



The BC-Alberta Social Economy Research Alliance

**Seikatsu Consumer Coop:**  
Scaling-up Food System Transformation

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## **Seikatsu Consumer Coop: Scaling-up Food System Transformation**

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## **Introduction**

Peak oil, global climate change, increasing social exclusion, rising inequality – the list of crises from local to global continues to grow. It is becoming increasingly clear that the root of these crises is based on our failure to adequately integrate social and environmental concerns into decision-making at a variety of scales. Sustainable community development offers one approach that has proven to be successful at integrating environmental and economic concerns (i.e. green jobs, eco-efficiency), yet has largely failed to address social concerns. Likewise, the growth of the social economy has provided support to marginalized individuals and communities through job training enterprises and affordable housing, yet rarely incorporates environmental considerations into initiatives.

There exists considerable potential for bridging these two approaches, bringing more environmental considerations into the social economy and social economizing sustainability. But how do we explore this potential? What types of initiatives have potential to merge the transformative potential of sustainable community development and the social economy?

This research uses local food systems as a lens to address the above questions based on case study research of local food initiatives. The research began with an exploration of Seikatsu Consumer Coop from Japan, a values-based consumer coop that is committed to transforming food production and consumption based on re-localization and sustainability principles. This case study report begins with a discussion of local food systems to highlight in a general sense some of the key issues and promise of local food systems. It then provides a description of the SCC and concludes with a discussion of potential lessons for scaling-up food system transformation in Canada.

## **Local Food Initiatives**

Much has been written recently that exposes some of the problems associated with our existing food system (see for example films such as *Food Inc.* and popular books such as *In Defence of Food*). Local food initiatives have blossomed as a sector of activity with a specific focus on expanding alternative approaches and transforming the conventional approach to the way we produce and consume food. The explosion of public interest in food system initiatives is multi-faceted (ranging from interest in the 100-mile diet, peak oil and climate change, re-localization of economic activity, preservation of farm land and farm employment, organic food, health and equity). However, the fundamental characteristics that link local food movements to strong sustainability and strong social economy approaches are the concepts of localness (or embeddedness) and values-based transformation.

A key similarity between strong sustainability and strong social economy approaches to social, environmental and economic problems is the “turn to the local”, with emphasis on place-based and community-based responses to local and global problems. Attempts to embed food systems in particular places are a key strategy behind the movement to create shorter value chains between consumers and producers (Goodman, 2003; Winter, 2003). The notion of embeddedness is a key driving force behind the success of alternative food systems based on aspects of reciprocity, trust, transparency and accountability that are critical components to the notion of local food being more natural and healthier.

However, as Born and Purcell (2006)<sup>1</sup> demonstrate, “localness” of a food system should not be seen as having any inherent qualities –it is merely a strategy that can be applied by any group of actors to advance particular agendas. For this reason, local food initiatives benefit from explicit linkages to the value-based commitments of strong approaches to social economy and sustainable community development.

Despite the increasing growth and attention to farmers markets, CSAs, local food box programmes, etc., alternative food systems geared towards local production and consumption still remain small-scale when contrasted with conventional food systems. The key challenge facing local food initiatives is how to scale-up alternative food systems so that they have a transformational impact on the much larger conventional food system. For example, while the rapid growth of organic food production highlights a shift in the way food is produced (sales estimated to be \$1.1-1.3 billion in 2006)<sup>2</sup>, it still only accounts for less than 1% of total food sales in Canada. Of this total, only 7% of organic food sales (\$70 million) are sold directly through farmers markets, community supported agriculture (CSA) projects or food box programs.

The issue of scaling up provides the rationale for exploring the Seikatsu Consumer Coop (SCC) - an innovative example of a values-based consumer coop that is focused not simply focused on expanding consumer access to healthy, local and more environmentally friendly food, but seeks to provide the local food system infrastructure (such as distribution, warehousing, cold storage, small-scale processing opportunities) that can enable the transition of those producers engaged in export-oriented agriculture towards a more local and

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<sup>1</sup> Born, B., & Purcell, M. (2006). Avoiding the local trap - Scale and food systems in planning research. *Journal of Planning Education and Research*, 26(2), 195-207.

<sup>2</sup> Basline market research of food coops in Ontario

sustainable basis. The following section provides a description of SCC, how it emerged, its scope, and how it works. The SCC case study was based on the review of the limited number of secondary sources available in English and with interviews of people who have visited Japan to study SCC. As a result, it is not meant to be an exhaustive or complete picture of SCC. The report concludes with a brief commentary on the issues of localness, values-based transformation and scale that might be useful for consideration by other local food initiatives in Canada seeking to link multiple social, environmental and economic concerns through their activities.

### **Seikatsu Consumer Cooperative (SCC)**

The foundation for the SCC is closely linked to contextual conditions in Japan. The legacy of World War II had contributed to widespread concern for “Japan” food and a persistent commitment at the national level in terms of food sovereignty. In Japan, food is closely associated with broader Japanese culture, where Japanese food is seen to be healthier, of much higher quality and tastes better. In addition, there is a large coop movement for food where 10-15% of food nationally is sold through various coops, with the Japanese Consumer Cooperative Union (JCCU) being the largest consumer coop union with over 23 million members, annual sales of 374 billion yen and nearly 50 thousand employees (JCCU, 2010)<sup>3</sup>.

The Seikatsu Consumer Coop can trace its origins to a voluntary association of women that was established in 1965 in a Setagaya Ward, Tokyo to “reform life and society democratically by independent women (Setagaya SCC Charter). One of the first activities of the group was to establish a bulk-buying group to purchase milk that was free from additives. From the very beginning, the organization was built on principles and values of autonomy, decentralization participation and democratic control, despite initially not being aware of the coop movement. Gelb (1998)<sup>4</sup> suggests that the patriarchal nature of Japanese society at that time provided a pool of well educated, middle-class women who had left the workforce to raise families but were willing and able to organize themselves into coops-type organizations, thus providing the sweat equity required to make them successful.

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<sup>3</sup> <http://jccu.coop/eng/aboutus/index.php>

<sup>4</sup> Gelb, J. 1998. Political Women in Japan: A Case Study of the Seikatsusha Network Movement. *Social Science Japan Journal*, 1(2): 263-279.

SCC has grown from that small initial group of consumers organized as a buying club into 32 autonomous cooperatives heavily concentrated in the Tokyo Metropolitan area, but with representation throughout Japan. There are over 350,000 members (2010), annual sales of approximately \$800 million (CDN), of which 90% are food related products. The purpose of this description of the SCC is to illustrate how sustainable community development, the social economy and food system transformation can be linked through a values-based consumer coop. The SCC may provide some early lessons and highlight some challenges for similar food system initiatives in Canada. The case study relies primarily on limited secondary sources produced in the English language and limited interviews with people who have conducted study tours to Japan to understand the SCC. As such, it is meant to provide an overview of the SCC and to illustrate some general lessons that may be applicable elsewhere.

The overriding rationale and motivation for participation in the SCC was to improve access to good quality Japanese food products at reasonable prices. SCC emerged out of very real and specific concerns about the lack of access to “real” milk. In Japan, all milk in the post-war years was heavily processed through ultra-high temperatures and substituted with additives. That concern for quality quickly morphed into concern for the environmental and social impacts of the production process that resulted in the mass mobilization for local laws limiting the use of synthetic detergents, opposition to genetically modified food and one of the first returnable/reuse/recycling systems in Japan.

The formation of SCC was driven largely by concern of middle-class women to get access to healthy, good quality food for their families, neighbourhood organizing and social and environmental concerns related to consumption. SCC members recognized that developing relationships with producers that met their needs in terms of type, quality and production of consumer goods was more effective if they pooled their consumer buying power. Through pre-order collective purchases, SCC members were empowered to engage in the production process by specifying criteria (materials, production process, packaging, environmental concerns, labour, etc) of food and other consumer goods in cooperation with producers.

By pooling consumer purchasing power, the SCC is engaged in the transformation of the foundations of mass-consumption society. With direct relationships with producers through pre-order collective purchases, SCC member were in a position to determine production based on sufficiency rather than producers maximizing production and attempting to maximize demand through marketing and branding. At the core of the SCC movement is the development of an alternative to mass production, mass consumption and mass disposal.

Organizing at the neighbourhood level also provided an opportunity for middle-class housewives to engage in neighbourhood politics, primarily focused around food and other household level issues and provided a clear avenue for community organizing. The key to neighbourhood level organizing is the Han System, as it provides the foundation upon which the federated model of the SCC is based. The Han consists of a group of 7-10 neighbouring households who collectively make decisions, about monthly purchases, collect orders for bulk buying and pass on orders to local their local SCC coop where they are aggregated into large bulk orders for various producers. Products come back to the household in a similar manner. Producers arrange delivery through the SCC union to various local depots and it is the Han groups that pick up orders from the depots and sort and deliver amongst themselves. While most SCC members belong to a “Han”, other methods of bulk buying include personal delivery and through a depot system (where members can pick up their orders directly). Each individual SCC develops their own strategies for bulk buying based on one of these three systems.

The Han is the source of neighbourhood organizing and local management of the consumer coop that make it run smoothly. Originally, the Han developed out of a practical need to address the lack of capacity for individual purchases and delivery. Through practice, it was recognized that the Han also served well as a venue for local organizing, learning, discussion and decision-making. It is at the Han level where community-based active citizenship is put into practice. The self-management of the smaller Han unit provides for considerable savings in terms of overhead and labour. It is through conversations at the Han level where it is established what products to order, the amount and these conversations provide the opportunity for consumers to intervene in the market through sharing knowledge and approaches to household management and through engagement in local politics. The local level organizing also provides part of the rationale for individual members to join the SCC in newly urbanized neighbourhoods. New residents join SCC to make friends and to obtain the benefits of mutual help that were once provided by extended families (Peng-Er, 1999).<sup>5</sup>

The SCC is a federated coop that is organized nationally as the SCC union, with nearly 100 full-time staff members and 1,200 employees in the associated companies such as the milk factories and poultry producers<sup>6</sup>. The SCC Union is governed by a general assembly and board of directors that are ultimately

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<sup>5</sup> Lam Peng-Er. 1999. *Green Politics in Japan*. Routledge: London.

<sup>6</sup> <http://www.seikatsuclub.coop/english/>



responsible for the negotiation with producers on bulk buying and production practices and its sole purpose of facilitating bulk-buying on a large scale. The Each individual local SCC is independent and autonomous from the SCC Union and the relationship between individual SCCs and the Union are of a horizontal rather than pyramid-type nature. Due to the local independence of individual SCCs, membership on committees varies widely. However, in general, the Union is made up by representatives from each of the independent and autonomous SCC units at the prefecture (akin to province) level, which are in turn organized and overseen by local authority level SCC groups that consist of multiple Han groups and individual members.

The necessity of each item is evaluated by consumers and producers at the local level. The prepayment order system and relationships with select producers ensures that production matches demand, thereby minimizing the need for expensive marketing, branding and advertising campaigns to maximize consumption. Each Han sends a representative to participate on various committees at the local SCC level (committees include auditing producers, product listings, producer relations, etc.), prefecture level (collective bulk buying, product development) and at the Union level where monthly consumption committee meetings determine the limited product offering based on feedback from members and producers.

Producers are engaged through the commitment of the SCC to pre-ordering which minimizes the risks to producers in terms of investments in improving agricultural and production processes and guaranteed prices based on full disclosure of production practices, quality of products, storage and distribution methods, etc based on mutual agreement between SCC union and producers. Producers agree to full transparency of their products and production methods by accepting to be subject to audits by SCC members guided by ten principles on health, safety and the environment:

1. Pursuit of safety for consumer materials
2. Raising self-sufficiency in food
3. Reduction of harmful substances
4. Sustainable use of natural resources
5. Reduction of waste and promotion of reuse
6. Reduction of energy use
7. Reduction of risk
8. Increase information disclosure
9. Independent control and auditing
10. Mass participation in all of above.

### **How does it work?**

An individual SCC member in Tokyo and Kanagawa pays a dual membership fee of \$60 to the SCC union and to their local SCC. Members are also requested to

pay a voluntary monthly payment of that is decided at annually at local SCC meetings. This fee is usually around \$11 per month until a total investment is reached that varies from \$1000 - \$25000. Over 90% of members pay the voluntary fee, resulting in approximately \$1 Billion in capital raised from members.

Pooling resources in this manner allowed the SCC to make large scale capital investments in delivery centres and depots in urban locations with high member density, delivery trucks and in the purchase of the only consumer-owned milk factory in Japan that is a partnership between SCC and 100 milk producers (5000 cows) to address the shortage of milk in urban neighbourhoods that met the high standards set by SCC. SCC milk factories are still the largest organization providing pasteurized milk as an alternative to the ultra-high temperature milk that dominates the market.

On average, household pre-monthly purchases amount to \$300 which represents a third of a household food budget. Twenty-five percent of members max out the monthly product listings at \$1000 per month, representing 70% of the household food budget. Of these monthly purchases, 16% is reserved to cover SCC operating expenses that is considerably less than the 20-25% profit margins in the retail industry.<sup>7</sup> Part of this savings is reflected in higher prices for producers and also reflects the considerable sweat equity contributed by members in organizing orders and distributing goods. Each Han also is reimbursed with 0.5% of the total cost of orders for which they are alone responsible for using to meet their needs. Some Hans distribute the savings among members, while others use the funds to reflect labour contributions at the Han level.

The focus and rationale of the SCC is based on value-based consumption. The bottom-up, decentralized model based on the Han system allows for members concerns and values to be reflected in the product offering by the SCC union. Individual members are expected to contribute to the various committees at the local level and at the SCC union level. Perhaps the most unique committee is the independent control committee / auditing committee. This committee implements the health, safety and environment principles through consumption decisions and through annual independent audits of producers. The independent control committee consists of both members and producers and is sub-divided into various sub-committees to address agriculture, fisheries, livestock,

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<sup>7</sup> Yokota, K. 1991. *I Among Others: An introspective look at the theory and practice of the Seikatsu Club Movement*. Participatory System Research Centre, Kanagawa.

processed goods, etc. that set independent standards for quality and methods of production.

As discussed above, transparency in production is a critical component of developing partnerships with producers and these committees provide opportunities for mass auditing to ensure that standards are met through spot-checks on production facilities and information workshops with producers to continually innovate and improve standards (see audit report). The results of these detailed audits are published annually and made available to all members and producers. As a result, relationships and trust are developed that foster solidarity between consumers and producers.

One might ask why a producer would agree to what would appear to be onerous reporting and auditing standards that do not exist if they were to sell their products through the supermarket system or through other coops. One reason, as mentioned above, is the pre-payment and guaranteed pricing that distributes some of the risk involved, particularly with regards to agricultural production that is subject to the vagaries of the length of growing season, precipitation, etc. The SCC and producer negotiate a fixed price and guaranteed orders that ensure that the producer obtains a fair return. For a producer, access to a committed consumer market of over 300 thousand consumers is strengthened further by the fact that the SCC buying power is concentrated on a limited product offering. For example, the SCC engages with a single producer for a product offering with an average of 130 producers per month, unlike a supermarket that might have 40 different brands for a single product. As a result, SCC members are spending roughly \$2M per product compared to the distributed consumer buying power in a supermarket that averages closer to \$200 thousand. The multiple product offering in supermarkets enables them to drive down prices paid to producers to maintain their profit margins (see WalMart as extreme example). For a producer, the bulk buying power of the SCC allows producers to deal with large orders, reduced sorting and minimal packaging requirements so that producers can concentrate a greater portion of their time on production rather than packaging and distribution.

The SCC has evolved over time to keep pace with changes in Japanese society. The increase in dual income families and increased residential mobility has resulted in particular challenges for the Han system. The SCC has been forced to adapt and to develop additional delivery options and opportunities for place-based organizing at the local level. SCC depots are retail-style distribution centres that have been established in areas where there are more than 1000 members within ~ 1km radius. These depots provide greater convenience for members while still being able to provide the savings associated with bulk orders, consolidating distribution and limiting packaging.

Partnerships have been developed between some of the local SCCs and local producers to address concern on the part of consumers to be more engaged with the food production process and to address a shortage in agricultural labour. Nationally, food self-sufficiency is at an all-time low. Japan, like other wealthy countries, has embraced industrial agricultural policies and WTO trade rules that result in domestic agricultural production focused on a limited number of goods with reliance on imports to supplement decreasing domestic supply.<sup>8</sup> In addition, the Japanese agricultural workforce is aging, with over 60% of farmers being over the age of 65 and large tracts of farmland being idle.<sup>9</sup> Consumer participation in field labour during the planting and harvesting seasons provides producers with additional labour and addresses the desire for some urban residents to be more engaged in the agricultural system.

SCC is also attempting to broaden the reach beyond the middle class and to engage in issues beyond food production in response to changes in Japanese society. While SCC developed in the context of an affluent and relatively egalitarian society, the emphasis on quality of life issues as opposed to material growth within Japanese society has begun to erode with increasing income polarization (Peng-Er, 1999). The SCC model is now being applied to address the increasing need for social services in communities in the form of day care, elderly care and public health care. Again, the purpose of these new initiatives is to engage local citizens in the production of services, through the cooperative model, where the members both receive and contribute to the supply of these services for their local community. While not legally recognized as cooperatives, these non-profit organizations function as cooperatives. The first worker collective was established with the support of the Kanagawa SCC and despite the fact that worker cooperatives are not formally recognized under Japanese law, these activities have expanded beyond SCCs to include 800 nationwide with 18,000 members who provide social services valued at 12B yen. This commitment to community services is also reflected in the development of small worker organizations to provide food-related services, elderly and child care, delivery of consumer products and in the production of goods sold through the SCC.

Increasing concern over GHG emissions has led one local SCC in Hokkaido to pressure the local authority into allowing a 5% surcharge on monthly electrical

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<sup>8</sup> Agricultural production has declined from a high of 117 171 in 1984 to 89 261 in 2002, despite an increase in population from 120 018 000 to 127 445 000 over the same period. Sources: <http://www.maff.go.jp/esokuhou/kei200303.pdf> Ministry of Agriculture Forestry and Fisheries

<sup>9</sup> PRICS reference

bills to fund a wind power cooperative. Thus far the fund has constructed 11 wind turbines with a combined output of 15MW and the model has been expanded throughout Japan through the Japan Green Fund.<sup>10</sup>

The local political movement Network arose directly out of the SCC campaign to force local authorities to implement laws limiting the use of synthetic detergents. The Network movement is a local political party for SCC women that has been successful in electing for 140 councillors to local councils as a means to engage directly in the local political process. Originally, the Network movement's political success can be linked to the social cohesion created at the Han level, where Han meetings result in friendships based on similar values that have been mobilized into social and political action through the Network movement. When concern first arose regarding the use of synthetic detergents, SCC members in Kanagawa prefecture collected 220,000 signatures requesting local governments to implement a ban on synthetic soaps. The petition was ignored and the lack of response provided the rationale for a new political party that would engage housewives in local parties by nominating women to stand for election to local assemblies, supported by the broader SCC movement. Over 141 women have been elected to local assemblies under the Network movement since the first woman was elected in 1979. The Network movement is now an independent political party and there is some overlap between members of SCC and Network, but the Network Movement is not directly supported by SCC at elections as SCC guarantees its members a non-partisan environment.

### **Conclusion – Lessons for Scaling Up**

The Seikatsu Consumer Coop has been effective at scaling-up place-based consumption. Based on this scan of existing documents of the SCC, the following lessons can be learned regarding how they were able over a period of 50 years to scale-up from a small group of concerned citizens to a federated cooperative representing over 300,000 consumers. Given the broad spatial and temporal range (32 autonomous coops spanning over 50 years of existence), it is difficult to make any conclusive statements about SCC. However, there are a number of lessons that may be relevant for other local food initiatives looking to scale-up their impact.

First, SCC benefited in the beginning from a clear catalyst (concern over milk additives) that served to motivate and engage citizens in a response to a

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<sup>10</sup> <http://www.japanfs.org/en/pages/028682.html>

perceived crisis. From that initial crisis, SCC was able to evolve into broader concerns related to the preservation of heritage food products, self-sufficiency and values-based consumption that form the basis of their core principles.

Second, it was recognized early on that the key to change was to engage citizens in place-based organizing through the Han system. Viewing small groups of neighbours as a proactive force in shaping values, objectives and outcomes and providing much needed sweat equity was critical in overcoming resource constraints.

Finally, it was also through collaboration and building social capital through the Han system and between consumers and producers that allowed the concept of citizen-based consumption to evolve. Citizen-based consumption provided the opportunity to question individual household consumption and to introduce the notion of sufficiency. As a result, consumption was seen as a social activity and not a private activity and consumers were able to use their collective buying power as an incentive for producers to engage with them.

The importance of tangible motivation for change, place-based organizing and collaboration between consumers and producers across different communities enabled the SCC to scale-up food system transformation.