

THE CO-OPERATIVE GROUP

The Co-operative Group: values in action

How a declining retail brand seized the opportunity to re-evaluate and communicate afresh the values that make it what it is, and then used that new sense of identity to turn its business around.

The **co-operative**

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KEY INSIGHTS

- Extensive programme of research to understand market needs, customer perceptions, issues for the organisation and potential within the organisation.
- Understanding the difference between hygiene factors – basic requirements for the sector – and what makes The Co-operative different and valued.
- Making the effort to ensure the core values of the organisation really permeated throughout, through an employee engagement programme, enabled the distinctive identity to be strengthened internally and externally
- Putting investment in an independent, continuous 'mystery shopping' programme to audit outlets that are the public face of the organisation ensured that the brand promise is delivered. Action plans put in place for those failing.
- Having a single coherent identity to open up connections between the different components of the business that benefit each and the group as a whole.
- Advertising the newly defined identity and brand promise to the outside world only after the process to embed it internally well under way.

BACKGROUND

The Co-operative Group (the Group) is the UK's largest mutual business, owned not by private shareholders but by almost seven million members. It is a complex, multi-faceted business. It incorporates the UK's fifth biggest food retailer and leading convenience store operator; with being a major financial services provider; operating both The Co-operative Bank and The Co-operative Insurance, as well as the number one funeral services provider and Britain's largest farming operation. Other businesses include a travel agency, legal services, car sales, pharmacies and a clothing business. This breadth of business interests means that it has the potential to touch many people's lives.

As at 2012, the Group is operating over 5,000 retail trading outlets, employs more than 120,000 people and has an annual turnover of £13.7bn (2010 figures). As well as having clear financial and operational objectives, the Group has also set out its social and sustainability goals in a ground breaking ethical plan, which specifies almost 50 commitments in these areas.

In the 1960s The Co-operative was as large a retail business as Tesco but, in the following 40 years, it has declined. In 2001, leaders from across The Co-operative movement requested an independent commission (which was endorsed by the then Prime Minister, Tony Blair) to review the future viability of the movement. This was tasked with considering how The Co-operative movement could survive in a changing commercial environment while remaining true to the social goals that had underpinned its foundation.

FINDING A NEW SENSE OF IDENTITY

The commission's findings concluded that customers weren't interested in the heritage aspects of the individual co-op shops, they just wanted to be able to shop and know that they would have a consistent consumer experience. In the wake of the commission, The Co-operative Group embarked on an extensive programme of market research to understand more about the issues raised and potential solutions. On the positive side, 'the co-op' was seen as decent, responsible, ethical and part of the community, but the negative elements identified included inconsistency of service and being old-fashioned. Furthermore, messages about the good things that the Group was doing, and what it stood for, were being lost because people didn't know who owned it. So The Co-operative committed itself to creating a single, unifying brand across all its businesses.

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The research also enabled it to identify five core components which needed to be in The Co-operative's 'DNA', namely:

- **Consistent quality** – having core products always on the shelves, service with a smile and value for money. This is a fundamental requirement in the retail sector; a 'hygiene factor' without which nothing else matters.
- **Championing** – leading the way on the things that it believes in and bringing values to life. Examples of this include Braille on packaging and the Fairtrade range, plus ideas raised by Co-operative members, such as putting solar panels on the tower of the head office, and the 'green schools revolution' campaign.
- **Community** – being a force for good in the community. This involves sponsoring events locally, providing funds for local projects and having branches in remote communities where other retailers aren't interested in operating.
- **Trustworthy** – living up to its values and doing the 'right thing' because it's the responsible thing to do, not because it's a marketing ploy. For example, in the way that other companies have 'jumped on the environmental bandwagon'.
- **Rewarding** – sharing the profits. As a co-operative society, the organisation's profits are shared with its members and used to finance the achievement of the aims and aspirations of both the organisation and its members.

Because The Co-operative had been failing to get the basic hygiene factors right, a lot of the consumer feedback concentrated on those basics of their business. However, from within the organisation – staff and the more engaged members – there was a sense of identity that derived from the origins of the society. To find a way of expressing that aspirational sense of identity, The Co-operative employed an agency to work with them to establish a brand strategy.

This covered:

- **the brand promise**
 - what The Co-operative offers
- **a brand architecture**
 - what The Co-operative looks like operationally and physically
- **brand standards**
 - how they deliver their promise.

Together, these elements now enable them to protect the integrity of the brand as they license it out to the regional societies, because once this was unified, negatives would rub off, as much as positives.

HELPING EVERYONE TO PARTICIPATE IN THE IDENTITY

To enable everyone to participate in delivering the brand promise, The Co-operative undertook a massive employee engagement programme. All 3,000 head office staff were talked through the 'brandstand' – an exhibition which explains the whole renewal programme and the components of the brand – and which is also used in the induction of new staff. Every outlet manager in every region went on a brand experience course so that they could understand and communicate messages such as the difference between a plc and a co-operative, why The Co-operative is different, why they have this 'DNA' and the meaning of the five components. Examples were also given of how The Co-operative champions its values. For many managers it was the first time they had met other managers from the different businesses (pharmacy, travel etc) so the event was good for creating a sense of their being part of a wider community and also generated a recognition of the opportunities for cross-selling.

The individual managers were then encouraged to go back to their own stores and work out what to do locally to 'bring the brand to life'. For instance, promoting Fairtrade might work in a shop in one area, whereas a push on more recycling might work better in another. From the centre, sharing of good practice was enabled through a company intranet and the employee magazine. The Co-operative's Head of Brand Governance and Standards, Kristian Mills, aims to evolve the brand communication to reinforce the messages in people's minds and particularly to keep it fresh with staff. As Kristian puts it, "We might only refit stores every five years but we need to nurture the sense of identity continuously".

EXTERNAL COMMUNICATION

Only once they knew that the high-street presence was delivering on the brand promise did The Co-operative start on national corporate advertising in the press, billboards and on TV. The messages they used talked about the way they work, rather than the products they offer. Whereas other companies tend to stop corporate advertising when economic times are harder, The Co-operative makes a point of advertising about their campaigning work on a regular basis – not just when times are good, or when there is a marketing campaign – because their identity is as much about their values as it is about their products. This kind of advertising helps to promote awareness and a sense of pride among The Co-operative's staff and members and it also supports the individual businesses across the regions by encouraging customer loyalty.

However, it's clear that they have a way to go. For example, The Co-operative was the first to have a Fairtrade range, yet other retailers now give the impression of 'owning that territory'.

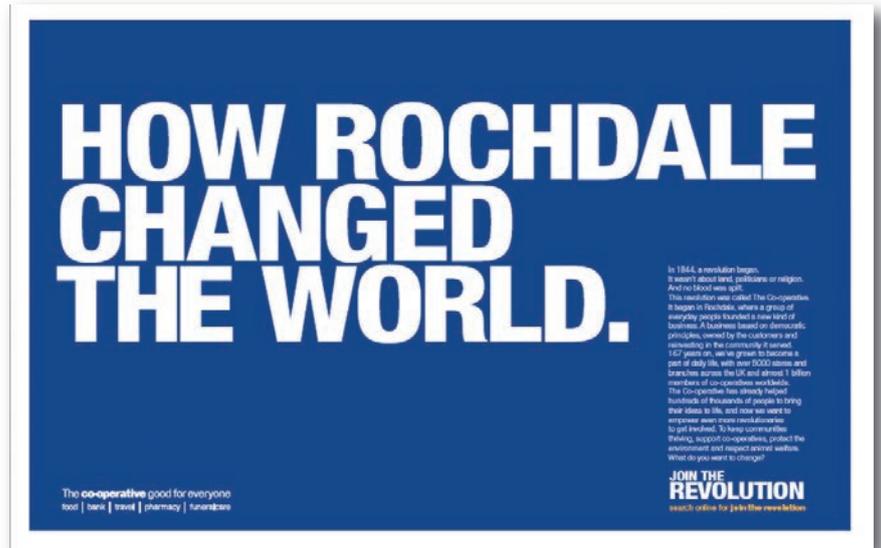
The brandstand developed for the internal re-launch is also used as a way of explaining The Co-operative identity to representatives of co-operative societies from around the world and visitors to The Co-operative headquarters. The Head of Brand Governance and Standards regards it as a part of his job to talk to anyone who asks about the brand because if he imparts his passion for The Co-operative, that person can also become its advocate.

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MEASURING AND MONITORING FOR SUCCESS

To ensure that all of the 5,000+ Co-operative outlets deliver on the five components of the DNA in the future, the brand management team has established an audit of the brand standards. The audit is carried out by an independent research agency as a 'mystery shopping' exercise. No outlet is refurbished in the new brand livery until they have passed the audit twice. They are then audited four times every year to ensure that the brand standards are maintained. The brand team co-ordinates the sharing of results. This massive investment demonstrates the importance of the standards and that The Co-operative DNA is more than 'just marketing', to everyone in the organisation.

The bulk of the audit is about 'consistent quality' but there are also aspects of delivering on the other four components (for instance, did the travel assistant talk about carbon offsetting or ask whether customer had/would like a membership card). If an outlet fails to live up to the brand standards, an action plan is agreed with the local society management and progress against the plan is monitored. Improvements in consistency are enabled through 'buddying up' store managers or moving area managers around.



Beyond the obvious financial measures that assess the viability of the organisation, The Co-operative uses other performance measures: corporate reputation and brand value, in addition to the customer satisfaction measures captured through the mystery shopping data. In each case, it uses independently-measured statistics, so that where progress is shown, it is genuine.

Before the re-launch, The Co-operative's corporate reputation score on an index measured by market research agency Millward Brown was -44. The average is zero. After the pilot programme in 2006 it was -15, and, in 2011, it stood at +59.

In 2001, The Co-operative's brand value was effectively zero, but by 2007 it was valued at £400m and in 2011, it was £2.88bn. This has placed them in specialist consultancy Brand Finance's top 50 British brands (2010 and 2011) and won them the status of 'superbrand' on the basis of independent surveys conducted by Superbrands UK.

These measures are a reflection of genuine progress. Kristian Mills is clear, however, that The Co-operative is still at an early stage in the process of re-establishing its identity:

"We have rebranded over 5,000 branches to The Co-operative brand and now have the foundations and solid platform in place which enables us to focus on our key customer target segments. We have just embarked on a huge consumer insight project, which along with our member information, will ensure we have a clear picture of what are our key customer drivers and we will ensure that our family of businesses marketing strategies deliver against these."

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HEAD OF BRAND GOVERNANCE AND STANDARDS,
THE CO-OPERATIVE GROUP