

THE ROLE OF MULTIPLE CONSUMPTION VALUES IN CONSUMER COOPERATIVE PATRONAGE: AN APPLICATION OF THE THEORY OF MARKET CHOICE BEHAVIOR

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Specific functional economic values and ideological social values appear to play important roles in shaping individuals' retail food buying behavior. Of specific interest is the extent to which the composite set of values that produces members' support for cooperatives differs from the value sets of non-member coop patrons and non-coop shoppers. The conceptual framework is the Theory of Market Choice Behavior developed by Sheth, Newman and Gross (1991). This theory postulates that market choices are a function of multiple types of consumption values and that each type makes independent, differential contributions in any given choice situation. This study illustrates that there are many different forces and motivations interacting to shape patronage decisions.

INTRODUCTION

Historically, consumers have been motivated to join retail food cooperatives because the economic structures of the marketplace have made it possible for coops to offer significant price advantages to their members. The more recent history of consumer food cooperatives demonstrates, however, that these retail organizations can provide their members with a blend of economic and social benefits. Since the 1960s, many shoppers have been motivated to become coop members for more ideological reasons rooted in a sense of social conscience and community responsibility. Retail food cooperatives currently operate in more than 500 communities throughout the United States, averaging in excess of \$1.4 million in sales per location (Gutknecht 1996).

Although support for cooperatives may arise from a natural blending of economic and social values, it is

not necessarily an equal or stable combination. Throughout history, consumer cooperatives have crested and crashed through many waves of popularity. The economic benefits of cooperative membership have often failed to sustain retail coops through prosperous economic periods. Conversely, coops stemming solely from social motivations have often been badly managed, unable to compete with private enterprise and ultimately unsuccessful (Stephenson 1963; Glickman 1977).

The Rochdale Pioneers founded their retail cooperative and began the modern cooperative movement in 1844 on the principle of economy. By reducing the cost of goods and eliminating waste, they were better able to satisfy many of their own basic needs (Mercer 1947; Thompson 1994). Rural producer and retail cooperatives in the United States gained strength in the nineteenth century purely on the basis of economic benefits of cooperation, including securing higher prices for producers and lower costs for retail members (Daniels 1938; Schaaf 1977). The popularity and effectiveness of retail coops grew most rapidly during economic downturns as they helped to increase the purchasing power of

members (Schaars 1971; Kreitner 1978). Late in the nineteenth century, however, the pervasive lack of economic capital and ineffectual management led to massive takeovers of coops by private investors (Kress 1941; Schaaf 1977).

In the first half of the twentieth century, this pattern of failure was often repeated. Consumer retail cooperatives organized in response to tough economic times often lost substantial membership support and declined during more generally prosperous phases of the business cycle. The economic benefits provided by retail coops were essentially and fundamentally devalued as the real income of members began to recover and grow. Poor management practices within retail cooperatives, undercapitalization and poor choices of facilities often accelerated the process of disintegration (Laidler and Campbell 1937; Voorhies 1961).

Prior to the 1960s, most Americans knew very little about consumer cooperatives. Although many different kinds of cooperatives had an established role in rural areas, retail coops were not visible alternatives in the urban and rapidly growing suburban markets. It was coincident with the rise of many of the social movements of the sixties that food coops finally secured a viable identity in these areas (McLeod 1976; Kreitner 1978). The "New Wave" retail food cooperatives of the 1960s differed from those of earlier eras. They were developed in large part to provide a socially conscious alternative to grocery shopping in the supermarkets. These organizations had their origins in both economic and social motivations. The concepts of "shared values" and "community empowerment" were central to the development of many of these enterprises (Hoyt 1995; Cox 1994). By combining their economic power in the marketplace, members of retail food cooperatives gained control over prices as well as the social impact and values of their business (Davis 1995).

It is essential to understand that new wave food cooperatives differs not only from those of earlier eras, but from each other as well. The heterogeneity of new wave food coop objectives and forms of organization has challenged conventional views and frustrated research aimed at finding generalizable

principles that are applicable across the board (Glickman 1997; Cox 1994). "The non-traditional and varied characteristics and operating structures of new wave consumer cooperatives make such investigations very difficult. Previously developed theories regarding cooperation (especially producer) do not seem appropriate for analyzing the particular expression of cooperative manifested by new wave cooperatives" (Schiferl and Boynton 1983, 337).

Driving the growing diversity of new wave retail grocery cooperatives are differences in the motivations of members and non-member patrons. Although satisfying the customer remains a common theme across various species of evolving food coops, the basis for patron satisfaction may differ substantially from one to the next. "Satisfaction may result from the satisfactory performance of many tasks, not all of which may be reducible to a monetary common denominator. Also, the preference structure which determines sources of satisfaction may be peculiar to this particular institution or unique to a particular membership body" (Schiferl and Boynton 1983, p. 339).

Past studies that have examined the buying behavior and characteristics of retail cooperative shoppers have reached few definitive conclusions of direct relevance to this investigation. Curhan and Wertheim (1972 and 1975) found that the primary source of motivation for coop members was involvement in primary group relationships. They observed that the satisfaction of cooperative members was related to their participation in decision-making and management, although monetary savings also played an important role. Knowing "where food comes from" and individuals' "perceived remoteness from the land" were two of the reasons that members' involvement with store operations were regarded as an important benefit of membership (Curhan and Wertheim 1975).

Sommer, Hohn and Tyburczy (1981) also investigated the motivation of food cooperative members. They observed that different motives seem to be predominant as a function of the individual character of each coop. They found that for relatively small retail food coops the most common

motivation was lower prices. "Additional motives included the availability of natural food, support for co-op values, the quality and freshness of the food, the ability to buy specialty items not available elsewhere, social atmosphere, variety of products, and the availability of bulk items. The most common reasons for shopping at the large, supermarket-type Berkeley stores were, in order of frequency, convenience (location), price membership, educational programs, support for co-op values, product selection, food quality and freshness, and good service" (Sommer, Hohn and Tyburczy 1981, p. 116).

The research conducted by Schiferl and Boynton (1983) identified a new type of cooperative shopper. Labeled "minor users," these shoppers tended to be drawn to new wave coops by the availability of specific unique products and price savings on specialty items. The preferences of regular coop members were distinct from minor users' in relation to food form and content. Low prices, product variety and convenience were of less concern to "major users" than minor users. Overall, both minor and major coop users assigned significant importance to the availability of organic and natural foods. Consistent with the findings of Curhan and Wertheim, coop members had greater interest in the operational issues related to the cooperative and the food distribution system in general.

New wave food cooperatives have been shown in previous studies to attract both member and non-member patrons for reasons other than price savings. Consequently, the success of coops is not solely dependent on providing lower food prices. Other values, such as member involvement and social consciousness, may be essential to successful and sustained operations. This study seeks to identify the nature of the consumption values that motivate and differentiate consumers who join new wave food cooperatives, non-member patrons, and consumers who prefer to shop exclusively at traditional food stores. By focusing on the behavior of consumers instead of the attributes of products or stores, the intent is to isolate the values motivating behavior and define the relative contribution of each type of value as a function of patronage choices. In addition, this research is intended to demonstrate a valuable new

theoretical and methodological approach to identifying how specific functional and ideological social values interact in shaping individuals' retail food buying behavior. Of specific interest is the extent to which the composite set of values that produces members' support for cooperatives differs from the values sets of non-member coop patrons and those who do not shop at food coops.

THEORY

Conceptual Foundation

Since the early 1960s, empirical research on consumer buying behavior has focused almost exclusively on process-oriented models using multiple product attributes as purchase criteria. Within this paradigm, products are regarded as multi-attribute bundles of features and benefits. Consumers select brands that provide an array of attributes that best fits their own unique preferences and needs. Each brand is perceived to occupy a unique place or niche within the market. Each buying group or market segment is defined by its own purchase criteria - the relative importance its members attach to the product-class attributes.

The Theory of Market Choice Behavior (TMCB) developed by Sheth, Newman and Gross (1991) represents a radical departure from the predominant attribute-driven consumer behavior models. This predictive model postulates that market choices are determined by multiple consumption values, rather than multiple product attributes. TMCB specifies that individuals' purchase decisions are a function of multiple types of values and that each type of value may make differential contributions in a given choice situation. It further stipulates that these values are mutually independent. TMCB identifies five classes of values that impact market choice behavior. The definitions of these five values are listed and briefly defined in Table 1.

TABLE 1
Market Choice Behavior Values Defined

Value Name	Definition
Functional Value	relates to the capacity of a market choice to satisfy utilitarian or physical purposes. Alternatives possess functional value by possession of salient attributes, including price.
Social Value	exists when a decision becomes associated with positively perceived social consequences or groups. Buyers driven by social values make marketplace choices that convey an image congruent with the norms of reference groups to which they belong or aspire.
Emotional Value	is often associated with the evaluation of aesthetic alternatives. Choices driven by emotional values are made for their ability to arouse desired emotions or feelings. Choices of an aesthetic nature can be heavily influenced by the ability of the choice to produce specific feelings.
Epistemic Value	pertains to alternatives chosen because of their ability to arouse curiosity, provide novelty or satisfy one's desire for knowledge. Alternatives acquire epistemic value because they have the capacity to provide the buyer with something new or different.
Conditional Value	drives market choices when the particular situation faced by the buyer alters typical behaviors. That is, the benefits associated with each alternative are contingent on the situation or set of circumstances confronting the consumer.

The Theory of Market Choice Behavior regards all exchange behavior as a multidimensional phenomenon involving multiple consumption values. In contrast, the traditional product attribute paradigm rests almost exclusively on the study of functional values. The goal of this study is to identify the role and relative importance of each of these five classes of consumer values to patronage decisions involving consumer retail food cooperatives. The intent is to isolate the motivating values which differentiate coop members from non-member coop shoppers and from persons who prefer to shop exclusively at traditional retail grocery outlets. The measurement model and data analysis methodology used to investigate the motives underlying consumers' membership and patronage behavior are specified by the TMCB.

METHOD

Data Collection

Data collection was confined to a single geographic market of approximately 73,000 people where a local retail food cooperative has been well established since 1978. Annual coop retail sales exceed \$3 million annually. Member-owners account for 15-20 percent of total sales. Individual memberships cost \$100, with an additional cost of \$25 per additional adult (shopping) member of the household. Members receive patronage rebates on all purchases through a 5 percent discount paid at the end of each month. There are nine conventional private grocery stores within an eight mile radius that defines this geographic market.

As noted previously, the character of new wave retail food cooperatives developed since the 1960s is quite heterogeneous. Some stress the traditional economic benefits that can be expected from this form of organization. Others emphasize the availability of natural and organic foods. Some place greater emphasis on the role of participation and community than others. The food coop selected for this study represents an amalgam of interests and priorities. This composite of values is reflected in the mission statement of this retail grocer:

The mission of the (name) food co-op is to provide whole, natural food to the (name of region). We seek to become a model of a member-owned efficient business that emphasizes education about its products and about cooperative principles. Service to our members and customers is our highest priority and profits will be used to improve and strengthen the co-op community. We hope to create a community of people who will nurture each other as we learn to share power and make decisions cooperatively.

Prior to the construction of a questionnaire, focus group interviews were conducted by an independent agency with two classes of retail food cooperative patrons: member shoppers and non-member shoppers. Participants, directed by the moderator, discussed issues relevant to their retail food buying attitudes and motivations. Functional, social,

The Role of Multiple Consumption Values

epistemic, emotional, and conditional values associated with shopping at the specific cooperative of interest were addressed in each of the two sessions. Participants' responses were used to generate 52 items for the questionnaire to be used in the second stage.

Data was collected utilizing a three-page mail-in survey. The initial sample was comprised of three distinct household groups: 400 cooperative members (CM), 800 non-member coop shoppers (NMS) and 800 non-coop shoppers (NCS). The NCS list was generated by an independent market research firm to match the geographic distribution and zip code demographics of the coop membership. The response rate was as follows:

<u>Group Name</u>	<u>Responses</u>
Cooperative Members (CM)	214 (54%)
Non-Member Shoppers (NMS)	286 (36%)
Non-Coop Shoppers (NCS)	255 (32%)
Total Responses	754 (38%)

Factor Analysis

Factor analysis was utilized to identify the common groupings and independent constructs underlying the individual questionnaire items. The 52 items were subjected to a principal component factor analysis with varimax rotation. Items were added to the analysis using a stepwise selection procedure. The resulting ten factors were interpreted and assigned to one of the five consumption value categories defined by the Theory of Market Choice Behavior. This assignment was based on the investigators' judgment, as well as an understanding of the context in which the issue was raised during the focus group interviews. In addition, a convenience sample of 24 undergraduate students was asked to assign each of the ten clusters of items (factors) to one of the five values categories based on the descriptions provided in Table 1. For each factor, more than 70 percent of the responses were consistent with the investigators' initial value category assignments. The ten factors defined by this process and the corresponding consumption values are provided in Table 2.

Finch, Trombley and Rabas

TABLE 2
Principal Component Factor Analysis
With Varimax Rotation of Factors

FUNCTIONAL VALUE		
Factor Names	Questionnaire Items	Rotated Factor Loadings
Healthy Food	Availability of Healthy Foods	.722
	Availability of Organic Foods	.827
	Availability of Natural Foods	.878
	Nutrition Labeling and Information	.582
	Uniqueness of Products	.582
Essential Features	Appearance of Store	.656
	Cleanliness	.758
	Speed of Service	.545
	Fresh Produce	.720
	Fresh Meat, Poultry and Fish	.652
Pricing	Variety of Foods	.557
	Low Prices	.584
	Sales and In-Store Specials	.656
	Store Coupons	.786
	Store-Managed Rebate and Refund Program	.748
SOCIAL VALUES		
Social Awareness	Supporting Local Business	.841
	Environmental Awareness of Management	.751
	Helping the Community	.828
Social Environment	Friendliness of Staff	.905
	Helpfulness of Staff	.894
	Sociability of Fellow Customers	.642
Involvement	Socially Responsible Organization	.724
	Sense of Community Involvement	.642
	Knowing How the Food is Purchased and Prepared	.599
	Knowing the Managers or Staff by Name	.613

TABLE 2 (continued)

CONDITIONAL VALUE		
Factor Names	Questionnaire Items	Rotated Factor Loadings
Daily Events	Not Feeling Well	.751
	Bad Weather	.730
	Feeling Lazy	.705
	Need to Save Time	.578
	Heavy Traffic	.577
Budget Events	Special Features/Sales Promotions	.751
	Need to Save Money/Tight Budget	.689
EPISTEMIC VALUE		
Curiosity	Curious about New Store	.803
	Bored by "Regular" Store	.723
	Interested in Finding Out What Other Stores Have	.813
	Dissatisfied or Angry with "Regular" Store	.652
EMOTIONAL VALUE		
Enjoy Shopping	I Like the Atmosphere and Decor	.770
	Shopping at this Store is Enjoyable	.801
	The Store is the Right Size for Me (not too big)	.786
	The Store is the Right Size for Me (not too small)	.749

A total of ten factors were obtained from the factor analysis processes described above. Three factors were extracted from the questionnaire items corresponding to Functional Value: Healthy Food (HF), Essential Features (EF), and Pricing (P). Three factors were obtained from the analysis of Social Value items: Social Awareness (SA), Social Environment (SE), and Involvement (I). Two Conditional Value factors were derived from the analysis: Daily Events (DE) and Budget Events (BE). Analysis of the items corresponding to Emotional Value and Epistemic Value yielded only one factor each: Curiosity (C) and Enjoyment of Shopping (ES) respectively.

For the purpose of reporting group mean responses to factors, all items used in the initial questionnaire were

coded such that higher values represent an expression of greater agreement and/or importance in response to an item. Mean responses for each factor were derived by summing across item scores and dividing those scores by the number of items in the domain that was used to create the resulting factors. Mean responses by respondent group were also calculated (Table 3). Standard deviations are reported in parentheses after each reported mean score.

TABLE 3
Mean Composite Factor Responses By Group

Factor Names	Coop Members	Non-Member Shoppers	Non-Coop Shoppers	Group Differences**
* Healthy Food	4.019 (1.01)	3.210 (1.30)	3.971 (1.16)	CM>NMS>NCS
* Essential Features	3.985 (0.73)	4.024 (0.98)	4.285 (0.83)	CM<NCS
* Pricing	2.752 (0.99)	3.083 (1.26)	3.515 (1.04)	CM<NMS<NCS
* Social Awareness	4.171 (0.93)	3.571 (1.29)	3.536 (1.09)	CM>NMS CM>NCS
* Social Environment	3.937 (0.80)	3.697 (1.01)	3.744 (0.90)	CM>NMS CM>NCS
* Involvement	4.048 (0.93)	3.381 (1.14)	3.280 (1.58)	CM>NMS CM>NCS
* Enjoy Shopping	4.072 (0.88)	3.858 (1.02)	3.921 (0.89)	CM>NMS
Reported means for the above factors are for Likert-type category rating scales with a range of one to five.				
* Daily Events	1.149 (.300)	1.224 (.333)	1.280 (.375)	CM<NMS CM<NCS
* Budget Events	1.308 (.354)	1.426 (.370)	1.431 (.395)	CM<NMS CM<NCS
* Curiosity	1.346 (.537)	1.407 (.508)	1.473 (.463)	CM<NMS CM<NCS

Reported means for the above factors are for rating scales with only two response categories: yes (2) and no (1).

* Indicates a significant difference in composite scores by group based on a one-way ANOVA model, ($p=.05$).

** Composite scores are significantly different in individual paired comparisons, as indicated, based on two-tailed t-test, ($p=.05$).

Discriminant Function Analysis

In order to test the explanatory and predictive power of the Theory of Market Choice Behavior discriminate function analysis was carried out using

group membership (CM, NMS and NCS) as the criterion variable. "Discriminant analysis involves deriving the linear combination of the two (or more) independent variables that will discriminate best between the a priori defined groups. This is achieved by the statistical decision rule of maximizing the between-group variance relative to the within-group variance" (Hair et al. 1979, 85). Three individual discriminant function analyses were performed to determine which factors and consumption values could best discriminate among the three classes of shoppers (CM, NMS and NCS).

Tables 4 through 6 present the results of the three discriminant function analyses. For each of the three comparisons reported below, the previously defined factors were added to the analysis using a stepwise selection procedure. Minimization of Wilks' Lambda was the operative selection rule. Any factor for which a standardized canonical coefficient (beta weight) is listed was statistically significant at the .01 level. Of the ten original factors, no more than six made statistically significant contributions to the functions used to discriminate between groups for any comparison. Mean factor-level responses by group and classification results are reported for each of the three analyses.

The predictive accuracy of the discriminant functions developed above were evaluated by means of classification analysis - comparing actual versus predicted group membership (Tables 4 through 6). A "split-half" procedure was used in the development and evaluation of the predictive validity of the models. The results of the classification analysis reported here include both the data used to construct the functions as well as the hold-out sample.

Coop Members v. Non-Coop Shoppers. Table 4 displays the results of the analysis for Coop Members (CM) v. Non-Coop Shoppers (NCS). The results of this analysis indicate that individuals' sense of involvement with the store(s) at which they shop was the single most discriminating factor. The two other social values identified in the factor analysis of data, social awareness and social environment, also played significant roles in distinguishing between Coop Members and Non-Coop Shoppers. In each

instance, coop members attached greater importance or commitment to these social values than did non-coop shoppers. Two functional values, healthy food and pricing, also served to discriminate between CM and NCS group members. Members of the retail food cooperative indicated greater concern for healthy foods and tended to consider price to be of less importance than non-coop shoppers.

TABLE 4
Coop Members (CM) v.
Non-Coop Shoppers (NCS)

	Mean Responses by Group		
	Function Coefficient	Coop Member	Non-Shoppers
Involvement (I)	.6410	4.05 _(0.93)	3.28 _(1.38)
Healthy Food (HF)	.4860	4.02 _(1.01)	2.97 _(1.16)
Social Awareness (SA)	.3676	4.17 _(0.93)	3.54 _(1.09)
Pricing (P)	-.3110	2.75 _(0.99)	3.52 _(1.04)
Social Environment (SE)	.2903	3.94 _(0.80)	3.74 _(0.90)
Classification Results Based on Value-Specific Factors			
Group Name	Total Sample	Correctly Classified	Percentage
COOP MEMBERS (CM)	214	167	78.0%
NON-MEMBER SHOPPERS (NMS)	255	219	85.6%
Total:	469	386	82.3%

Standardized Canonical Discriminant Function Coefficients and Mean Responses by Group

None of the three remaining categories of consumption values were statistically significant in the analysis. That is, neither conditional, epistemic nor emotional values were significant in discriminating between CMs and NCSs. Classification analysis of the data (using the five-factor discriminant function identified in Table 4) demonstrates a relatively high degree of predictive validity for the model. Specifically, 82.3 percent of respondents were correctly classified on the basis of two classes of consumption values.

Coop Members v. Non-Member Shoppers. Table 5 displays the results of the analysis for Coop Members (CM) v. Non-Coop Shoppers (NMS). The results of this comparison indicate that pricing and a preference for healthy foods were clearly the two

factors most important in discriminating between CM and NMS group members in this study. With coefficients of $-.7016$ and $.5734$ respectively these two functional consumption values are by far the most influential. A third functional value, essential features, was the fourth of six statistically significant factors added to the discriminant function in the stepwise process. Coop members attached greater importance to the availability of healthy foods than did the non-member shoppers and expressed less concern about product pricing. The dominance of pricing as the primary issue of importance to this group prompted the marketbasket and demographic analyses that are reported in the next section.

TABLE 5
Coop Members (CM) v.
Non-Member Shoppers (NMS)

	Mean Responses by Group		
	Function Coefficient	Coop Member	Non-Shoppers
Pricing (P)	$-.7016$	2.75 (0.99)	3.08 (1.26)
Healthy Food (HF)	$.5734$	4.02 (1.01)	3.20 (1.30)
Involvement (I)	$.3475$	4.05 (0.93)	3.38 (1.14)
Essential Features (EF)	$-.2565$	3.99 (0.79)	4.02 (0.98)
Daily Events (DE)	$-.2212$	1.15 (0.30)	1.22 (0.33)
Social Awareness (SA)	$.1896$	4.17 (0.93)	3.57 (1.29)
Classification Results Based on Value-Specific Factors			
Group Name	Total Sample	Correctly Classified	Percentage
COOP MEMBERS (CM)	214	176	82.2%
NON-MEMBER SHOPPERS (NMS)	286	227	79.4%
Total:	500	403	80.6%

Standardized Canonical Discriminant Function Coefficients and Mean Responses by Group

Two social consumption values identified in the factor analysis of data, involvement and social environment, also played significant roles in distinguishing between CM and NMS groups. In each instance, coop members attached greater importance to these social values than did non-member shoppers. One conditional consumption value, daily events, was also statistically significant in discriminating between these two groups. Members of the retail food cooperative indicated that their shopping destination choice was less likely to be influenced by daily changes in

circumstances than did the non-member shopper group.

Neither epistemic nor emotional consumption values were statistically significant in discriminating between CMs and NMSs. Classification analysis of the data (using the six-factor discriminant function identified in Table 5) demonstrated a high degree of predictive validity for the model. Specifically, 80.6 percent of respondents were correctly classified on the basis of three classes of consumption values.

Non-Member Shoppers v. Non-Coop Shoppers. Table 6 displays the results of the analysis for Non-Member Shoppers (NMS) v. Non-Coop Shoppers (NCS). The results are similar to those obtained in the previous comparison insofar as pricing and a preference for healthy foods were clearly the two factors most important in discriminating between groups. Function coefficients for these two functional consumption values ($.7887$ and $-.4096$) make them the most influential in the discriminant function. The comparison of these two groups is noteworthy insofar as social consumption values are absent from the results. On the other hand, an emotional value (ES) is present for the first time. The thorough interpretation of the results from this analysis, however, is not necessarily warranted.

TABLE 6
Non-Member Shoppers (NMS) v.
Non-Coop Shoppers (NCS)

	Mean Responses by Group		
	Function Coefficient	Coop Member	Non-Shoppers
Pricing (P)	$.7887$	3.08 (1.26)	3.52 (1.04)
Healthy Food (HF)	$-.4096$	3.21 (1.30)	2.97 (1.16)
Enjore Shopping (ES)	$-.3826$	3.86 (1.02)	3.92 (0.89)
Essential Features (EF)	$-.3757$	4.12 (0.98)	4.29 (0.83)
Daily Events (DE)	$.2744$	1.22 (0.33)	1.28 (0.38)
Classification Results Based on Value-Specific Factors			
Group Name	Total Sample	Correctly Classified	Percentage
COOP MEMBERS (CM)	286	176	61.5%
NON-MEMBER SHOPPERS (NMS)	255	180	70.6%
Total:	541	356	65.8%

Standardized Canonical Discriminant Function Coefficients and Mean Responses by Group

Classification analysis of the data (using the five-factor discriminant function identified in Table 6) demonstrates a relatively low degree of predictive validity for the model. Specifically, only 65.8 percent of respondents were correctly classified on the basis of the discriminant function. As a consequence of this relatively poor predictive validity, any interpretation of the results from the discriminant analysis should be regarded as highly speculative. This outcome does suggest, however, that the differences between these two groups of respondents may not be as significant as those observed in the preceding analyses.

MARKETBASKET AND DEMOGRAPHIC COMPARISONS

Marketbasket Comparisons

In order to better understand the impact of store prices on buyers' patronage decisions, a marketbasket price survey of non-meat food items was conducted at the retail food cooperative and each of the private grocery stores within an eight-mile radius of the coop. Convenience stores were excluded from consideration. The relatively limited product line of the food cooperative restricted the choice of marketbasket items. Comparisons were made using identically branded and sized products exclusively. Only frequently purchased classes of grocery products were considered. Twenty-two separate items were selected for inclusion using these criteria. The resulting marketbaskets included fresh fruit and vegetables, dairy products and a diverse array of packaged goods. No fresh, frozen or processed meat products were included.

The retail price for the marketbasket described above was \$40.34 at the food cooperative - \$38.22 after patronage rebates. The identical marketbasket sold for an average of \$37.68 at the traditional chain store grocers in this geographic market. The average price for the same marketbasket at the two "deep discount" supermarkets in this area was \$34.77. It is worthwhile noting that these two stores are located the farthest away from the food cooperative.

An average household, which spends \$46.68 per week on non-meat grocery items for home preparation and consumption (Bureau of Labor Statistics 1995), would spend approximately \$2427 in one year at the cooperative if it was the buyer's sole source for non-meat products. Allowing for the 5 percent patronage rebate, members would pay \$2306 - not including any allocation toward the cost of membership. Recognizing that the equivalent marketbasket costs at a traditional grocery store are 98.3 percent of those for the coop, shopping exclusively at a traditional private grocer would cost \$2267 under these assumptions. The corresponding figure for deep discount grocers would be \$2092. Although the cost and pricing discrepancy between the food cooperative and traditional chain stores is slight, it does favor the cooperative's competitors. In addition, the in-store presence of many relatively expensive specialty and non-traditional goods may reinforce shoppers' price sensitivity. This interpretation was substantially supported by the comments expressed during the focus group interviews conducted with both member and non-member coop patrons.

Demographic Comparisons

The demographics of the three groups under study provide a valuable perspective and context for understanding their shopping and patronage behavior. These comparisons are provided in Table 7. Both household and personal income averages are substantially higher for coop members than for either non-member or non-coop shoppers. Members' households tend to be a bit larger than others, although there are slightly fewer adults present on average. Coop members have completed significantly higher levels of education than non-members. Although age comparisons tend to be less easily interpreted, it is clear that relatively few coop members are under 30 years old. This stands in sharp contrast to the demographic patterns for non-member and non-coop shopper groups.

SUMMARY AND CONCLUSIONS

The three discriminant analyses performed on this data indicate that functional and social consumption values tend to dominate consumers' market choice motives with respect to grocery shopping. The contrast of coop member to non-coop shoppers indicates that social values, particularly the sense of involvement and social awareness, tend to play a much more important role in the CM group's choice behavior than they do for NCSs. Comparisons of the mean composite factor responses by group (Table 3) provide compelling support for this interpretation. A concern for healthy food anchors coop members' functional values. Confirmation of the predictive validity of this model is evident in the classification results.

TABLE 7
Demographic Profile of Respondent Groups

	Coop Members	Non-Member Shoppers	Non-Coop Shoppers
Education			
Less than High School	1%	4%	2%
High School Graduate	9%	26%	32%
Two-Year School Graduate	12%	21%	27%
Four-Year School Graduate	29%	20%	20%
Graduate School	47%	19%	11%
Other	2%	10%	8%
Sex			
Female	76%	77%	77%
Male	24%	23%	23%
Average Age			
under 21	2%	4%	5%
22 to 29	3%	15%	18%
30 to 39	20%	15%	24%
40 to 49	38%	21%	24%
50 to 59	18%	17%	15%
60 to 69	11%	18%	7%
70 and above	8%	10%	7%
Household Income			
under \$14,999	7%	16%	13%
\$15,000 to \$19,999	9%	6%	10%
\$20,000 to \$29,999	12%	15%	14%
\$30,000 to \$39,999	15%	14%	18%

\$40,000 to \$49,999	11%	16%	15%
\$50,000 to \$59,999	9%	12%	9%
\$60,000 to \$69,999	2%	4%	7%
\$70,000 to \$79,999	7%	3%	4%
\$80,000 and above	21%	10%	4%
Estimated Mean Household Income	\$44,825	\$38,450	\$35,500
Persons per Household	2.56	2.32	2.42
Income per Person	\$17,510	\$16,573	\$14,669
Adults per Household	1.8	1.92	1.98
Income per Adult	\$24,903	\$20,026	\$17,929

Functional values, particularly pricing and a concern for health food, stand out as the primary bases for discriminating coop members from non-member shoppers. This result was obtained despite the statistically significant differences between the CM and NMS groups on each of social value measures. This is particularly intriguing when contrasted to the comparisons drawn above, since there are no statistically significant differences between the NMS and NCS groups on social consumption value measures. Although social values are consistently shown to be more important to coop members than to either non-member shoppers or non-coop shoppers in determining where to shop for food (Table 3), they do not provide the most effective basis for discriminating between CM and NMS. This suggests that these social values are, in substantial measure, shared by these two groups. Confirmation of the predictive validity of this model is supported by the classification results.

The confirmation provided by the classification analysis for the comparisons of the coop member group to each of the other two groups is particularly encouraging since 92 percent of coop members and 98 percent of non-member shoppers report shopping at one or more conventional grocery stores within the past 90 days. This supports the interpretation that the differences between groups actually stem from individuals' consumption values rather than store-specific attributes.

The failure of the third model to adequately discriminate between non-member shoppers and non-coop shoppers was evident from the poor

performance of the discriminant function in classifying respondents. Table 3 provides a plausible explanation. Statistically significant differences between the NMS and NCS groups were observed for only two of the ten factors extracted from the data: pricing and healthy food. These differences were not sufficient to effectively discriminate between groups. This finding in and of itself offers an important insight into the motivations of non-member shoppers relative to coop members.

Previous studies did not examine the demographic make-up of respondents or classes of coop patrons. The household income and respondent age information collected during this investigation, however, provides some valuable insights on coop membership and patronage. Estimated mean household income is 17 percent greater for coop members than for non-member shoppers. The effect of significantly higher household incomes for coop members is to reduce the *relative* costs associated with higher prices. Consequently, this *income effect* mitigates coop members' concern with price savings. The income discrepancy between these two groups can also be expected to produce a corresponding *substitution effect* among non-member shoppers. To the extent that they are more price sensitive, they may opt to make tradeoffs between healthful foods and price when these priorities are in conflict. This is consistent with finding that non-member shoppers express more concern for healthy foods than the baseline non-coop shopper group. In the absence of a concern for healthful foods, non-member patrons would have very little reason to shop at this cooperative at all since it does not offer price savings over either class of local competitors.

The nature of the "commitment gap" that has been shown to exist in this study between coop members and non-member shoppers is captured in part by the significant difference in the price-quality tradeoffs made by each group. The demographic profiles developed for this study also suggests a second, related between-group difference that helps to explain non-member shoppers' unwillingness to become members. A comparison of the age distributions for members and non-member shoppers suggests that membership is a commitment that is not usually made

until after age thirty. No doubt this is due in part to the income effect noted above. Nonetheless, it suggests that strategies for building commitment to the coop should be focused on relatively young non-member shoppers, *before* they may be financially able to participate as fully vested members.

There are a number of "member life cycle" issues that should be of concern to all retail grocery cooperatives. In recent years, many coops have adopted specific policies related to senior members' shares. Often cooperatives will buy back the shares of persons reaching "retirement age," while allowing them to retain the rights and privileges of full membership. This is primarily a goodwill gesture on the part of the cooperative. Fewer food coops, however, have policies related to the economic challenges confronting relatively young members or *potential* members. Future research needs to take a life-cycle perspective to evaluate the effectiveness of strategies and policies aimed at converting non-member shoppers to members.

The character of the Price - Healthy Foods tradeoffs being made by the three classes of shoppers identified in this study illustrate the difference between "new wave" and traditional (pre-1960s) food cooperatives. These two factors demonstrate between-group values hierarchies that are consistent with our understanding of new wave organizations. Coop members are less concerned with Pricing than non-member shoppers. In turn, non-member shoppers are less concerned with Pricing than non-coop shoppers (Table 3). For Healthy Foods, the expressed levels of importance are reversed. That is, the availability of natural and organic foods is of greatest importance to coop members and least importance to non-coop shoppers. Similar patterns can be observed for Involvement and Social Awareness. Taken together, these hierarchies demonstrate the relative worth (as measured by prices) assigned to these consumption values by each class of respondent. This finding provides a clearer perspective on the complex interaction of consumption values that shape patronage and membership decisions for new wave retail grocery cooperatives.

Consistent with the lessons taught by the history of retail food cooperatives in the United States, this study suggests that rising incomes substantially mitigate the price-specific, economic motivation of members. In the first half of the twentieth century, many coops failed with the return of national prosperity because their members' patronage motives were strictly based on price savings. This study does not indicate that prices are irrelevant to membership and non-members' patronage decisions. Instead, it demonstrates a complex interaction of consumption values that shapes individuals' responses to new wave food coops. Social and functional values (including pricing) are incorporated into patronage decisions relative to their importance to each individual. It is this relatively complex weighing of competing alternative consumption values, within a broader context of economic decision making, that results in the tradeoffs illustrated in this research.

As noted by Schiferl and Boynton (1983), existing theories regarding cooperation do not seem adequate to the study of new wave cooperatives. This study demonstrates the complexity of interactions that can impact patronage decisions related to these types of organizations. It also demonstrates the application of a theory that provides a valuable new approach to diagnosing and disaggregating the composite of values that underlie membership decisions. The Theory of Market Choice Behavior also has the advantage of being sufficiently flexible to adapt to the diverse goals and varied attributes of new wave food coops. Understanding the nature of the consumption values that drive this growing diversity is essential to achieving the parallel goals of customer satisfaction and building the organization's membership base.

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