**Information about member pricing for cooperatives in organic trade**

Updated December 2019

What are member prices?

Member prices for food retail cooperatives aim to provide commitment and low-cost shopping through the close association of the cooperative and its members. Members cover the basic costs of the cooperative with mandatory monthly dues, and in return the cooperative passes on organic goods to its members with only small markups.

Examples for understanding the member price

VG Dresden:

The Verbrauchergemeinschaft Dresden (VG Dresden) has successfully practiced a member price system for several decades.

At present, the members pay a monthly fee of 17.- € per adult (6,50.- € for all children, no matter how many) and cover thereby the fixed costs of the cooperative. In return, the cooperative passes on the goods to its members with very small markups (to compensate for spoilage, etc.). Compared to the competitors, the member price is on average almost 30% less. All products are marked with two prices for members and non-members. Since all intensive customers see the price difference, they can easily calculate how quickly a membership pays off. However, this should of course not be the only reason for membership.

With this offer the VG Dresden could gain approx. 11,000 members, who buy their goods in one of the 6 VG stores.

Cooperative Odin:

Odin in Holland introduced a member pricing model only a few years ago. Previously, relatively few consumers were members, and the cooperative was primarily supported by employees.

As conventional retailers increasingly entered the organic market, the idea emerged to connect more closely with consumers, even into the commercial arena. Gradually, market after market was converted to a members' store with dual pricing (for members and non-members) as well. The simultaneous conversion of all 23 organic stores today would have been too expensive. The conversion effort is considerable, and the system only pays off when there are at least 300 members per store. After a few years Odin has 9500 members. They pay oa month fee of €16 as an adults, €21 for a whole family, or €11 as a student. The goods are on average 18% cheaper for the members and are thus below the price of organic goods of the normal food retail trade.

Through the close connection with the customers, members are informed about many exciting activities and some things are even made possible by the members themselves. For example, many customers support biodynamic plant breeding on one of the farms and get exclusive opportunities to test new varieties. Or many customers support the beekeeping on the Odin partner farms through one of the employed Odin beekeepers.

Advantages for cooperatives and members

The cooperative can

* cover the fixed costs for rent and personnel through the monthly contributions
* significantly increase commitment and customer loyalty
* gently persuade their members to make most of their purchases in the cooperative store (because member prices make goods cheaper than those of competitors)
* provide their members with digital newsletters and information material, saving printing costs and making an important contribution against paper waste (because email addresses are collected from members)
* make their members co-creators and invite them to events such as farm tours, thus providing valuable educational work.

The members

* Purchase food at a discounted price
* receive a high level of price transparency due to the double price labeling
* are intensively informed and "trained" by their cooperative through farm visits etc.
* can feel even more intensively as part of their community
* can participate and help shape the market much more than in other markets
* experience more meaningfulness and self-efficacy by being able to support beekeeping on organic farms, e.g. at Odin.

Possible disadvantages

The Landwege cooperative had a member price for many years and abolished it for the euro changeover (because they did not want to have four prices on the label: Prices for members and non-members each in DM and Euro). And at that time there had been too much talk about prices and discounts than about the projects and community ideas.

One danger with the member price is certainly to put too much emphasis on the question of discounts, on favorable price and personal advantage. After all, a cooperative should be supported less by those who run after their own advantage and more by those who would like to realize a solidary partnership-based economy across the value chain.

Potential of the member price

Especially now that organic has arrived at the discounter shops, the member price could become interesting for cooperations in the organic trade. Increasingly, consumers are aware of the interrelationships of price pressure and the negative effects on, for example, animal welfare and diversity on organic farms, and the search for regionality, transparency, fairness and community is clearly on the rise.

If the member price with monthly dues is conveyed in the spirit of solidarity and partnership, as Odin is currently addressing, this ties into the current consumer trends. In the spirit of "the members, through binding monthly dues, make possible reliable farm planning, the development of partnership relationships with our suppliers, and the realization of our ecological ideals, such as beekeeping and breeding work. And in return, we not only pass this security on to our employees and suppliers, but also enable the most favorable price possible for our members".

Further examples

There are other mainly smaller projects that have implemented a member price. There are producer-consumer cooperatives such as the Bremen EVG (info@bremer-evg.de), where each adult pays 12 euros per month and each family 24 euros. In return the members receive the goods of the participating producer enterprises and purchased bio commodity nearly at the wholesale price.

There are many member stores and food coops with a similar model. The costs are distributed by the membership dues to all members (with plus/minus 15, - € monthly contribution per adult, and the commodity is sold to the members 20-30% more favorably than in the organic specialized trade. With 5-10% surcharge on the purchase price only the shrinkage and spoiling of goods is compensated. These initiatives operate partly as an association (with which the executive committee carries the product control), as small private companies, and even as a cooperative of acertain size.

With the LPG biomarket GmbH in Berlin also a larger company with at present 10 branches uses the member price. For a monthly contribution of 17.90 one gets the organic products, depending upon product group, at between 10 and 20% discount (with additional discounts sometimes reaching 30%) compared to non-members. With this model, one does not have a "membership" in contrast to the cooperative or an association model, which brings other membership benefits and opportunities. Nevertheless, it seems to be a quite successful marketing-oriented model in the hotly contested Berlin organic market.

Proof of membership and monthly fee

Some organic retailers with member pricing issue membership cards with the holder's photo printed on them. This can be used at the checkout, if necessary, to ensure that non-members do not claim the member price through a member's card.

There are distinctly different models for the amount of monthly dues. For membership for individuals, the monthly fee for almost all initiatives is in the range of plus or minus €15. In contrast, for families, families with children and shared apartments, the discounts compared to individual membership are significantly different (with some only small and some extremely high discounts).