**Sidebar 7-2 Co-operative Group**

The U.K.-based Co-operative Group is run and owned by its 7 million members. Essentially, it is a family of businesses that incorporates food retailing, financial services, pharmacies, funeral services, legal services, and electrical. The group has around 100,000 employees across the U.K., and has an annual turnover of u.s. $22 billion.

The group can trace its roots back to 1844, although it was not until 1863, when 300 individual cooperatives merged to create the North of England Co-operative Wholesale Industrial and Provident Society Limited, that the group became effective. By 1872, this had been renamed as the Co-operative Wholesale Society (CWS). Over the course of the next hundred years, many other smaller cooperatives joined the group.

From its fairly humble beginnings, the group has grown to become one of the leading retailers supporting ethical business practices. In 2002, the group won the Worldaware Shell Award for Sustainable Development for its policies on Fairtrade goods. In 2007, it won the Queen's Award for Enterprise, again for sustainable development practices. The group was on the short list for the Transform Awards (for branding and rebranding) in 2010. In 2012, the group courted controversy when it ended its relationships with its Israeli suppliers that were based around settlements in Palestinian territories.

In the late summer of 2013, the group announced that they were rebranding all of their own-label products. In the U K. food retail market, own-brand products had become a key battleground. At this point, the Co-op was the fifth largest food retailer in the U.K. It was coming under Increasing pressure from the other four retailers. The move by the Co-op would see 700 own-label lines rebranded to "loved by Us." The move was timely, as over the next few weeks, the group saw their sales growing at a rate of just over 6 per- cent. The Co-op had been struggling to match the expansion of Its own-brand food lines with that of the biggest market shareholders in the U.K. (Tesco, Sainsbury's, Asda, and Morrisons). Each of these four competitors had made large investments in their food lines, and had been extremely successful in using own-brand products to drive up sales. At the other end of the market, the low-cost food retailers, including Aldi and Lidl had also invested in the own-label ranges, and were gradually taking customers and sales away from the Co-op. Co-op's response to the threats had been to bring in a new management team. Both Euan Sutherland (Group CEO) and Richard Pennycook (finance director) had years of retail experience.

This revamp of the own-label branding is in line with the use of standardized advertising, signage, and branding for ail of the retail outlets. As a community-based retailer with 2,800 local, convenience, and medium-sized retail outlets across the U.K., this form of standardization is important.

Recognizing the negative impact of the recent food scandals (such as horse DMA being found in beef products), the Co-op was also keen to emphasize its commitment to British farming. A number of the key products in the own-label range, including foods-to-go, and chilled ready meals, will now only use 100 percent British-sourced meat, fish, and poultry.

Taking advantage of the standardization of labeling and other marketing aspects, the own-label range was supported by a national advertising and marketing campaign. The primary focus was on product quality. The first part of the Loved by Us branding was applied to the breakfast and lunch ranges.

Snacks and convenience food are a vital part of food retailing, and to this end, the Co-op relaunched its snack menu, supported by the new Middle Eastern and Indian-style flatbreads and wraps. The company was also able to steal a march on the competition in certain areas, such as the development of a new prawn sandwich that could boast 50 percent more prawns than the competition.

The bulk of the Loved by Us own-branded products was aimed toward the budget end of the market, but the Co-op also released its own premium range. Truly Irresistible. This range was benchmarked against the competition. The idea was to offer an array of some 50 products that would provide the consumer with restaurant quality meals at a fraction of the cost. They would also provide an affordable alternative to home-cooked meals.

According to Steve Murrells, the Co-op's retail chief executive, the new move was to take their own-brand product range to a new level. The group had invested heavily in new product development. By overhauling the whole range, it was hoped that consumers would re-appraise the Co-op brand. Essentially, it was a back-to-basic approach. The Co-op had refocused on quality, value, and convenience.

Phil Hudson, Head of Food and Farming at the National Farmers Union, endorsed the Co-op's commitment to British sourced meat and poultry for its key ranges. The NFU had recently carried out market research in the aftermath of the horsemeat scandal and discovered that 78 percent of British consumers would prefer British-raised meat products. The Co-op had already signed the NFU's Back British Farming Charter. Hudson saw this as a move by the group to support a more direct, transparent, and fairer supply chain.

The rebranding exercise also aimed to address disparities in consumer perception of the Co-op. Among the over-55-year-olds, some 43 percent viewed the Co-op as the most trusted food retail brand, but for the 16-24 age group, this was at just 12 percent.