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Portland's Co-ops Build Local Connections

Oct 27, 2008 12:00 PM, By AMANDA BALTAZAR



PORTLAND, Ore. — Whether it's a better deal, more convenience or improved customer service, today's consumers all seem to be expecting something more from both their food and their shopping experience. For the independent food co-ops here, building a community of people who share similar ideas about how food should be grown and raised has helped these businesses to thrive during difficult economic times.

“We're running a grocery store, but building a community is more of a goal,” said Tom Mattox, community outreach and marketing director for Food Front Cooperative Grocery.

Until recently, there were three cooperative stores in Oregon's largest city: Food Front Cooperative Grocery, Alberta Cooperative Grocery and People's Food Co-op. On Aug. 31, Food Front opened its second location, in the southwest part of the city — meaning that the four corners of Portland are now finally each serviced by their own co-op.

The reception of the new Food Front store has been exceptional. The goal was to have 400 members by the time of the official grand opening Oct. 12, but in fact the store managed to sign up 1,500.

These numbers are huge for a cooperative that had amassed a total membership of 3,300 during its previous 36 years of operation.

“People are investing themselves and a small portion of money into a co-op and really getting behind it,” said Mattox.

Food Front decided to open a second location because it had seen steady sales growth at its existing location, but didn't have any room to expand there.

There was demand for the new Food Front store despite other grocery options in the neighborhood. The space the co-op developed had been occupied by a string of different grocery chains since the 1950s, mostly recently a Wild Oats location that Whole Foods Market closed down when it purchased the chain last year.

Before opening, Food Front was given an ideal opportunity to market the new store directly to future customers. During the summer, the store manned a booth at a nearby farmers' market, where employees could tell consumers about the store and sign up new members.

It wasn't a hard sale, said Mattox, because customers are coming to the co-ops in search of a community.

“More and more, we're neighborhood-focused, and the vast majority of our customers are coming from the neighborhood and can walk here,” said Mattox. Shoppers want connections, he said — they don't want to be anonymous in a big city.


Food Front encourages a community feel partly by hosting and sponsoring local events. Four times a year there's a member appreciation weekend, with 5% to 10% discounts for members. It also sponsors a neighborhood cleanup once a month, and holds regular tastings with local vendors.

Similarly, People's Food Co-op establishes a community feel with a special community room that's used for everything from yoga classes to workshops on gardening and guest speakers.

“People's is a space for a community,” said Monica Cuneo, membership services and marketing coordinator for the co-op.

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“At grocery stores, you get your items and leave, but with a co-op you have the ability to actually own the store. You're not just coming in to buy groceries; you're supporting something you care about.”

Of course, it's not only a feeling of community that shoppers are looking for in the co-ops. They are, in fact, there to buy food. But part of the appeal of these small stores is the connection that they offer not only to fellow members, but also to local farmers and local food producers.

Alberta Cooperative Grocery, for example, fosters connections with local farmers and artisan food producers by featuring photographs and written profiles throughout the store. Soon, it's hoping to offer members field trips to these farms.

“People are interested in a connection with the food,” explained Jocelyn Furbush, marketing manager at Alberta. “We're connecting [customers] to the farmers and producers, and we're helping build the local economy.”

Many co-op members also appreciate the stringent standards their buyers have in place to screen products that the co-op will sell.

“I think there's a level of trust there, and we look very carefully at everything we bring in,” said Mattox.

Because of this trust, shoppers don't feel the need to research the foods they buy, knowing the co-op has done this for them, said Cuneo. Whatever they're offering is most likely the best option.

“Local” is the word generating the most buzz these days, agreed all three cooperatives. But Cuneo said other factors are crucial to People's buyers. She ranked these factors in order of importance as: no genetically modified ingredients; organic; no additives, preservatives or hydrogenation; low packaging and environmental impact; local; and no animal testing.

During the past several years, national and regional natural food chains have grown exponentially, and many conventional supermarkets have begun offering products that live up to natural, organic, local and fair trade standards.


“One problem we're now facing is that we have more competition for these things [from conventional grocery stores],” said Mattox.

Many co-ops, however, have found ways to stay on the cutting edge of these trends. Along with local and organic foods, locally made, small-batch products are another unique category that customers can find in abundance in Portland's co-ops.

“We're a gateway for people who've developed new products,” said Mattox. Food Front works with many artisans who have never before sold at retail, such as one local woman who created vegan truffles using coconut oil, and a local orchard owner who comes to the store to sell his apple butter.

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“If we're not the first to sell these things, we're at the very beginning, so we're on the cutting edge of new products that eventually make their way into stores like Whole Foods,” said Mattox.

People's sells many of these local and small-batch products from its farmers' market, which runs every Wednesday from 2 to 7 p.m. and is constantly gaining momentum, as shoppers become more interested in food and connecting with the people who grow it.

This focus on community and local products is working: Sales are up at each of Portland's co-ops.

Food Front's sales grew 8.5% last year, and this year they're expected to be up 6.6%.

In 2007, Alberta saw sales rise by 20%, and while most of that is the result of adding customers, some comes from food inflation, Furbush admitted.

Sales are projected to be up 28% for this year at People's, said Cuneo. Sales last year totaled \$3.4 million, she said, which was a 22.5% jump over 2006. Memberships vary widely, however.

Member sales at People's are already fairly high, around 67% of total traffic, but at Food Front less than 40% of sales are to members, which is low compared to other co-ops nationwide, said Mattox. Most co-ops typically see 70% of their sales going to members.

Member sales are even lower at Alberta — around 20% — but Furbush said the store is trying to make memberships more affordable. It is also letting customers know they can be working members, which means they do some kind of work for, or in, the store for about two hours per week.

Members are drawn in more by the community feeling and the food selection at the co-ops than by their pricing.

Food Front's pricing “is always a bit of a touchy subject,” Mattox said, “because the big stores have buying power that we can't touch. We keep the prices as low as we can, but there's the reality of running a business. Most people are happy to pay higher prices, because they understand that we have to pay the local farmers. And if you're a member, you realize that you'll get the money back in the form of a dividend.”

Alberta this month has been promoting a Bargain Basics program, through which around 30 items are offered at the lowest possible prices, at least one item per category. These are everyday items, said Furbush, such as canned beans, milk, bread and toilet paper.

This program began three years ago, in July 2005, but was re-launched to attract lower-income people to the store and to help out existing customers during the dip in the nation's economy. As part of the re-launch,

Alberta added new low-price items and checked that the pricing on all Bargain Basics products was still competitive.

The store also sponsors cooking classes for low-income residents, from which they can take home food and reusable bags filled with dry grocery products.

All of these ideas are bounced around between the co-ops.

“It's one of the co-op principles, that we cooperate together,” said Furbush. “We all have different ideas and resources, and since we all have a different neighborhood, it makes sense for us to do our advertising and promotion together.”

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