

The Multi-Dimensional Value of Patronage Refunds in Consumer-Based Food Co-operatives

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Abstract: This study explores the use of patronage refunds in consumer-based food co-operatives in the United States. Its purpose is to advise the Willimantic Food Co-op (WFC), located in Connecticut, about the potential benefits of introducing patronage refunds after it reincorporates under the State's recently updated co-operative statute.

Based on academic literature, a conceptual framework for shared business/member value was developed. It shaped the rest of the research design, which included interviews with general managers of U.S. food co-ops and a member survey at WFC. The results demonstrate that the value proposition of the patronage refund has evolved and, today, the patronage refund provides significant business value and also appears to be a source of multi-dimensional value for members, both individually and collectively. Patronage refunds can positively impact shared value in modern-day consumer-based food co-ops by helping to reconcile the tensions between individual and mutual interests that often exist within co-operative enterprises. The study provided recommendations for WFC around introducing patronage refunds and has implications for other food co-ops using or considering them.

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Keywords: consumer-based food co-operatives, patronage refunds, value proposition, multi-dimensional member value.

Introduction

Returning surplus to members in proportion to use is a foundational co-operative benefit that goes back to the Rochdale Society of Equitable Pioneers and earlier (Birchall, 1994). This practice, generally referred to as a "patronage dividend," "patronage rebate," or "patronage refund,"¹ is encapsulated in the Third Co-operative Principle, "Member Economic Participation," which states, in part, that "Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; *benefiting members in proportion to their transactions with the co-operative* [emphasis added]; and supporting other activities approved by the membership" (International Co-operative Alliance, 2015, p. 29). Co-operative businesses of all types distribute surplus to members based on use – in worker co-ops use is based on hours worked, in producer co-ops on products processed or marketed by the co-op, and in consumer co-ops on amount of goods or services purchased from the co-op. In all cases, use of the co-op by members is known as "patronage" and the benefit returned "in proportion to their transactions" often takes the form of a monetary distribution after an accounting period (Allocating Surplus, n.d.).

Returning surplus to members is fundamental to the co-operative business model, in which goods and services are provided to member-owners at cost, or at the "lowest possible cost" (Frederick & Ingalsbe, 1993, p.1), distinguishing it from capitalist business models whose primary purpose is to maximize profits for investors (Frederick & Ingalsbe, 1993, p.1). While a co-operative needs to generate enough income to cover operating expenses and to reinvest in its business, in a consumer-based co-op any income beyond those capital needs is considered the result of overcharging members for goods or services. In the United States, the patronage refund is codified in federal tax law as a tax advantage for businesses recognized by the Internal Revenue Service (IRS) as co-operatives (Frederick & Ingalsbe, 1993).

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According to IRS rules, all surplus from business done with members can be declared as patronage refunds, qualifying it as a deduction to the co-op's taxable income as long as a minimum of 20% of the declared refund is distributed to members in cash. The remaining 80% may be retained as equity in the co-op and deducted from a co-op's taxable income if it is allocated to internal capital accounts in the members' names. This equity can be treated as working capital until or unless it is later distributed to the member when, as a refund on an overcharge in a consumer-based co-operative, it is similarly not considered taxable income for the member (Mayer, 2015).²

This research project explains the use of patronage refunds in food co-operatives in the U.S. and explores the implications for instituting the practice at the Willimantic Food Co-op (WFC). The study draws on academic literature and interviews with several food co-op general managers to create a historical, theoretical, and contemporary practical framework for the use of patronage refunds in co-ops in general and in retail consumer food co-ops in particular.

The project also explores the use of patronage refunds as a unique source of value in co-operatives, particularly in the context of aligning a co-op's business interests with those of its members and in supporting the Co-operative Identity (International Co-operative Alliance, 2015) or co-op advantage (e.g., Novkovic, 2008; Fairbairn, 2003, Birchall & Simmons, 2004). It presents data from a recent survey of WFC's members that indicate what they value about their relationship with their co-op and how supportive they might be of using patronage refunds at WFC.

The project concludes with implications and recommendations for WFC about using patronage refunds and engaging members to gain their support for introducing the practice.

Background

The Willimantic Food Co-op (WFC or "the Co-op") is a retail grocery store specializing in natural, organic, and local foods. It has approximately 6,500 consumer-members, an annual revenue of \$6 million for 2021, and 35 full- and part-time employees. In 1979, the Co-op incorporated in the state of Connecticut as a nonstock corporation, and in 1980 the founding members transformed their buying club into a small retail storefront operation. The Co-op has grown slowly and steadily since then, with a significant increase in sales and membership after a move to a larger and more visible location in 2006.

Retail grocery is a very low margin industry, and the natural/organic segment has grown increasingly commoditized and competitive in recent decades. Despite its steady growth, until 2013, WFC had mostly operated at a loss, broken even, or earned a modest net income, so the question of distributing surplus to members was rarely, if ever, discussed. However, in 2013, WFC joined the National Co-op Grocers (NCG) association, a second-tier co-operative federation that pools the purchasing power of food co-ops across the United States to achieve lower wholesale costs from major distributors (National Co-op Grocers, 2013). Joining NCG immediately resulted in significant cost reductions on goods and increased margins leading to a consistently positive net income – an average of 2% of sales per year for the past six years. At the same time, Co-op shoppers - members and non-members alike - realized significant individual savings due to WFC's relationship with NCG, mostly in the form of product discounts.

The consistently positive net income, along with a sense that there was an increasing need to engage members in WFC's Co-operative Identity³, prompted the Co-op's leaders to begin considering how to deal with positive net income, including the option of treating it as co-operative surplus and returning it to members via patronage refunds. It was unclear whether the Co-op would qualify under the IRS rules for distributing patronage refunds in its current corporate form as a nonstock corporation, which led WFC to explore the option of reincorporating as a co-operative in the state of Connecticut. This process led to amendments to the state co-operative statute⁴ in 2019. WFC believes reincorporating under the revised statute will not only ensure its legal recognition as a co-op and therefore its ability to declare and distribute patronage refunds to members, but also enhance member recognition of WFC's Co-operative Identity and hopefully encourage other co-operative business formation in Connecticut.

WFC does approximately 85% of its business with members making it relatively clear that using patronage refunds as a legally recognized co-operative can create business value for the Co-op, at least in terms of a tax advantage and

availability of additional member equity. It can also be an opportunity for members to provide a substantial amount of additional capital to the Co-op, in keeping with the Principle, “Member Economic Participation.”

Reincorporating and adding a provision for distributing patronage refunds to the Co-op’s bylaws require a member vote. Therefore, WFC leaders have identified a need to better understand and communicate the practical aspects of patronage refunds under U.S. tax law, as well as their philosophical significance within the co-operative business model, so that they can engage members in using this tool to work toward shared goals.

The purpose of this study, then, is to provide to WFC’s leadership team a foundational understanding around the use of patronage refunds in a consumer co-operative context and some recommendations for how to effectively communicate the benefits of this practice to members. Therefore, the leading research question is: Can surplus distribution via patronage refunds increase member value at WFC, and if so, how?

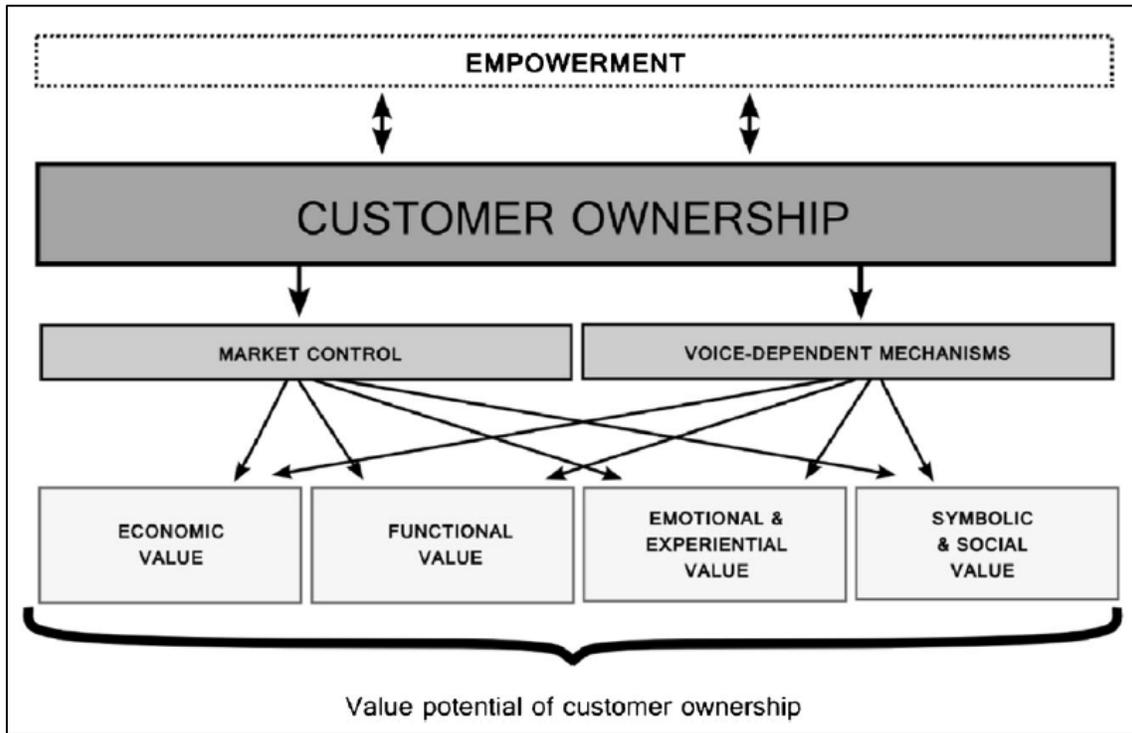
Conceptual Framework

A preliminary review of the academic literature on co-operative surplus distribution led from the Rochdale Society of Equitable Pioneers to the value proposition of contemporary consumer co-operation. Co-operative history and contemporary research show the potential of surplus distribution through patronage refunds as a key differentiator of the co-operative model that can establish and strengthen the bond between members and their co-op, leading to increased member value. Mazzarol et al. (2018) observed the connection between past and present: “The founding principles laid out by the Rochdale Society have remained a blueprint for co-operatives, encompassing: member ownership, democratic governance (i.e., ‘one-member-one-vote’), accumulation of share capital and profit distribution based on patronage, and member education” (p. 552). Mazzarol et al. (2018) also linked a co-operative’s capital structure and distribution policy to the member value proposition, which, along with purpose and share structure, is one of the three pillars of the co-operative business model.

One stream of research explores how members of modern-day consumer co-ops often do not fully understand or appreciate their unique status as user-owners, which can interfere with the development of “ownership feelings” and therefore inhibit realization of the co-operative advantage (e.g., Jussila & Tuominen, 2010; Jussila et al., 2012). Jussila and Tuominen (2010) explored the concept of *psychological ownership* in consumer co-ops, and Jussila et al. (2012) provided detailed implications for both management and governance in communicating with members about their ownership status, the meaning of consumer-ownership, and the unique ways ownership is exercised and expressed in a consumer co-op, including the significance of patronage-based surplus distribution. They emphasized the importance of drawing a clear distinction between the use of patronage refunds and loyalty rewards programs used by other retailers (Jussila et al., 2012, p. 199). This body of research links strong psychological ownership to increased member value.

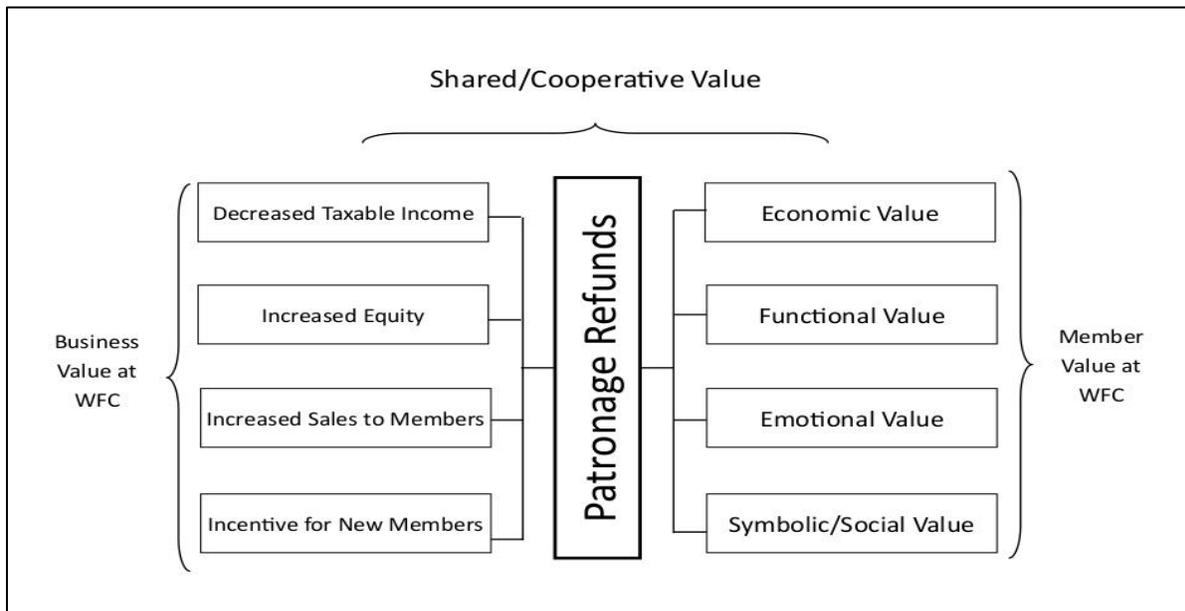
Talonen et al. (2015) explored the unique value potential of customer ownership more deeply. Their work leverages co-operative and mainstream business literature to show how consumer-members of co-operative enterprises are positioned to co-create value for themselves and the business along multiple dimensions, via direct and indirect empowerment mechanisms unique to co-operative ownership and governance. They identified and defined four dimensions of customer value: a) economic; b) functional; c) emotional and experiential; and d) symbolic and social (Talonen et al., 2015). Their conceptual framework is shown in Figure 1.

Figure 1: Talonen et al.'s (2015) Customer Ownership Value Potential Framework



Talonen et al.'s (2015) concept has been adapted for this research to position patronage refunds as a mechanism to potentially increase member value along any or all of the four value dimensions, in conjunction with the potential impact on business value, showing how the two sides combine to create shared co-operative value (see Figure 2).

Figure 2: Author's Framework for Value Derived from Patronage Refunds



Establishing this framework led to three research sub-questions:

1. What is the historical and theoretical significance of patronage refunds in consumer co-ops?
2. How do patronage refunds impact shared co-operative value at other consumer food co-ops?
3. What do WFC members value about their relationship with the Co-op?

The meaning and expression of the four types of member value and how they overlap to form a holistic (i.e., co-operative) member value proposition were explored through the following data sources: academic literature, consumer co-operative managers, and WFC's own members.

Methodology

The research began with a review of academic literature spanning the Rochdale Society (e.g., Birchall, 1994; Fairbairn, 1994; Kelley, 1998) to current consumer co-operatives (e.g., Talonen et al., 2016; Tuominen et al., 2013) to provide an understanding of the history of the patronage refund in consumer co-ops and its philosophical and practical importance to the co-operative business model.

Because the research was focused on retail consumer food co-ops in the U.S. as most relevant to the WFC context⁵, it was then necessary to understand how and why such co-ops are currently using patronage refunds in their organizations. The National Co+op Grocers (NCG) association and its membership of 148 consumer and multistakeholder food co-ops across the United States (National Co+op Grocers, 2013) was a natural place to recruit research participants. General managers (GMs) of member co-ops were invited to send stories or perspectives around using or switching to patronage refunds from a different structure, and to volunteer to participate in a related interview. Six GMs and one consultant participated.

The GM interviews aimed to gather data from a contemporary practitioner perspective, specifically a managerial (as opposed to a member) point of view. The themes identified in the literature were a starting point for structuring the interviews and suggested questions. The interviews were semi-structured and designed to be topical yet open-ended enough to get the participants to talk about co-operative value in general and in relation to surplus distribution without leading them. A qualitative thematic analysis (Braun & Clarke, 2006) of the interview responses identified various themes and subthemes, many of which echoed concepts in the literature. The practitioner experience was then compared with the theoretical framework drawn from the literature. This discussion is presented below in the section entitled "Data Analysis: Theory and Practice."

Finally, it was necessary to learn something about how the member value proposition (Mazzarol et al., 2018) works at WFC, i.e., what do members value about the Co-op, and how could their member experience be improved? Might there be potential for patronage refunds to improve member value along any or all of the dimensions in the conceptual framework? The idea of patronage refunds would be new to many survey participants, so the survey questions were designed to ask more broadly what they value about the Co-op, with some very general references to member refunds. This approach was intended to generate themes related to the research questions that may or may not support the conceptual framework.

A manageable sample of 4,289 actively shopping members (those who had shopped at the Co-op between January 1, 2021, and February 9, 2022) was selected from the total membership of approximately 10,000. They were invited by email to take the survey electronically. The survey was presented as a chance for members to provide feedback to the Co-op as an organization, not as a research project (see the Appendix for the survey questionnaire). There were 1,097 full responses and 397 partial responses.

An analysis of the survey results is presented in the section entitled "Data Analysis: WFC Member Survey."

Data Analysis: Theory and Practice

Birchall (1994) observed that when the Rochdale Pioneers were developing their rules of operation in 1844, the "dividend principle" (p. 64) was the key to all the other co-operative principles and practices and clearly distinguished Rochdale from capitalist and worker-owned enterprises as a consumer co-op. The patronage refund "reconciled self-

interest with mutuality” (Birchall, 1994, p. 64), creating a virtuous cycle of individual and collective benefit by creating savings for members, which stimulated more patronage by members, which created more efficiency and therefore more surplus, which then created more savings for members (Birchall, 1994), all with the ultimate purpose of meeting the common needs of the membership. Fairbairn (1994) pointed out that, at Rochdale, the patronage refund was a clearly defined retail co-operative practice that provided a “clear, measurable benefit” and “helped attract patronage” (p. 16).

The Value Evolution of “the Divi”

Many food co-ops in the U.S. use patronage refunds today – in fact, 111 out of 148 (75%) food co-ops within the NCG list patronage refunds as a feature of membership on their websites and provide for it in their bylaws. However, consumer co-operation and the market economy have evolved since the days of the Pioneers, introducing changes and complexities affecting the relative elegance and simplicity of what Rochdale members affectionately referred to as “the divi” (Kelley, 1998).

For example, unlike in Rochdale, most modern food co-ops allow both members and non-members to shop, which means that, according to the IRS, income earned from sales to members is considered “surplus” and can be deducted from taxable income, while earnings from sales to non-members is “profit” subject to taxation. It is important then to distinguish between these two terms when implementing a patronage refund system. Also, in Rochdale, patronage refunds could have significant economic value for the individual – members often counted on the payout of their “divi” to pay for basic necessities or build up personal savings against future hardships (Kelley, 1998). Today, in the U.S., the individual economic benefit of an average patronage refund payout in a consumer co-op is usually less significant, in part because co-operatives can retain up to 80% of declared refunds to members, distributing only 20% in cash or store credit to members (Mayer, 2015). In this case the *individual* economic value of the dividend is reduced, and the *mutual* benefit is increased, as the retained portion supports the long-term financial viability and sustainability of the business.

The experiences of the GMs interviewed mostly align with this theory that individual economic benefit is not a leading characteristic of today’s equivalent of “the divi.” Across those who provided data, the average annual member refund in 2021 was \$12.40, with the lowest being \$2.34 and the highest, \$155.86. The returns were paid on average total annual purchases of \$1,915 per member – an average individual return of .65%. All the GMs agreed that the refund payout generally does not create substantial financial value for most individual members, while the retained equity can help support the co-op’s economic and social goals. As GM Tim Bartlett at Lexington Cooperative Market said, “the retained portion is so powerful” for the financial health of the co-op. On the other hand, Neomi Lauritsen at Springfield Food Co-op said that members were thrilled to receive their payout right before the holidays in 2021, considering the economic uncertainty created by the Covid-19 pandemic. Members were happy to receive a little extra cash towards their grocery bills and to know this meant the store was doing well. These examples support Birchall’s (1994) suggestion that patronage refunds can help unite the individual and collective needs of members.

Member Linkage

The patronage refund has taken on increased functional and social/symbolic value since the days of Rochdale as a way to establish and maintain the essential and unique linkage - often referred to as part of the “co-operative advantage” (e.g., Novkovic, 2008, Fairbairn, 2003, Birchall & Simmons, 2004) - between the association of members and the business of the co-operative (Fairbairn, 2003; Scholl, 2015). It does this in a variety of practical ways: It can improve transparency and manager accountability (Birchall, 2000; Fairbairn, 2003); it can create opportunities to communicate with members about the short-term success and long-term objectives of the co-op (Tuominen et al., 2013); and, it can help members understand how their individual and collective interests are intertwined (Fairbairn, 2003, Scholl, 2015). Overall, the use of the patronage refund can support the dual economic and social nature of a co-operative (Novkovic, 2008) and enhance the cohesion necessary to sustain the co-operative business model (Cote, 2019).

At the co-ops included in this research, this functional and social/symbolic value of the dividend has been realized, at least from the managerial perspective. Each GM cited the annual patronage letter as an excellent opportunity to

connect with members, bring awareness to the co-operative difference, and engage or reengage members around the co-op's long-term vision and purpose. For Glenn Lower at Middlebury Co-op, the announcement of the refund was a chance to communicate with members about what was happening at the co-op and to generate excitement. Doug Johnson at Belfast Co-op highlighted the refund letter as a way to enhance his co-op's overall communication strategy around co-operative values and principles and to tie their business success back to the Co-operative Identity. At the same time, as Lexa Juhre at Fiddleheads Food Co-op pointed out, the refund helps to address those members who might be struggling to see "what's in it for me." Juhre called the patronage refund a way to "amplify the co-operative difference and make it tangible, both in the economic and associative sense" and emphasized that the refund is evidence that the co-op does not extract value from members through profit but rather co-creates value with and for members.

"Discounts to Dividends": A Competitive Advantage?

The co-operative advantage differentiates members' relationship with their co-op from their relationships with other businesses, particularly the co-op's direct, for-profit competitors. Especially in such a low-margin industry as retail grocery, an increasingly competitive market requires that food co-ops continuously demonstrate their *raison d'être* via a superior value proposition to their members in order to retain their loyalty, i.e., their patronage (Tuominen et al., 2013). It appears that the patronage refund may be a powerful mechanism for accomplishing this and may enhance the emotional/experiential value for members, specifically in relation to another common practice at retail food co-ops, the member discount.

The co-operative difference is in part defined by long-term, relational (as opposed to short-term, transactional) interactions and the logic of *value-in-use* (as opposed to *value-in-exchange*) (Kowalkowski, 2011). When surpluses are returned to members in proportion to their patronage, members realize value according to *use* rather than from an anticipated return on capital as in an investor-owned corporation, and therefore have control over how much value they receive through their own consumption behavior (Talonon et al., 2015). If the model is working properly, the promise of a refund on purchases may entice new members to join and incentivize current members to prioritize the use of their co-op over shopping at a competitor. Furthermore, consumer members can determine the amount of economic value they contribute to their co-op by the amount that they actively shop there, supporting business success.

Fairbairn (2003) explored how this difference in value realization is demonstrated by using patronage refunds in conjunction with or in lieu of every-day price reduction strategies on products. Distributing patronage refunds allows members to understand the market price throughout the year and see the subsequent savings of co-operative trade at the end of the year once expenses are paid and a surplus is established. A sole emphasis on competitive pricing and discounted goods, on the other hand, can render the co-operative difference invisible and unmeasurable, as members will pay a similar price whether they shop at the co-op or at another store (Fairbairn, 2003).

Scholl et al. (2015) pointed out that discounts at the cash register (rather than rebates given annually) are a refund on purchases made before annual net income is realized and mean the co-op is distributing resources to members before it knows whether it will generate a surplus. They also suggested that trying to maintain a discount structure can exacerbate the common perception that co-ops are too expensive: "Members often have a hard time seeing how much benefit they accumulate through discounts, and shelf prices are often artificially inflated to make the discounts affordable, thereby weakening the co-op's price image" (Scholl et al., 2015, p. 5). Promotional sales and "member-only" deals can be an effective way to attract and retain members, but paying patronage refunds truly sets the co-op apart, reinforcing the dual role of the member as user *and* owner, rewarding member economic contribution proportionally to use *and* realized surplus, and establishing a mutually beneficial relationship unlike any the member will experience with a non-cooperative competitor (Scholl et al, 2015).

The "discounts versus dividends" debate was a major theme in all the general manager interviews, and while it seems to fall under the category of economic value, there is also an emotional and experiential component for the member. Both Bartlett and Lower used the phrase "discounts to dividends" as a tagline in their campaigns to switch from cash register member discounts to patronage refunds. Despite problems with the investor-oriented

connotations of the term “dividend,” this tagline worked well for both co-ops, generating understanding and enthusiastic, if not unanimous, support among their members.

Each GM believed that a structure involving everyday member discounts at point-of-purchase is not the best way to create significant or unique value for members or the co-op.⁶ All these co-ops have switched from discounts to patronage refunds in the past 5-10 years, primarily because the discounts were turning out to be too expensive. In some cases, the co-op’s point-of-purchase discount was so small (as low as 1%-2%) that it was barely noticeable to the customer, yet, in years when the co-op budgeted for or unexpectedly ended the year with a loss, the co-op had already given away discounts it couldn’t afford.

Lower at Middlebury said his co-op needed to eliminate the register discount before they began an expansion project, because they believed they wouldn’t be profitable for several years and would therefore be unable to afford member discounts. This was their catalyst for introducing the concept of the patronage refund to members, linking the success of the co-op’s expansion project with long-term collective sustainability and benefit to individual members. Members expressed their appreciation and respect for the transparency of the transition process, which made them feel included and comfortable with the changes. Lower believes that issuing patronage refunds when the co-op succeeds increases feelings of loyalty among members and generates excitement about the co-op.

Aj Hess at Mariposa Food Co-op discussed how the savings realized by the co-op in switching from member discounts to patronage refunds allowed them to increase employee wages – something very important to their members – and hit their equity targets year over year, serving the co-op’s social and financial goals. Hess also highlighted how many of Mariposa’s members choose not to claim their refunds but let the co-op donate them to a charity of the co-op’s choice, demonstrating how the member refund can be repurposed from an individual benefit to a social one. Bartlett at Lexington said that their discount structure cost the co-op too much and that members didn’t find enough value in it; also, it tended to feed a sense of individual entitlement rather than shared responsibility and benefit among members. He indicated that the refund “hits [members] in a different place than the discount” and encourages them to take pride in contributing to something they are building together.

Both Bartlett and Johnson reflected that when co-ops focus too much on discounts, even the member discount as an immediate refund on patronage, they are encouraging the capitalist, for-profit mindset that emphasizes cheapness, and that this can distract members from the true shared individual and collective value that can be realized by doing business co-operatively.

Although co-ops have long used discounts as a way to provide an immediate refund on purchase price to members, other pricing strategies employed by food co-ops closely mimic those used by for-profit competitors. While this may be an effective marketing strategy, members may have difficulty seeing the difference between these product-level strategies, that are generally available to members and non-members alike, or loyalty rewards programs and dues-based membership models at big-box buying club stores, and the true co-operative benefit of the member discount at the cash register. Although shopping at a co-op these days can often feel like shopping at any other natural food market, Johnson believes that co-ops can reclaim some of the advantage of our alternative economic model by leveraging the patronage refund model to complement the popularity and power of discounts.

Education and Communication

The general managers interviewed emphasized the importance of member education and transparency in a transition to a patronage refund structure from a different model, e.g., member discounts. In most cases, these co-ops engaged in a months- to year-long process of information sessions and dialogues with members before asking for their support in making the change. Board members and the general manager were usually heavily involved in both the preparatory internal learning and the member communication, and several managers emphasized the importance of including employees in the process.

Both Bartlett and Johnson feel it is more honest and effective to frame the patronage refund as a principle embedded in the co-op model than as a financial member benefit. Hess emphasized the importance in member communication of continuously connecting the economic benefits of the surplus distribution structure with the co-op’s goals as an

employer and a member of the community. There was consensus that it's critical for members to understand that a refund is never guaranteed, that it is at the board's discretion, and that it symbolizes shared success, lest members come to expect a refund each year. Lauritsen suggested that using the patronage refund structure is not so much a promise of a cash rebate each year as a promise that the co-op will continue to be around to meet members' needs, in profitable and unprofitable years. All general managers emphasized that refunds to members based on their patronage is a very practical, authentic, and transparent way to engage with members and build trust, while truly putting the co-operative principles and values into action.

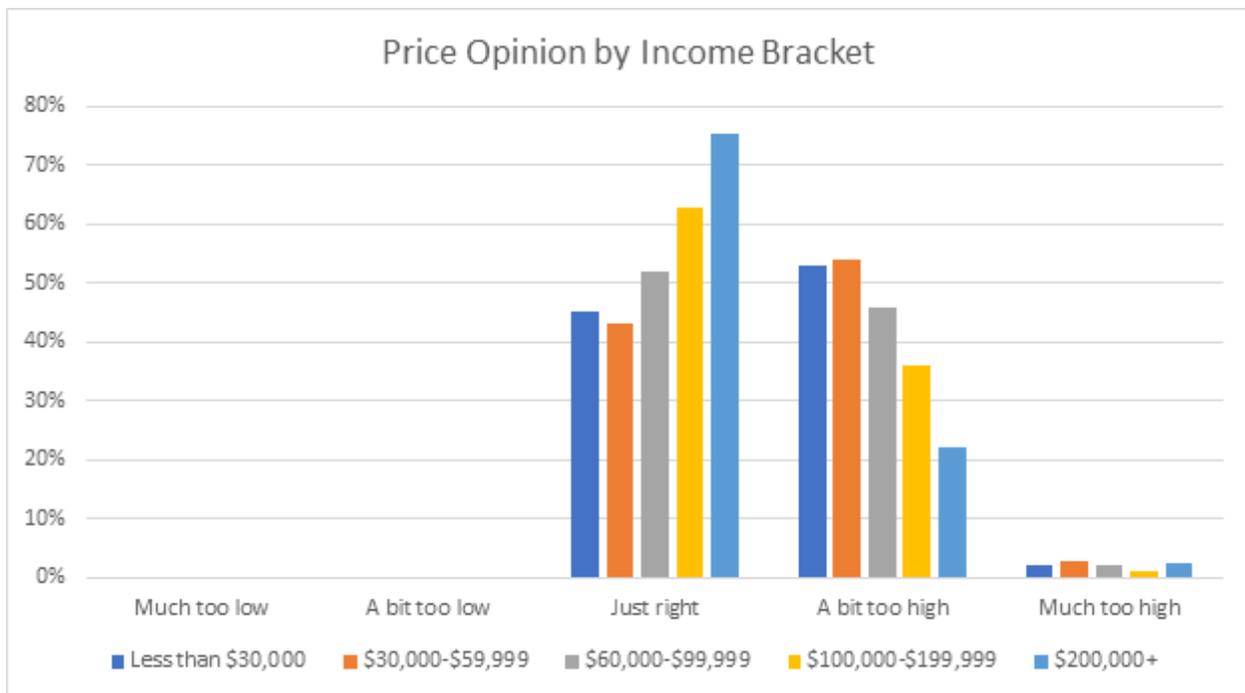
Data Analysis: WFC Member Survey

The member survey data were analyzed quantitatively and qualitatively to draw conclusions about how the member value proposition at WFC is currently operating. Themes and sub-themes relevant to the research questions were grouped into the following four broad categories: price and affordability, concern for community, communication, and love.

Price and Affordability

The member survey revealed a somewhat complex economic relationship between members and the Co-op that included emotional and social components. WFC members tend to be more affluent than the average local resident and reported that shopping at the Co-op is relatively affordable for them. Sixty-two percent of survey participants reported that their annual household incomes are \$60,000 or higher, with 30% being \$100,000 or higher. For comparison, the median household income in the Co-op's town of Windham, CT is \$42,909 (U.S. Census Bureau, n.d.). When asked their opinion on the Co-op's prices, 52% of respondents said the Co-op's prices are "just right," with 45% saying the prices are "a bit too high." An inverse relationship can be seen between members' income level and their comfort with pricing; however, no one said that the prices are "much too low" or a "bit too low," and only 3% responded that the prices are "much too high" (see Figure 3).⁷

Figure 3: Price Opinion by Income Bracket



The survey also found that price is not the most important factor for members in deciding where they do their grocery shopping. Seventy-one percent of members disagreed or strongly disagreed that price is the most important factor, while only 29% agreed or strongly agreed (see Figure 4).

At first glance, this seems to indicate that members are generally comfortable with prices at the Co-op and/or are not highly price sensitive. However, it is notable that only 18% of respondents said they do more than 50% of their shopping at the Co-op, while 82% said they do 50% or less of their shopping at the Co-op. This suggests that there are non-economic factors influencing members' shopping decisions or that members' perception of the economic value of the Co-op is more nuanced than their responses about price imply (see Figure 5).

Figure 4: Importance of Price

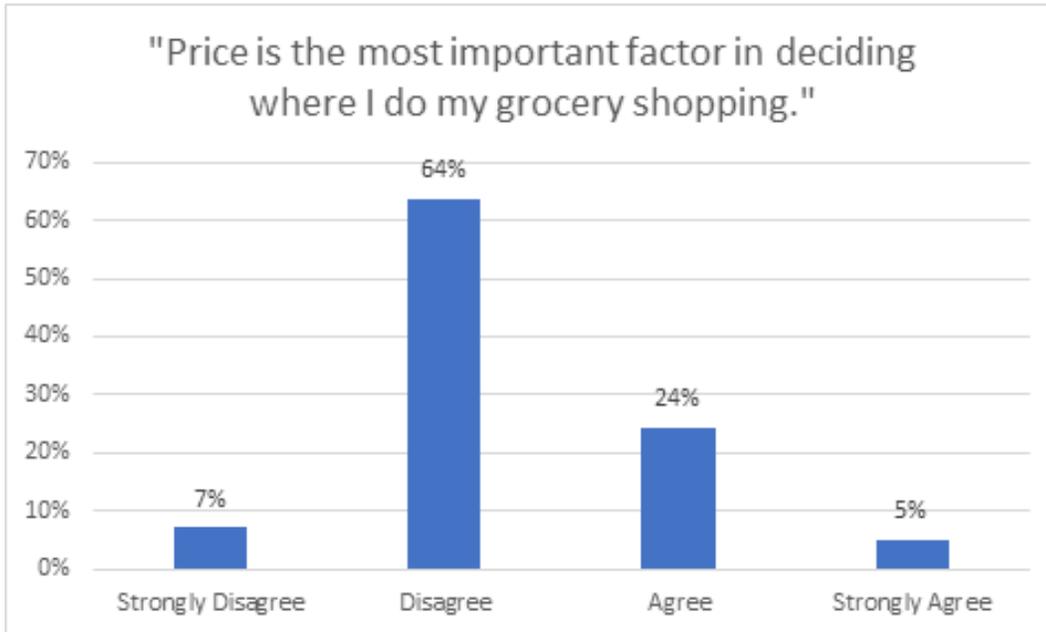
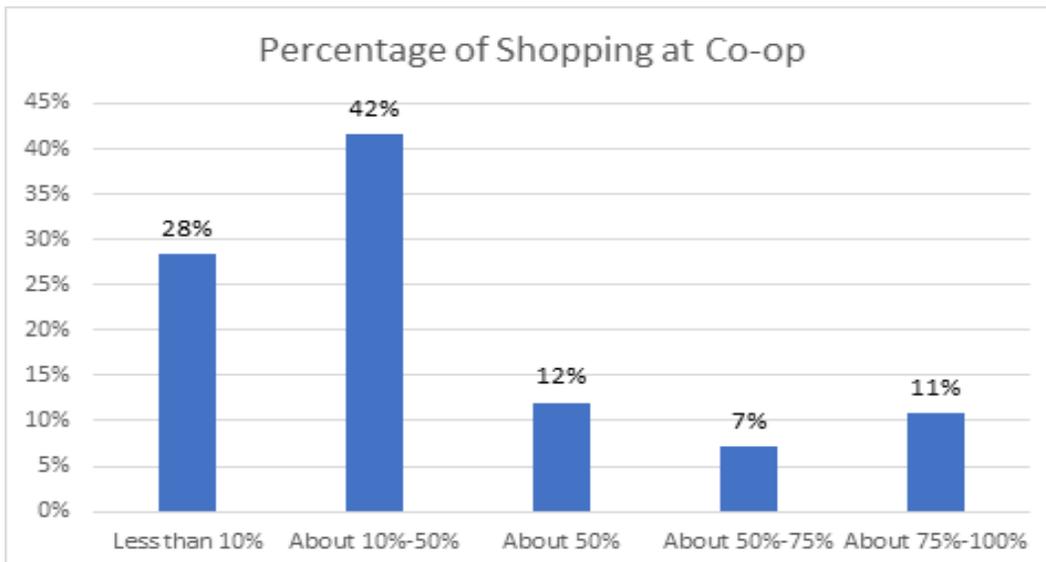


Figure 5: Percentage of Shopping Done by Members at WFC



There were 208 unique comments about prices that helped shed light on members' economic relationship with the Co-op and how they feel about it. While the quantitative data seemed to indicate a low level of price sensitivity, the commentary revealed that members fall along a spectrum in this respect, and they can be broadly categorized into two groups: those who are willing and able to pay premium prices to buy whatever they want at the Co-op, and

those who are willing yet *unable* to do so. Keeping these categories in mind, the themes below around price and affordability were identified. They are described and illustrated by selected comments.

It is Worth It and Affordable

Members see the quality and selection of products available at the Co-op as superior to other stores, and they are willing and able to pay a premium for them. Members also view the social mission of the Co-op as important and as a justification for higher prices that they are happy to pay:

- *The prices are high but the reasons for that are real.*
- *I live by this when it comes to healthy food: "Pay now or pay later". So happy I can afford the prices.*
- *I'm willing to pay higher for good quality and to support coop mission.*

It is Worth it but Not Affordable

Many members expressed their desire to buy more at the Co-op because they value the products and the social mission but said they can only afford to shop there very selectively. Like the less-price-sensitive group, these members often expressed a philosophical alignment with the Co-op's purpose but said that their income did not allow them to shop as much or as often as they would like:

- *I love the co-op, but I cannot afford to do my regular grocery shopping there. I can only afford to come for specialty items that I cannot find elsewhere.*
- *While I firmly believe in the co-op's mission, the goods are so overpriced that I can only purchase very select items, and have to go to a separate store for the bulk of weekly groceries.*
- *I shop at the co-op whenever I can afford to. The prices are a bit higher but I appreciate the quality, the selection, and the community atmosphere.*

The Co-op Should Be More Affordable and Accessible for Everyone

Members from both groups believe the Co-op can and should be more affordable and accessible to all those who might want to shop there. There seems to be a general sentiment that the collective needs of the community are more important to members than receiving an individual financial benefit. There are varying opinions on how this could or should be accomplished (needs-based discounts, lower prices overall, lowering the cost of membership, increasing the financial benefits members receive, etc.), but general agreement that it should be done:

- *Share the wealth. Keep food quality high, Organic as much as possible, Fair Trade, and prices low enough that low income individuals can afford to shop.*
- *I am disabled and low-income. I would love a program that could help me be able to purchase some of the items I'd like to buy, but cannot afford. However, I feel strongly that I wouldn't want that to happen at the expense of others. If there is a way to find a balance between the two, that would be wonderful!"*
- *I am not crazy about points, partnerships, or refunds. I think that the coop should put profit toward helping others in the community that need discounts. I can afford what I purchase and would like my coop to help those in need.*

Community

As the previous section demonstrates, members of WFC highly value the Co-op's embodiment of the Seventh Co-operative Principle, "Concern for Community" (International Co-operative Alliance, 1995). While they clearly value the Co-op for meeting their individual needs, they also expressed a strong, sometimes passionate, support of non-member stakeholders, including local residents, employees, local producers and businesses, and the environment. They see the Co-op as an asset in the community and value their opportunity as individual consumers to contribute to strengthening it. This is evident in members' answers to three of the Likert-type rating questions about which aspects of the Co-op they find most important and valuable.

Members were asked to rate certain aspects of their Co-op membership on a six-point scale from "Do Not Value at All" to "Highly Value." The two elements receiving the most top ratings were "The Co-op as a locally-owned business

that gives back to the community” and “The Co-op’s efforts towards environmental sustainability and ethical consumerism”; 73% of respondents gave each of these two elements the top “6 – Highly Value” rating. The Co-op’s “unique products and services” was the third most highly valued element. Other elements were given the top rating by significantly smaller percentages of respondents (see Figure 6).

Members were also asked to indicate how important each of the current member benefits are to them, on a six-point scale from “Not Important at All” to “Very Important.” Seventy-one percent of respondents scored the “Existence of the Co-op as a community owned grocery store” with the highest rating of “6 - Very Important”, whereas all the other member benefits were given this top rating by much smaller percentages (see Figure 7).

Figure 6: How Members Rate Aspects of Membership

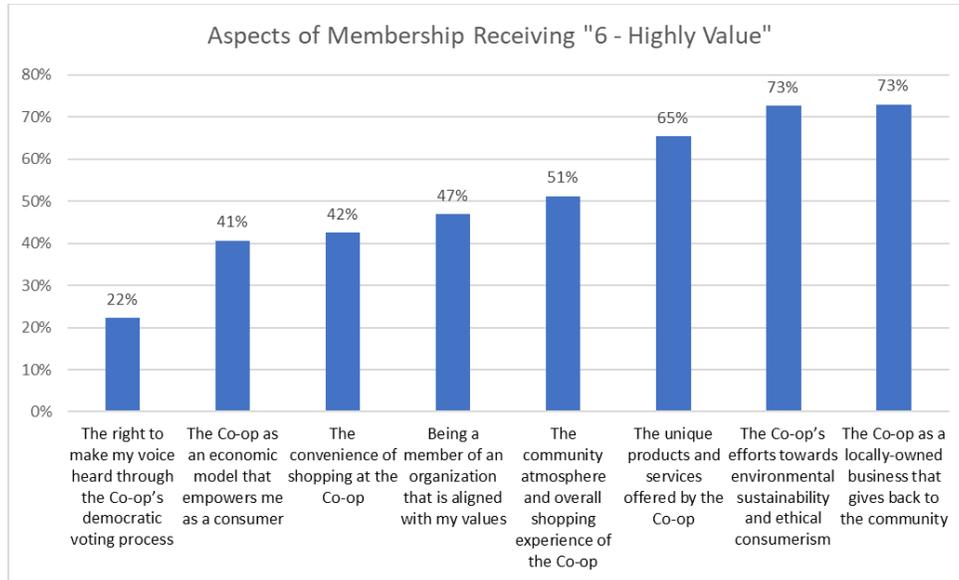
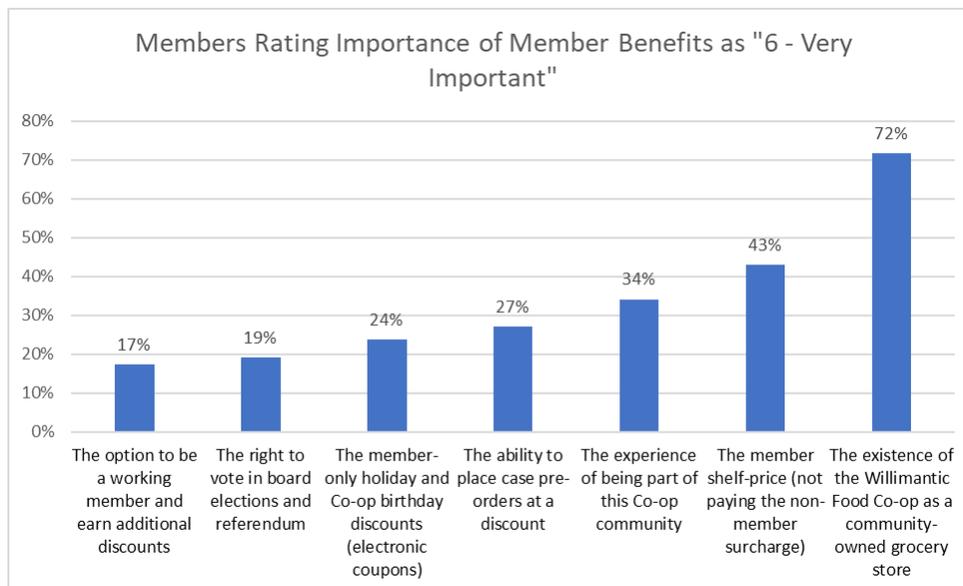
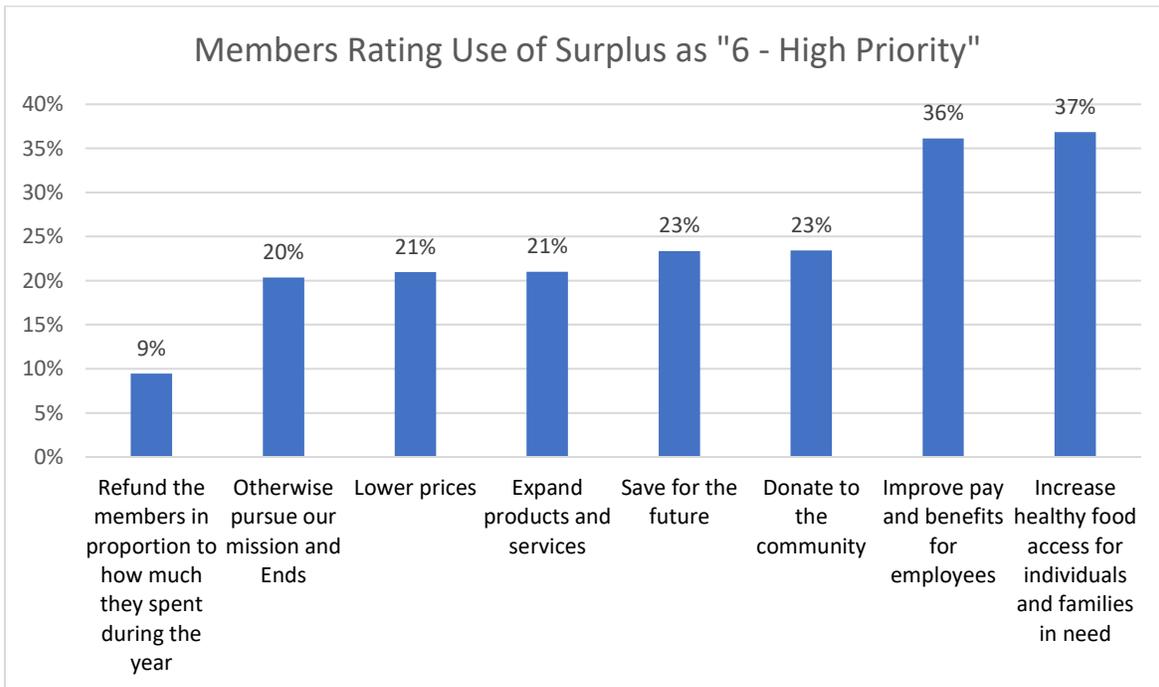


Figure 7: How Members Rate Importance of Member Benefits



The predominance of members' concern for community above other aspects of the Co-op was perhaps clearest in their answers to the question about how excess operating income should be used. "Improve pay and benefits for employees" and "Increase healthy food access for individuals and families in need" received the most top "6 – High Priority" ratings. This finding demonstrates members' social concerns and echoes the theme in the affordability section in which members expressed that the Co-op should make its products accessible to a broader range of people, especially those on restricted budgets. It's notable that "Donate to the community" did not score as well in this question. Perhaps the phrase was too vague in comparison with the others, or perhaps it reflects an intuitive alignment with the co-operative values of self-help and self-responsibility in relation to the community, as opposed to charity. Also notable is the relatively small number of members – only 9% - who rated patronage refunds as high priority (see Figure 8).

Figure 8: How Members Prioritize WFC's Use of Surplus



The commentary submitted by members, in relation to the above three questions and others, contains many passionate expressions that demonstrate how WFC members see community as a highly valuable aspect of the Co-op. While opinions were diverse and contradictory, several clear themes related to the value of community were identified from the analysis. These themes are listed below, along with a selection of illustrative participant quotes.

Local

Members value how the co-op supports "local." There were seventy-four unique comments using the word "local" and many others that refer to local stakeholders – the residents, businesses, and producers in the Co-op's geographic area:

- *Love the idea of partnership discounts, only because it involves other small businesses in the community - not really about the discount.*
- *Discounts and benefits are not as important to me as buying local, supporting small farms and businesses and working to build community.*
- *It is worth it to pay for local products and support our community with a fair wage.*

Helping the Co-op to Support the Community

Members believe that WFC should and does serve the needs of the community, and they understand that, by shopping at the Co-op, they are individually contributing to the collective effort:

- *I appreciate the opportunity to shop at the Co-op, where my dollar is going to make the local community a better and healthier place.*
- *I love the Co-op and I want it to flourish for a long, long time not just for myself and the members but for the community.*
- *I can't begin to express my appreciation for the benefits the Willimantic Co-op has afforded me personally and the community it serves.*

Members Value Co-op Employees

Members value their relationships with Co-op employees and recognize employees' role in WFC's success. They want the Co-op to support the staff and ensure their well-being, and they are willing to contribute financially to those efforts through their patronage:

- *I highly value the livelihoods [the Co-op] enables in the community.*
- *I believe increased benefits to workers should outweigh the board's decision when it comes to paying out dividends to members.*
- *I have boundless respect for everyone that chooses to work here, as their contribution is a major part of our success and who the coop is.*

Welcome More Members of the Community

Members think the Co-op could be more accessible and welcoming to more people in the community, through alternative paths to membership, lower prices, more inclusive practices, etc. This again relates back to the theme of wanting the Co-op to lower its prices to benefit less affluent members and prospective shoppers:

- *Always sad to me that most people in the community can't afford to shop at such a meaningful and healthy place.*
- *How can we reach the Hispanic community better--is there a line of products that they are seeking that the Co-op can offer?*
- *Make it more inviting to the community at large.*

Communication

The survey results showed that WFC members value effective communication to and from the Co-op. While no survey questions asked specifically about communication, the survey response rate and number of comments alone demonstrate that members appreciate hearing from the Co-op and are eager to share their views. Studies show that internal surveys (e.g., of employees) generate an average response rate of 30-40%, while external surveys (e.g., customers) average a 10-15% response rate (Survey Response Rates, n.d.). Co-op members could be considered a hybrid internal-external survey participant, as they are both customers and joint owners. The overall survey response rate for this member survey was 33%, and many of the 1,142 individual comments were thoughtful and extensive.

It is clear from the rich commentary that communication is important and members want more of it. For example, several members said that they were not aware of many of the core member benefits offered by the Co-op, such as discounts on case pre-orders or holiday discounts. Others expressed dissatisfaction with the availability of financial data and other governance and operational information about the Co-op, and that they would use this information to help them participate and make decisions. There were several comments asking for more product ingredient and sourcing information and sixty unique comments requesting more community outreach and educational opportunities for members, such as classes and lectures. Finally, several respondents asked for more frequent informational and promotional emails from the Co-op, while many expressed gratitude for the chance to provide feedback and requested more opportunities to do so:

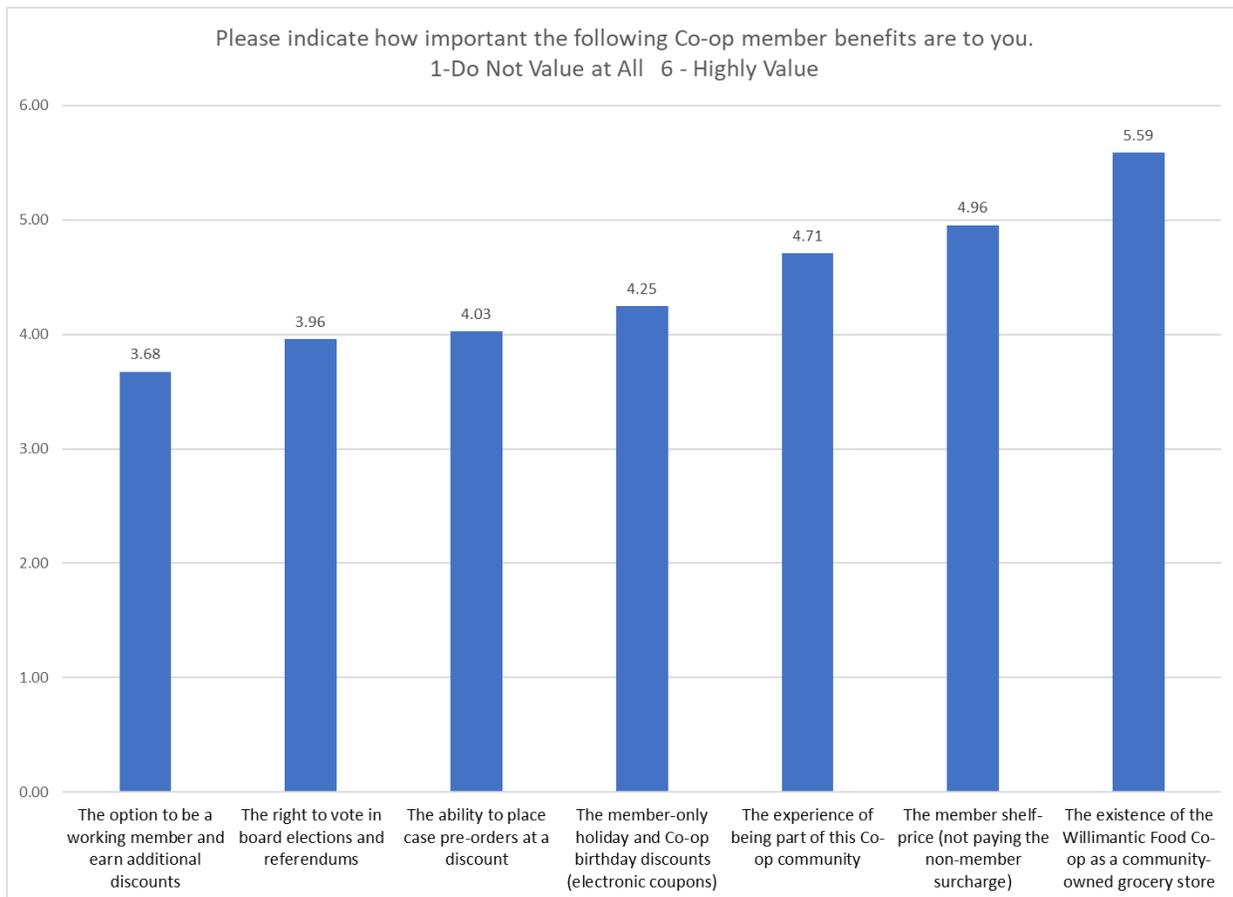
- *Thanks for this opportunity to tell you how important the Co-op is to me as well as to our community. Let's keep it happening!???*
- *I guess I'm not familiar with a lot of the benefits of being a member. It would be good to see a short version of the membership benefits and creed.*
- *Email announcements, events, sales on a more regular basis.*

Love

Perhaps the strongest message across the 1,142 comments in the survey was that members love the Willimantic Food Co-op. “Love” had the second highest number of coded segments, second only to “prices.” The whole collection of comments ranged from unkind to constructively critical to ambivalent to impassioned and presented a wide swath of differing, sometimes contradictory, opinions about the Co-op’s purpose and practices. Members were passionate about a broad range of things: local, organic, employees, vegetarianism, sustainably raised meat, the environment, saving money, food security, buying in bulk, the smell of the store, and so on. However, the resounding and unifying theme was love and gratitude for what the Co-op brings to individuals and the community.

As Scholl et al. (2015) simply state, “The most important benefit for the member is the existence of the co-op itself” (p. 5). WFC members appear to believe this, which is evident in both the quantitative and qualitative analysis of their survey responses. “The existence of the Willimantic Food Co-op as a community owned grocery store” was the highest scoring member benefit, when measured by the number of people giving it the highest rating (see Figure 7) and, even more strikingly, when measuring its mean score (Figure 9).

Figure 9: How WFC Members Rate the Importance of Member Benefits



There were 177 explicit expressions of love or gratitude among the member commentary, ranging from the general to the specific, and many more additional segments coded for “how it feels.” Although there were a few comments expressing negative feelings, the overwhelming majority were positive. Here are few examples:

- *The Co-op is a very special place that I love being a member of!*
- *I love the Co-op and I want it to flourish for a long, long time not just for myself and the members but for the community.*
- *I love this place and want it to succeed. I want the coop to exist forever. Thank you to everyone there working hard!*

Talonen et al. (2015) described emotional/experiential customer value as a subjective interaction with products and services, pride, reflective of a deep and long-lasting mental state, and embedded in the act of consumption. They argued that “cooperatives may have certain inherent features that strengthen the emotional bond with customer-owners” (p. 149). The survey data suggested that WFC may have some of those features, and that members indeed have a very strong emotional bond to the Co-op.

Discussion and Implications for WFC

Discussion

This research shows that issuing patronage refunds in food co-ops is linked to business and member value along all four dimensions in the conceptual framework: economic, functional, emotional/experiential, and social/symbolic. Although the economic benefit of receiving a patronage-based refund from a food co-op may be relatively insignificant for most individual members today, declaring patronage refunds can be a powerful financial management tool for building member equity and long-term sustainability and independence for a consumer cooperative. This leads to increased collective benefit and embodies the Third Co-operative Principle, “Member Economic Participation” (International Co-operative Alliance, 1995). On the other hand, for core members who have extremely high levels of patronage, the distributed portion of the refund can represent a substantial individual return on their use of the co-op.

Meanwhile, announcing the patronage refund to members offers functional value as an opportunity to communicate with members, bringing awareness to their individual participation in the mutual goals and success of the co-op and creating transparency around the co-op’s performance, for which members should be holding managers accountable. Using patronage refunds rather than, or in conjunction with, everyday member discounts can create functional value for members in at least two other ways. First, it supports the financial viability of the co-op, ensuring it will continue to stay in business and meet members’ needs. Second, it empowers members to co-create value with the co-op through their own consumption choices.

The emotional/experiential value of patronage refunds to members is less clear from this research. It did not survey co-op members of surplus-distributing food co-ops, and therefore there is no data to show how members feel about receiving a refund. The general managers interviewed tended to believe members were happy to both receive a refund and to learn that it meant their co-op was experiencing success. There also seemed to be satisfaction and appreciation generated among members when co-ops engaged in an inclusive communication and educational process about patronage refunds, which implies that they may have experienced increased feelings of member loyalty and a sense of belonging, strengthening the all-important member-to-co-op linkage.

The social and symbolic value of patronage refunds showed up in a variety of ways in the research. Practitioner experience showed that the patronage refund often acts as a symbol of shared success: even when the individual refunds don’t carry much economic value, it is a reminder to members that they are a part of something both larger than and *of* themselves. It is a way to reinforce an understanding of the difference between the “service at cost” nature of the co-operative business model and the profit maximization of investor-owned corporations. As Fiddleheads Food Co-op general manager Juhre said, the refund is evidence of the non-extractive nature of the co-op model and its unique purpose and priorities. It both *represents* and *is* a mechanism for the relational and user-based logic that differentiates how a co-operative enterprise interacts with its patrons, allowing the member value

proposition to be co-creative. And, as in Mariposa's example, members who prioritize social benefit can choose to redirect their individual benefit toward a cause benefiting others.

This study did not spend much time exploring the possible risks and disadvantages of patronage refunds; however, Fairbairn (1994) noted that their use has possible drawbacks. For example, members can come to expect and rely on their annual payout, even when it is not in the co-op's best interest to distribute profits because of a need to reinvest them into the business. Fairbairn (1994) further indicated that prioritizing refunds at the expense of saving for the co-operative's future reveals the conflict between the short-term interest of individual members and the long-term collective interest of a thriving community institution, and observed that this problem has "bedeviled co-ops ever since Rochdale" (p. 16). This reinforces the importance of clear and consistent communication with members and focusing on the interdependent nature of co-operative success.

Implications for WFC

Based on the data, it's possible that introducing patronage refunds at WFC could positively impact member value for actively shopping members along all four dimensions.⁸ Although the survey questions referring to patronage refunds drew mixed and lukewarm responses, this is likely because members do not fully understand how patronage refunds work or their potential to create value beyond an individual cash rebate. It may also reflect that members are comfortable with the current surcharge system and are hesitant to trade it for an unfamiliar and untried system. In either case, judging from the experiences at other food co-ops, engaging members in an inclusive and transparent process will be key to gaining their support. The Co-op can leverage data from the member survey to design an effective educational campaign.

WFC's members have a keen sense of their own economic privilege and how it grants them access to the products sold at the Co-op. Those who are not very price sensitive are concerned for those who are. Those who are price sensitive say they would shop more if prices were lower, because they believe in the Co-op's mission and values. Although most members appear to believe the prices are reasonable for what they get in exchange, there is a high level of consensus that the Co-op is simply too expensive for those on limited budgets. Although the higher prices may feel "worth it," members do value the "discounted" member price. This suggests that members understand and value any individual economic benefit they may receive from being a member but that they also value the functional and social benefits of making the Co-op and its high-quality food accessible to more people.

Despite the success at Middlebury and Lexington with the "discounts to dividends" tagline, WFC may want to consider that an "either or" approach to this question could set up a false dichotomy that could alienate members who do find symbolic or economic value in the member discount, particularly those who rely on discounts to make the co-op more affordable day-to-day or those who joined specifically to receive the discount.⁹ Most co-ops in this study who distribute patronage refunds also use some form of member-only discounts in conjunction with their refund system.¹⁰ Marilyn Scholl (personal communication, February 8, 2022) strongly supports using a combination of patronage refunds and immediate, tangible benefits, like member-only deals or member discount days, to remind members of the benefits of their unique patronage relationship with the co-op throughout the year (rather than just when they receive their annual refund), and as a way to entice new members to join. She argues that visible and immediate *individual* benefits can complement the *collective* benefit of the patronage refund and help offset the uncertain, deferred, and contingent nature of a refund of surplus by generating excitement and loyalty each time the member shops.

Members demonstrate deep appreciation for the Co-op's existence and a recognition of the individual member's role in the Co-op's collective efforts to meet the community's needs. The majority of members in the survey think the Co-op's financial success should be channeled into increasing accessibility to good food for more people, whether through lower shelf prices, lower-cost membership options, or a needs-based discount, while ensuring the continued financial viability of the business. In their concern for community, members included local stakeholders, such as producers and employees, advocating for higher wages and better benefits for those who contribute products and labor to the Co-op.

Members love the Co-op and enjoy the social and sensory delights of shopping there. They appreciate hearing from and being listened to by the Co-op and are looking for more ways to connect. The expressions of love and gratitude toward the Co-op indicate a strong loyalty and emotional bond, regardless of whether members fully recognize the unique elements of the co-operative business model as the source of that experiential value.

These findings suggest that patronage refunds have the potential to increase member value at WFC along economic, functional, emotional/experiential, and social/symbolic dimensions. WFC's members demonstrate a strong sense of interconnectedness between the individual and collective benefits provided by the Co-op and believe that the Co-op should continue to find ways to balance individual and mutual needs to further its social purpose. If members understood that a patronage refund system is a mechanism for ensuring long-term sustainability that can support the Co-op's social mission, they would likely support it, especially if they knew they could donate their refunds to those in need. For example, the Co-op could consider directing all unclaimed and donated dividends into a fund supporting a needs-based discount and subsidized memberships for lower-income shoppers (Neighboring Food Co-op Association, 2022). Additionally, members who are "less-price-sensitive" may recognize that even a small cash refund at the end of the year could be meaningful to members on the "more-price-sensitive" end of the spectrum. Overall, patronage refunds could incentivize more use of the Co-op by active members and may even attract lapsed members to renew their memberships and prospective members to join. Increased member patronage would bolster the WFC's financial strength and independence, thereby also supporting the Co-op's social goals, which are clearly important to members.

Members' concern for employees' well-being is another opportunity for the refund to build member value along social and economic lines. For example, the Co-op could show members how the tax savings from declared patronage refunds increases net earnings that could be directed into staff bonuses, raising wages, and improving benefits and working conditions for staff. Members highly value interacting with workers and seem to value their opinions and experiences, and therefore it would be important to ensure staff understand how using patronage refunds may create value for employees as well as for individual members and the Co-op as whole. An added benefit here (and a potential topic for future study) may be that employees see the patronage refund as an incentive to become members themselves, which further strengthens the alignment of multiple stakeholder interests in shared business success.

Lastly, educating members about patronage refunds and the associated benefits offers an opportunity to generate excitement among members and WFC's leaders about reincorporating as a "real" co-operative. The announcement of a patronage refund (or lack of one) is an opportunity for the Co-op to communicate with members about the importance and impact of doing business co-operatively in both profitable and unprofitable years, using the notification of a refund (or lack of one) to create transparency about shared success or the implications of financial loss. An annual communication of this kind could help satisfy members' desire for more information about the Co-op while enhancing the emotional bond by building trust through genuine accountability and incentivizing increased loyalty and patronage. There may even be potential for patronage refunds to build awareness and appreciation of the other Co-operative Principles that received lower scores in the survey, such as member democratic control.

WFC has a unique opportunity to build on what appears to be high levels of loyalty, engagement, and appreciation for Co-operative Principles among active members. The Co-op's leaders can use this opportunity to build "co-operative" capital by framing the patronage refund as a way to help ease the tensions of the individual/collective and economic/social dualities inherent in the co-operative business model that appear to be of great concern to WFC's members.

Conclusion

This research has provided insights into the theory and practice of patronage refunds as a fundamental mechanism to create operational and member value in consumer-based food co-ops and offered some preliminary implications for WFC leaders as they prepare to ask members to support reincorporation and updating its bylaws, including an option for the board to adopt patronage refunds.

Separating shared co-operative value into elements of business value and four dimensions of member value for research purposes allowed an exploration of the underlying motivations of WFC's members. However, the benefit of deconstructing co-operative value along these lines has its limits, as shared co-operative value is more than the sum of its parts and is realized best as a holistic proposition. Fairbairn (2003) advocated for a unified approach to realizing the true co-operative advantage:

Various distinctions of what is social and what is economic may offer adequate ways of getting by from day to day, but they provide an impoverished view of what co-ops can actually accomplish. The idea that objectives are "social" or "economic" ... suggests trade-offs and dispersals of energy when synergies may be called for. There is a more integrated and helpful way of thinking about strategic direction in co-operatives: to pursue an integrated approach, in which social goals are accomplished through economic activities, and in which the membership of the co-operative is the place where social and economic functions come together. (p. 4)

The members of the Willimantic Food Co-op seem to intuitively understand the potential of this unique co-operative difference already. The survey showed members recognize many of the practical and philosophical benefits of the co-operative business model and have an active interest in how to build upon what the Co-op has already accomplished. This provides an excellent starting point for WFC to pursue changes that can shine a light on the source of what makes it unique – its Co-operative Identity – and generate even more love and loyalty among members for generations to come.

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Notes

- ¹ A wide diversity of terms is used to discuss co-operative income and surplus distribution. In the interest of encouraging more clarity, the author of this paper has used terms, such as patronage refund and surplus, that are most closely aligned with co-operative practice and philosophy whenever possible.
- ² Patronage rebates are treated somewhat differently in worker- and producer-based co-operatives as they represent income rather than a refund of an overcharge.
- ³ It could be argued that lower shelf prices and increased promotions have not done a lot to increase members' awareness of WFC as a co-operative.
- ⁴ WFC reached out to the Neighboring Food Co-ops Association (NFCA), a regional secondary co-operative for help. NFCA led research and advocacy efforts and proposed amendments to make the co-operative a more viable and advantageous corporate structure for businesses operating according to Co-operative Principles (Neighboring Food Co-op Association, 2019).
- ⁵ Comparison of the use of patronage refunds between different types of co-ops could be an interesting and valuable topic for further research.
- ⁶ It would be interesting and valuable to know how the members of these co-ops feel about this question.
- ⁷ WFC regularly performs price comparisons with other area grocery markets, and the Co-op's prices are generally competitive, mostly as a result of the relationship with NCG. However, the Co-op still suffers from a legacy "price image" problem from pre-NCG-membership days, in which some shoppers perceive that Co-op prices are higher than elsewhere even when they are not. Also, organic and local foods tend to carry a higher price point overall.
- ⁸ WFC may want to also consider the opinions of members who were not surveyed because they haven't been actively shopping to discover whether adding patronage refunds could be a source of value that might bring them back to the Co-op.
- ⁹ That is, to avoid the non-member surcharge, which WFC applies on non-member purchases rather than applying a cash register discount on member purchases. While the intended outcome of a surcharge is the same as, or similar to, that of a member discount, discussing its elimination may be more nuanced than discussing eliminating a discount – members may not feel as much as though they are losing something, whereas they may feel instead that non-members are gaining something. Based on the member survey data, members are likely to support such a change; however, it will require the Co-op to communicate very clearly.

¹⁰ Sioux Falls Co-op in South Dakota uses a system that has been very successful for them and may be worth WFC's consideration. They guarantee a 1% rebate on member purchases at the end of the year, regardless of net income or surplus, rather than declaring a refund based on actual surplus. This system has, among others, the benefit of being easy to understand and explain to members, however, these rebates do not qualify as patronage refunds under the Internal Revenue Code.

Appendix: Willimantic Food Co-op Member Value Survey Questionnaire

Your Willimantic Food Co-op Member Experience

Please rate your level of agreement with the following statements:

Please choose the appropriate response for each item:

	Strongly Disagree	Disagree	Agree	Strongly Agree
Price is the most important factor in deciding where I do my grocery shopping.				
Members should receive an ongoing financial benefit for joining the Co-op.				
Members should only receive a financial benefit if the Co-op is profitable.				
I am familiar with the values and principles of the cooperative business model.				
Shopping at the Co-op empowers me as a consumer.				
The right to run for and to vote for the board of directors of the Co-op is an important member benefit to me.				
By being a member of the Co-op, I belong to a community that shares my values.				
I value being part of the Co-op community even when I personally disagree with the Co-op's decisions.				
I'm interested in participating in the activities of the Co-op beyond being a shopper (serving on committees, planning events, attending classes, etc.).				
I am a member of the Co-op because cooperative values are important to me.				

What do you value about the Co-op?

Please indicate how much you value the following aspects of your Co-op membership.

Please choose the appropriate response for each item:

	1 –Do Not Value At All	2	3	4	5	6 - Highly Value
The community atmosphere and overall shopping experience of the Co-op						
The Co-op’s efforts towards environmental sustainability and ethical consumerism						
The Co-op as an economic model that empowers me as a consumer						
Being a member of an organization that is aligned with my values						
The unique products and services offered by the Co-op						
The right to make my voice heard through the Co-op’s democratic voting process						
The convenience of shopping at the Co-op						
The Co-op as a locally-owned business that gives back to the community						

Comments:

Importance of Member Benefits

Please indicate how important the following Co-op member benefits are to you.

Please choose the appropriate response for each item:

	1 - Not Important At All	2	3	4	5	6 - Very Important
The member shelf-price (not paying the non-member surcharge)						
The existence of the Willimantic Food Co-op as a community-owned grocery store						
The ability to place case pre-orders at a discount						

The Multi-Dimensional Value of Patronage Refunds in Consumer-Based Food Co-operatives

The option to be a working member and earn additional discounts						
The experience of being part of this Co-op community						
The right to vote in board elections and referendums						
The member-only holiday and Co-op birthday discounts (electronic coupons)						

What other member benefits would you find exciting?

Please choose the appropriate response for each item:

	1 - Not Exciting At All	2	3	4	5	6 - Very Exciting
Member-only deals						
Member appreciation days (discounts, free samples, etc.)						
Opportunity to qualify for a needs-based discount						
A percentage of your total dollars spent at the Co-op, refunded to you in profitable years, at the discretion of the board						
Member-only points-based loyalty programs						
"Partnership" discounts at local businesses						

Comments about member benefits:

Income

After the financial needs of the Co-op are met, how should the Co-op prioritize the use of any excess income:

Please choose the appropriate response for each item:

	1 - Low Priority	2	3	4	5	6 - High Priority
Save for the future						
Reinvest in the operation, e.g. new equipment						
Expand products and services						
Lower prices						

Refund the members in proportion to how much they spent during the year						
Improve pay and benefits for employees						
Donate to the community						
Otherwise pursue our mission and ends						
Increase healthy food access for individuals and families in need						

Comments:

Prices

Overall, I think the Co-op's prices are:

Please choose the appropriate response for each item:

	Much too high	A bit too high	Just right	A bit too low	Much too low
Overall I think the Co-op's prices are:					

Comments:

Member Info

How long have you been a member of the Willimantic Food Co-op?

Choose one of the following answers
Please choose only one of the following:

- Less than 1 year
- 1-5 years
- 5-10 years
- 10-20 years
- 20+ years

What is your annual household income?

Choose one of the following answers
Please choose only one of the following:

- Less than \$30,000
- \$30,000-\$59,999
- \$60,000-\$99,999
- \$100,000-\$199,999
- \$200,000+

Please indicate your age range:

Choose one of the following answers

Please choose only one of the following:

- Under 21
- 21-29
- 30-45
- 46-59
- 60+

How much of your grocery shopping do you do at the Co-op?

Choose one of the following answers

Please choose only one of the following:

- Less than 10%
- About 10%-50%
- About 50%
- About 50%-75%
- About 75%-100%

Additional Comments

What additional product(s), service(s) or benefit(s) could the Co-op offer to provide more value to you, your family, and/or the community?

Please share any additional comments here: