of iCOOP organization and its businesses	The image of iCOOP; understanding and evaluation of iCOOP organization; understanding of 2016 primary business and activity; readership of publications; communication channel for primary co-ops
Attitude and consciousness on social and environmental issues	Sense of community; trust; attitude to social issues; awareness of food safety in general (besides iCOOP)

3. Methods

Population	189,901 iCOOP KOREA members as of July 2015
Sample size	Store users: 1,340 (valid sample 1,336) including 60 activists* Online users: 300
Reliability	92±2.85%
Sampling method	Stratified random sampling ▪ Store users: sampling proportioned to the number of membership-due pay members ▪ of each primary co-op ▪ Online users: stratified sampling the membership duration, age, and average monthly purchasing money
Survey tool	Structured questionnaire
Survey period	Store: July 20 ～ August 13, 2015 Online: July 27 ～ August 18, 2015

* 0 activists represented 3.7% of those surveyed, which is higher than the actual percentage of activists (2.1%) among the membership: Out of 225,126 members, there are 2,820 activists as of the July 2015. 57 percent of activist respondents are community and Dongari (group) leaders.

Key Findings

1. Demographic features

1.1. General features of members

- Average age of respondent was 42.
- 89 percent of respondents joined iCOOP after 2008.
- Average membership duration was 4 years.

1.2. Education and profession

- 78 percent of respondents were university graduates.
- 60 percent of respondents were housewives.[1]
- 80 percent of the employed members were regular workers while the remaining 20 percent were temporary workers.
- 60 percent of the employed members were in full-time job while remaining 40 percent were in part-time jobs.

1.3. Household structure and residence

- 82 percent of the respondents' households consisted of married-couple with children. (married-couple only households were 11 percent, single households were 2.1 percent, three-generation households[2] were 3.8 percent and others were 1.5 percent)
- 54 percent of the respondents had the four-person family and the average number of household members was 3.7.
- 57 percent of respondents' youngest child was under 9 with the highest percentage under 3.
- 91 percent of the respondents lived in apartments and 50 percent lived within 1 km from the store.

1.4. Household income

- Average monthly household income was 5 million KRW and 24 percent of the respondents' household income was within the range of 4~5 million KWR.
- 64 percent of the respondents perceived themselves as middle class.

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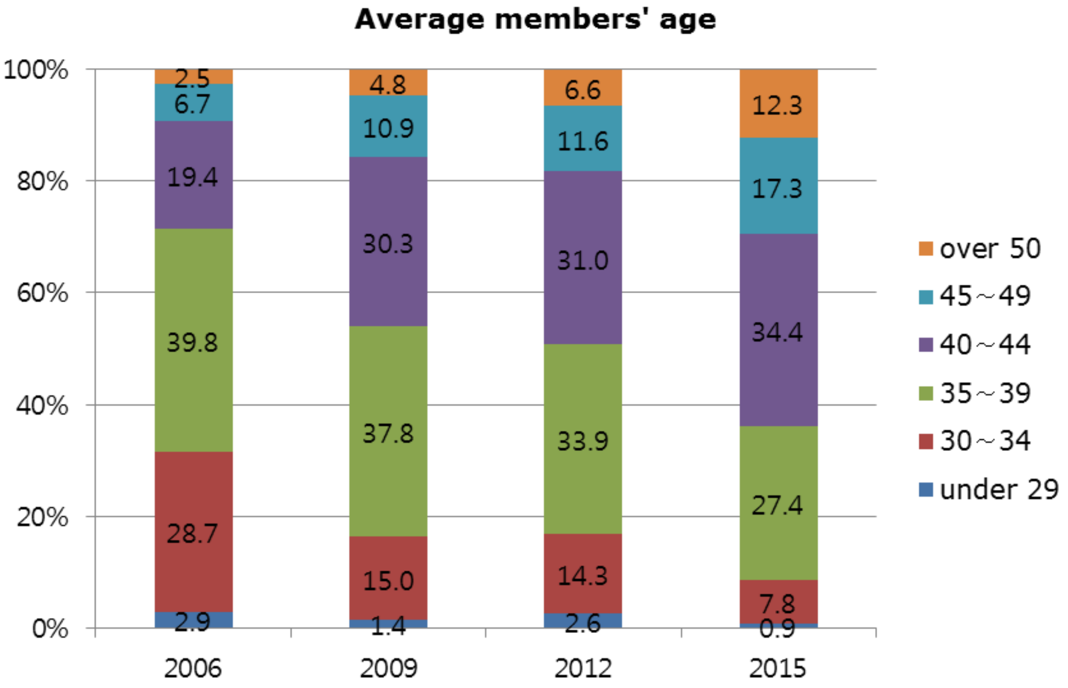
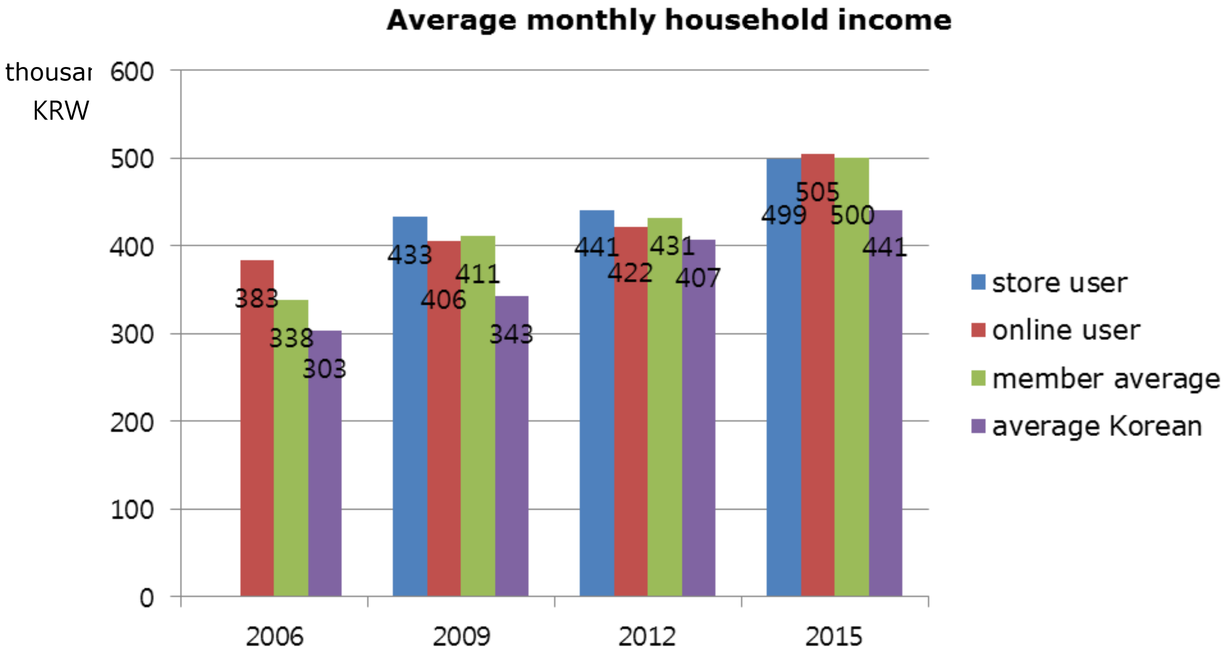
[1] Although many women have jobs in industrial countries, there are many housewives as a distinctive group in East Asian states, especially in Korea and Japan. The rate of solo income household is about 50 percent (Korea 56.1%; Japan 50.0%).

[2] Three-generation household refers to a household that contains grandparents, parents, and children.





1.5. Comparisons

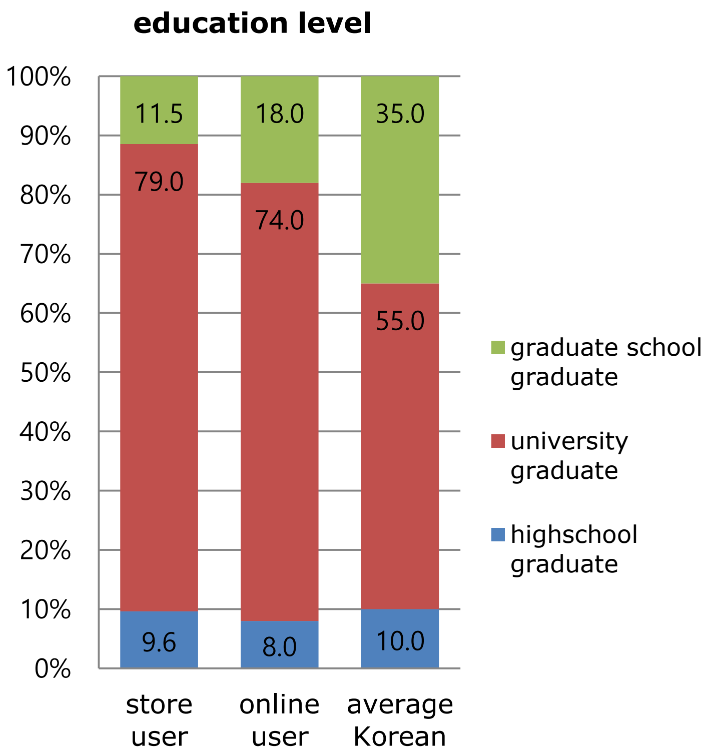
With Koreans in general

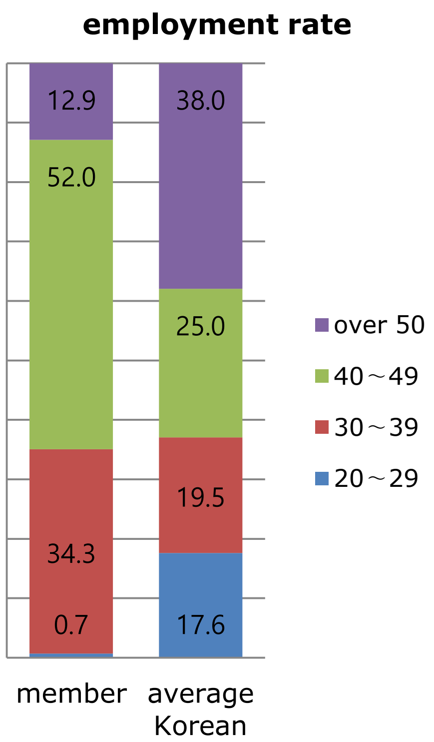
- Respondents not only had higher education levels than the Korean average by 38.7 percent points but also higher than the average eco-friendly product consumer[3] as

[3] Rural Development Administration (hereafter RDA) surveyed 703 households which had records of eco-friendly food purchase during 2010~2014 in 2015. Given the different sample size and sample property, the comparison with iCOOP is only heuristically relevant. Choe Young Chan (2015) Analysis on the consumption

was seen in the 23 percent-point higher ratio of university graduates. However, the percentage of iCOOP members with post-graduate degrees was 22 percent lower than average eco-friendly product consumer. The employment rate of respondents is 39 percent, 15 percent points lower than Korean female employment rate. Respondents work in the public and education (11%), professional (8%), and management (7%) sector.

- The ratio of family with children is 82 percent, 38 percent-point higher than the average Korean household.
- The number of household is 3.7 persons, 1.25 persons more than the Korean average. Meanwhile the ratio of single household (2.1%) is very low compared to Koreans in general (25%)
- The average number of household is on the increase from the 2009 survey which is in contrast with rapid increase of the ratio of single/dual households[4] originating from decreasing marriage and birth rates in Korea.
- Respondents' average monthly household income is at the top 40% of the first income quintile when compared to average monthly income and expenditure.





trend to establish agricultural foods marketing strategy RDA.

[4] Statistics in Korea (2012) *Future Household Prospect*.

With the previous survey results

- Compared to the 2012 survey, the average age of respondents was 2 years older. The ratio of 30～39 year-old group has decreased while that of those over 40 has increased.
- Compared to the 2012 survey, average membership duration years was one year longer.
- The ratio of high-school graduate group decreased while that of post-graduates increased.
- The ratio of housewives decreased after the 2009 survey with a relatively sharp drop among online user group from 61.0percent to 49.3 percent.
- The ratio of respondents residing within 500 meters of a store has risen compared to the 2009 and 2012 survey results.
- The average monthly household income increased compared to the 2012 survey by 690,000 KRW. The gap between respondents and average Korean household income also widened. The average income of respondents joining iCOOP after 2013 is lower than the average. This difference can be attributed to the relatively higher household income or the dropping off of less well-off members among those that joined before 2013. The fact that the share ratio of those in the 2～4 million KRW income group is 8.3 percent-point higher in those that joined after 2013 supports the above supposition.

2. Membership

2.1. Reason for joining iCOOP

- 58 percent of the respondents said they became members encouraged by acquaintances' (existing members) recommendation.
- 95 percent of the respondents joined iCOOP to buy safe foods.

2.2. Changes after becoming a member

- 60 percent of respondents said that they became "more aware of the importance of food safety" followed by 16 percent that became "more interested in ethical consumption". The ratio of respondents pointing the same change increased compared to the 2012 survey.
- The second highest response was getting "more interested in ethical consumption".

3. Product purchasing pattern

3.1. General pattern: eco-friendly food purchasing

- 95 percent of respondents also purchased eco-friendly foods in other stores including chain markets and the *Nonghyup Hanaromart*.
- The respondents said that most frequently bought iCOOP products were agricultural and livestock products.
- 71 percent of the respondents said the advantage of iCOOP is the "products' reliability".
- 17 percent of the respondents were also members of other co-operatives and about half of them used other co-ops to buy products not available in iCOOP or to enjoy the convenient location of other co-op stores.

3.2. iCOOP usage pattern

- Online users spent an average of 68,000 KRW, 4.6 times a month while store users spent an average of 35,000 KRW, 9.4 times a month. Store users' purchasing pattern showed an increase in visiting times and a decrease in the amount shopped.
- Average monthly spending on food amounted to 610,000 KRW and iCOOP spending consisted 61 percent with 370,000 KWR. The average spending was 260,000 KRW more than the average Korean spending.

3.3. Product satisfaction score

- The respondents showed the highest satisfaction with "product reliability (or the trust on the product)".
- The product satisfaction was highest in livestock (4.2), Urimil Bakery (4.1), and agricultural products (4.0) in order of highest.
- The satisfaction rate by property was safety (4.1), quality (4.0), taste (3.9) and price (3.6) from the highest.
- The respondents said that "the price of iCOOP products is relatively cheap" compared to other eco-friendly food outlet products.

3.4. User satisfaction score

- Store users showed overall satisfaction on the store usage (4.0).
- Online users show more than average satisfaction (3.6) though less than that of store users.

- 63 percent of online users said that "I would use the store more often if a store opened near-by".
- Most important reason for using online shopping was "the difficulty in carrying heavy shopping bags" (19%).
- Less online users visited online shopping website "via primary co-op homepage".
- Most respondents said that "I will increase my spending in iCOOP" in the future (3.4) with a higher share among those that recently joined.

3.5. Future improvement suggestions

- Most store users (58 percent) suggested "the prevention of product shortage" as the most or second most wanted improvement.
- 33 percent of respondents in those over 50 put weight in "the beginning of delivery service".
- Online users wanted improvements in "lack of availability", "available supply day", and "two-day advance order".[5]

3.6. Comparisons

- As in the 2012 survey, the reliability of iCOOP product marked the most important comparative advantage of iCOOP.
- Compared to the 2012 survey, the share of positive evaluations rose by 7% and the average satisfaction score also increase by 1 point.After 2009, the share of respondents driving to store has continually risen with a drop in those using public-transportation and walking.
- Compared to the 2012 survey, online user group's purchasing time decreased to 3.4 times per a month while that of store user group's increased by 1 time per month.
- Compared to the 2012 survey, the ratio of iCOOP spending in average food spending of 70.4 percent to 59.8 percent.
- Respondents' average spending on food was higher than the Korean average by 260,000 KRW but lower than that of eco-friendly product consumers by 71,000 KRW.[6]

[5] iCOOP online shopping system requires members to place order at least two days before delivery.
[6] Choe (2015), *ibid.*

4. Participation in co-op activities

4.1. Awareness of and participation in activities

- 49 percent of the respondents were aware of the primary co-op general meeting while 10percent were only aware of the meeting decisions.
- While 94 percent of respondents were aware of the members' activities in the primary group, 25 percent of them "only buy products" without any participation in activities.
- Average member participation, within 2 years, was 1.5 times.

4.2. Willingness to participate

- 45 percent of respondents showed a willingness to join member activities when time allowed and 49 percent said lack of time hindered their participation.
- The most popular request was for cooking-related programs.
- Participation in co-op activities has a positive impact on the iCOOP image, major satisfaction level, and average monthly spending on iCOOP.

4.3. Comparisons

- Compared to the 2012 survey, the ratio of non-participating members in store user group decreased while that of online user group maintained a similar level.
- The most active members joined iCOOP 2008～2011 as is seen in the relative low portion that marked "only purchase product." Those that joined after 2012 had difficulty participating mostly due to childcare. Meanwhile, the willingness to participation is highest among those in the 35-39 year-old group.

5. Understanding of ethical consumption

5.1. Ethical consumption in general

- Most respondents put importance in ethical consumption.
- The respondents said the consumer boycott (4.3), fair trade (4.2) and green consumption (4.1) were important among the nine practice areas of ethical consumption.[7]

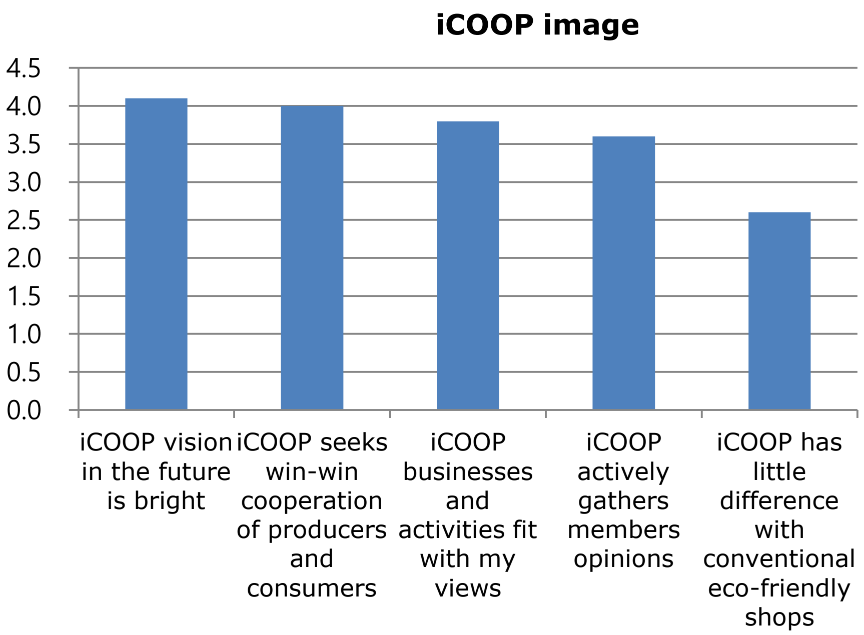
[7] The nine practice area was based on the conceptualization of Chun et al. as ①boycott ②Fair Trade ③green consumption ④moderate and simple way of life ⑤legal consumption ethics ⑥purchase of certain products ⑦local consumption ⑧donation and sharing ⑨community movement. Chun, Hong and Yoon (2014), The

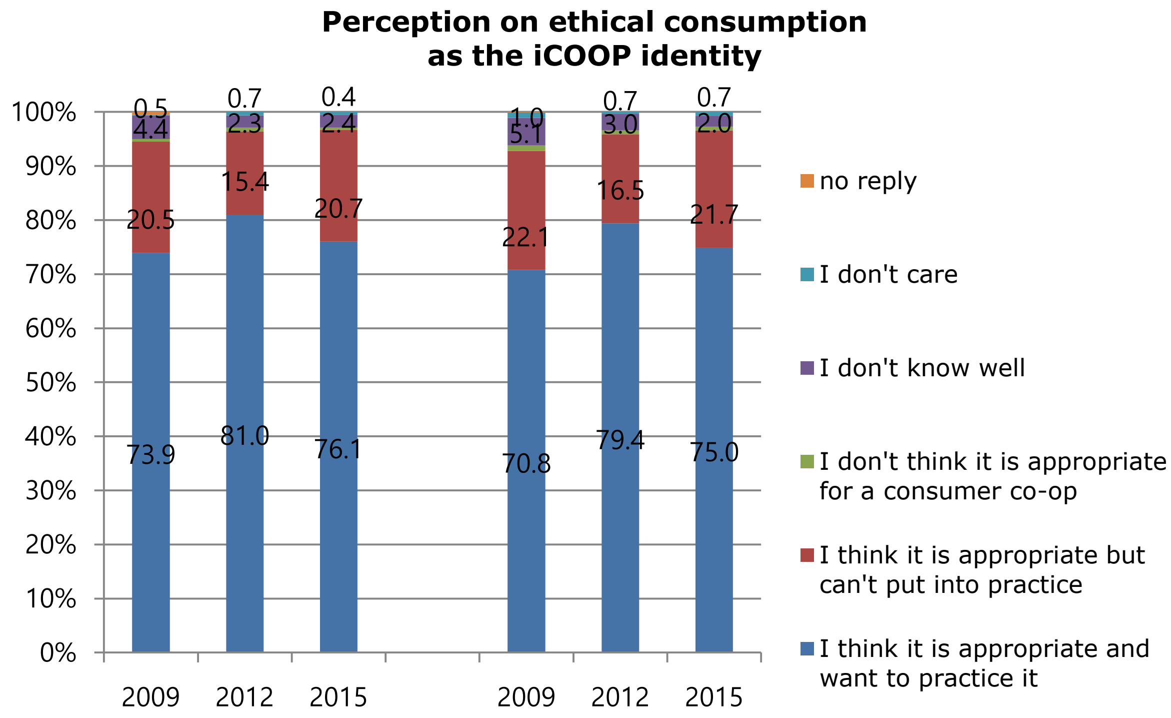
5.2. iCOOP and ethical consumption

- 76 percent of respondents valued ethical consumption as the identity of iCOOP and showed willingness towards its practice.
- The ratio of members feeling burdened by the practice of ethical consumption was relatively high in the members under 34 and those who joined after 2012.
- In order of importance, members practiced ethical consumption in iCOOP through green consumption (24%), boycott (16%), ethical purchase (16%), and the respect for legal ethics in consumption (12%).
- 48 percent of respondents said "FLO certificate-mark influenced the purchasing decision in buying Fair Trade products" while 19percent didn't pay much attention to the label.

5.3. Comparisons

- Compared to the 2012 survey results, respondents were less inclined to practice ethical consumption even though most of them thought ethical consumption was appropriate to the iCOOP identity.
- In particular respondents that had been members for a shorter time showed less willingness to practice ethical consumption than other membership groups.





6. Understanding of iCOOP KOREA

6.1. The image of iCOOP

- Most respondents replied "the future vision of iCOOP KOREA is positive".
- Most respondents felt that food safety and product and service quality was improved after becoming members.

6.2. Communication with members

- Among iCOOP's communication channels, most respondents read mobile text messages the most carefully.
- 65 percent of the respondents heard from primary co-ops through contacts from primary co-op (42%) and primary co-op newsletters (23%).

6.3. Awarenes online user store user

- 3 percent of respondents didn't know that "iCOOP KOREA is a cooperative organization in which members invest, use, and operate."
- 27 percent of respondents are negligent of "the founding aim and history of iCOOP."
- The ratio of members recognizing Gurye Natural Dream Park" was relatively higher

than those recognizing other organizations such as iCOOP Consumer Activities, iCOOP UNION, Mutual Aid Society for Enhancing Korean Agriculture, and iCOOP Seed Foundation.

6.4. Awareness and satisfaction on primary policy

- In general, the respondents viewed policies such as fair trade, iCOOP certification, advanced payment system[8] et al positively.
- The respondents thought the usages of membership dues[9] were appropriate and viewed their use in funding campaigns on issues such as fair trade and food safety to be the most appropriate
- 51 percent of the respondents had participated in the advanced payment primarily to "be able to help producers."

6.5. 2016 iCOOP core objects

- 41 percent of the respondents thought "strengthening product quality and enhancing product reliability" should be prioritized in 2016.
- 59 percent of the respondents wanted iCOOP to "provide healthy dietary life information" and "support urban-rural exchange.

6.6. Comparisons

- Compared to the 2012 survey results, online user group showed an increase in the readership rate in all communication channels while store user group showed an increase in the Natural Dream Story: The ratio of getting information from the primary co-op has risen three times.

7. Social attitude

7.1. Opinions on social issues

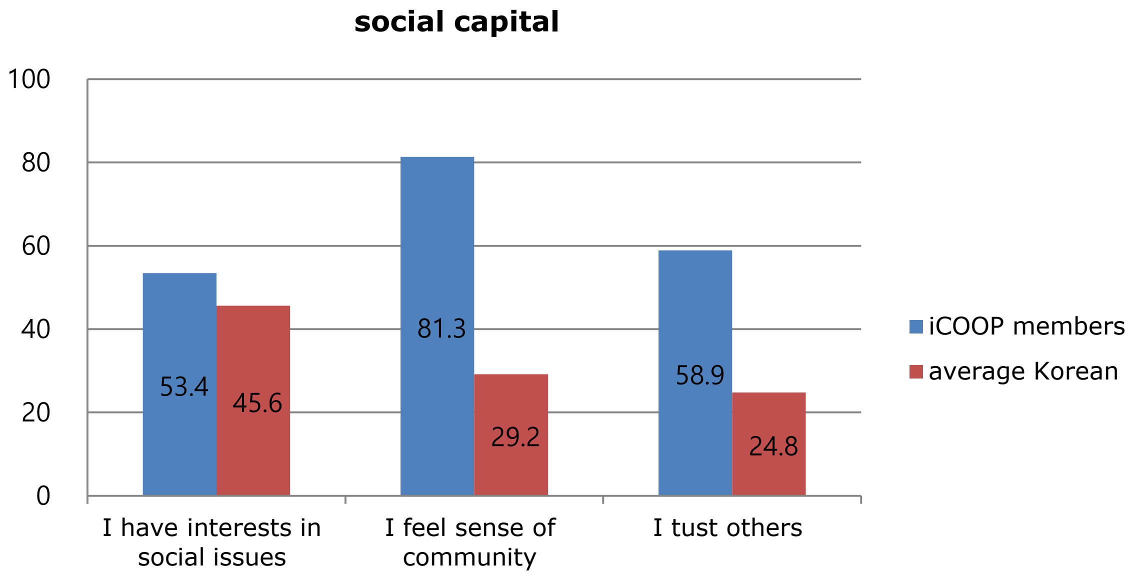
- Respondents showed high level of interest on social issues (53%), sense of community (81%), and trust of others (71%).
- The respondents showed the highest degree of approval in "the strengthening

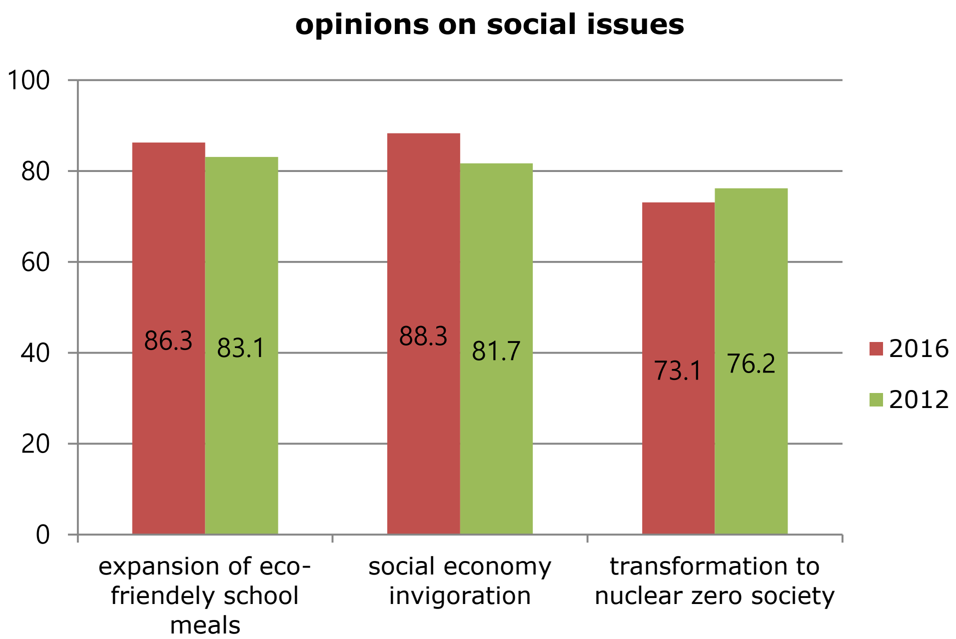
[8] The advanced payment system was established to build up members' loan for advance-purchase fund from producers. Members pay 200,000 KRW a month in advance to iCOOP. They can later use this 200,000 KRW to purchase products. iCOOP pulls together members' advance payment money to pre-pay farmers so that farmers can secure their farming expense without taking loans from private banks. This also makes farmers accountable to their iCOOP contracts.

[9] iCOOP primary co-ops use members' monthly dues in various co-ops activities including operations. Monthly dues allow members to benefit from lower product prices since the cost of operations is not reflected in the product prices.

consumers' right to know through the full disclosure of food information" (4.7).

- Relative to the 2012 survey results, there was an increase in the approval rate for "the extension of eco-friendly school meals" (4.5), "the invigoration of social economy" (4.5), and "transformation to a nuclear-free society."(4.2)





7.2. Attitude toward food safety

- The respondents showed the strongest concern for "harmful additives" as a threat to food safety.

- A greater percentage of respondents viewed food from general markets as unsafe compared to Koreans in general

7.3. Comparisons

- Respondents showed more interests on social issues (7.8%), stronger sense of community (52.1%), and higher trust of others (34.1%) than average Koreans.
- Respondents have higher trust in Korean society than average Koreans as is seen in the rate of trust is 5 compared to latter's 4.6.
- In comparison to the average Korean, respondents' showed less concern regarding food poisoning and animal disease but showed the same concern for additive and environmental hormones.
- Compared to 2012 Survey, there was 3.2 percent-point increase in the approval rate of "expansion of eco-friendly school food" (8.6%) and 6 percent-point increase in the "invigoration of social economy sector" (88%) and a 3 percent-point decrease in the "transformation to a nuclear free society" (73%) than that of 2012 survey.

Summary and Implications

1. Changes in the members' demographic features

- 62 percent of respondents are aged 35～44. The percentage of housewives and the education level are higher than the Korean average. Compared to the 2012 survey, the average age rose 2 years to 42 indicating aging (though relatively slower than Korea) in iCOOP's membership. To respond to this aging trend, specific features and needs of members in older age should be carefully considered such as delivery service and concern for family health.
- In addition, the ratio of members 20 to 30 decreased. Most of iCOOP's membership has a stable household income and is primarily concerned with family and children's health. Since those in the 20s to 30s in Korea experienced the lowest growth in income compounded by the rapid decrease in Korea's marriage and birth rate, it follows that their participation in iCOOP would decrease.
- iCOOP members' household structure showed distinctive features as well. The ratio of parents with children in the home was 38 percent-point higher than the average Korean and the average number of household members was 3.7, higher than the Korean average of 2.6. Average age of members' youngest child was 9 while members with children under 3 placed greater importance in food safety. In sum, "the family" is the driving factor in joining iCOOP. Considering the rapid expansion

of 1-2 person household in Korea, further preparation for changing demographic trend should be made.

- About half of store users live within a 1km-distance from the store. This implies that there is likely a set distance which shoppers are unwilling to travel farther than, a type of emotional boundary. The store location decision could be made based on these findings.
- Since the survey shows various demographic features of iCOOP members, it could be useful in designing a publicity strategy that targets specific member subgroups. This could be more effective than current standardized information dissemination based on average desire and need.

2. Reasons for joining and afterwards

- The reason for joining iCOOP remains consistent with those pointed out between 2006 and 2015: purchasing safe foods. In addition, recent members had specific need for safe foods to deal with a family member's illness. Also consistent is that friends' recommendation influenced their joining decision while the ratio of those influenced by publicity is less than 10percent.
- The change in the members' perception of "the importance of food safety" is identified as well as in the 2012 survey. Similar to 2012, "the importance of food safety" still remains the most important issue. However, 2015 saw an even higher increase in the importance ascribed to it be members.Increase in the "interests in ethical consumption" also held a high importance. We could infer that members first got involved in iCOOP with a private motivation of buying reliable food and eventually widened their perspective to encompass not only the importance of food safety but also ethical consumption and other social values.

3. Members' consumption pattern and the comparative advantage of iCOOP.

- Members bought iCOOP products mainly because of the product reliability. It is also identified in the highest and most stable product satisfaction rate in trust. They also value the quality of livestock products as is seen in the item satisfaction ratio and the highest position in the most recommendable item list.
- iCOOP held an average 61 percent of members' monthly food purchasing fee but the ratio decreased from the 2012 survey. Members usually purchased agriculture and livestock products in iCOOP and visited other eco-friendly specialty stores including other consumer co-ops to buy processed foods and agricultural products which are unavailable in iCOOP or to use other stores' convenient locations.

- There might be a trade-off in the new store opening and online shopping turnover growth since 63percent of online users showed a preference for a near-by store rather than online shopping. The main impetus for online shopping is the lack of available shopping time and heavy baggage which implies the improvement of convenience could be more effective to boost online shopping growth than the price strategy.
- Member suggestions were focused on greater convenience: securing product stocks; store delivery service; securing parking area (store user); securing product stocks; available delivery days; and 2-day prior order system (online users). Thus, further improvement in the management of products stock and delivery, extension of delivery days, and parking space in future stores is recommended.

4. Co-op activity participation and afterwards

- 45 percent of members wanted to participate but could not due to lack of time, in particular childcare. Other obstacles were inconvenient program timing and lack of people they knew in the programs. Thus, support program or joint-childcare during the program could alleviate childcare burden and expand the constituencies participating. It could be effective to implement these measures starting with the cooking classes which had the greatest preference.
- It is encouraging to see a decrease in the portion of members without any involvement in co-op activities. Survey analysis shows that the greater awareness of co-op activities contributes to a more positive image and comprehensive understanding of policy. Moreover, members involved in activities purchase more iCOOP products and show higher satisfaction with price, product, and store usage. In sum, members’ co-op activities have a positive impact on product purchase pattern and thus a synergic effect on iCOOP business.

5. Members as ethical consumers

- iCOOP members put importance in all nine ethical consumption practice areas with relatively greater importance to the consumer boycott, fair trade, and green consumption.
- Members practiced ethical consumption through iCOOP by purchasing eco-friendly agriculture products instead of conventional food which might cause harm to the environment due to pesticides and the value chain. However, the increased percentage of members burdened by the practice of ethical consumption despite their recognition of its importance leaves a question to be addressed.

6. Members' understanding and future expectations of iCOOP

- Most members had a positive image of iCOOP and felt a visible improvement. They also showed overall satisfaction to iCOOP policies such as membership dues and advanced payment system. The most widely used system was the advanced payment system which 50 percent of members used more than once. The reason for using it was altruistic as the portion of respondents that stated the reason "to help producers" outnumbered those that responded the advantage of "point benefit" when using advanced payment system.
- Members' future need emphasized the product improvement as is seen in the response that "product quality and trust enhancement" should be prioritized in 2016 and to "provide healthy food-related information" in the long term. This survey showed that what members considered as the primary task of iCOOP was to "provide trustworthy food." They showed the lowest satisfaction in "product availability."

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Publisher iCOOP Co-operative Institute (foundation)

08359 Ilman B/D 2B 204, Sungkonghoe University
Yeondong-ro 320, Guro-gu, Seoul, Korea

Tel +82-2-2060-1373 Fax +82-2-6499-1372

HP http://icoop.re.kr E-mail icoop-institute@hanmail.net

(재)iCOOP협동조합연구소

서울특별시 구로구 연동로 320(항동) 성공회대학교 일만관 2B 204호
TEL 02)2060-137 FAX 02)6499-1372
iCOOP-institute@hanmail.net
http://www.facebook.com/icoopisitute
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