

REPLY TO LOUIS LAVELLE, ERICA LESSEM AND CAROL LIPTON

May 17, 2020

By Ann Herpel, General Coordinator

Thank you for your suggestions regarding shopping assistance for seniors, online ordering, curbside pick-up and delivery. We have heard these suggestions from many members, and in response, I'm taking this opportunity to share what the General Coordinators have learned after significant research and talking to other coops about their experiences.

Shopping Assistance for Seniors and Others

The Coop contacted Invisible Hands (IH), a community-based organization that provides volunteers who shop and deliver food and other goods to seniors and individuals most vulnerable to COVID-19. As we learned, any member who identifies themselves belonging to this category can contact, by online form or phone, Invisible Hands and request a volunteer. Invisible Hands will match the request with one of their volunteers. The details of the shop and payment will be worked out between the member and the volunteer. We explained to the coordinator at IH that the volunteer would need the Coop member's number to access the Coop, and provide proof that they are volunteering with IH. They agreed to those terms. The IH volunteer pays for the member's groceries and the member reimburses them (by the method of their choice) upon delivery. The General Coordinators encourage any member who believes they need this type of assistance to reach out directly to IH and request services. Here is their website and phone number: <https://invisiblehandsdeliver.org/> or (732) 639-1579.

The Coop does not have the capacity to manage this arrangement or make any special provisions for IH. And if you are looking for an opportunity to volunteer, IH needs your time to help provide this valuable service to New Yorkers in need.

Online Ordering, Curbside Pick-up and Delivery

Many retailers have partially or fully converted to online ordering and curbside pick-up and delivery. From the shopper's point of view, these solutions are ideal and seem to solve so many problems. But from the retailer's point of view and in the case of the Coop, a traditional brick-and-mortar store dependent upon member-labor, there are many hurdles to cross in designing and implementing these services. I will attempt briefly to outline the challenges we've identified. The General Coordinators have not ruled out providing online ordering and curbside pick-up but other more urgent priorities still consume our time and energies. Our top priority continues to be expanding access through increased shopping hours and improved efficiencies within the Coop to serve members while always adhering to practices that keep our staff and shopping members safe.

The Coop's most serious financial challenges result from the requirements of social distancing that limit the number of shoppers in the store and the suspension of member-labor, which was replaced with paid labor. We believe that we are making good progress expanding shopping hours and increasing sales volume. We cannot allow more members in the store at any one time due to the requirements of social distancing and the safety of our staff and members, but members are getting faster at shopping and we are getting more efficient in our processes. The time to wait on line to enter the Coop has dropped dramatically in the past few weeks as we've increased our efficiencies in the Coop and as members come prepared with their lists and learn new ways to navigate the Coop.

To set the context for our answers, let me provide some information about the current shopping volume. The Coop currently has 10+ hours of shopping for members per day. On average, in those 10+ hours, there are 525 transactions averaging \$211 in value. Each transaction averages over 60 units or almost 33,000 units sold per day. (The pre-Covid numbers were an average of 21 units per transaction or 56,000 units per day.) The number of transactions per day is down about 75% (from an average of 2,600), but the value of each transaction is 3.5 times higher than our pre-Covid aver-

age (\$211 vs. \$66). Since March 23, we have increased the number of shopping hours by 14 hours per week and our weekly sales volume has increased by over \$160,000 to approximately \$730,000. (The pre-Covid weekly sales averaged \$1.1M.) Even at this reduced sales volume, the Coop is still one of the largest by-sales-volume food coops in the U.S. Some of the comparisons made between our operations and those at other coops are not apples-to-apples because our sales volume exceeds theirs many times over. While a mid-size coop might rejoice at fulfilling 50 online orders per day (and we applaud them!), we anticipate that the pent-up demand for online orders at the Coop would far exceed 50 per day.

Online ordering, pick-up, or delivery is costly in one very specific way. The Coop would pay staff for activities that members are currently doing for free: shopping, unloading grocery carts, and packing their items in bags or boxes. (This does not include the additional staff time required to receive online member orders; place orders for goods; receive deliveries; store goods in the basement; stock goods on the floor; bag bulk and food processing items, including spices, teas, olives, raisins, curry cashews, and so on; cut and wrap cheese; check out the purchased items; and bring them to the member at the curb.) All together, the Coop would be paying a staff person to perform all the functions for a member to purchase groceries from the Coop except for placing the order online and picking it up at the curb. The labor costs per each shop would inevitably increase. A surcharge or fee for this service would be required and such a fee introduces another question of access and affordability. (For the purposes of this response, I will not address the issue of re-introducing member-labor to perform some of these functions. With the NYC region on PAUSE, the GCs are not contemplating phasing in the member-labor system at this time.)

Some members suggest that we eliminate in-store shopping and only provide online and curbside pick-up. Setting aside that this introduces the problem that some members will no longer have access because they choose not to shop online or do not have access to do that, we believe we would only be replacing one set of shoppers (525 in-store) with another set (525 online orders). After speaking to several coops and National Coop Grocers, we've learned that coops struggle to meet the demands

of online ordering and it far outstrips their capacity. They reduce the number of in-store shopping hours in order to fulfill online orders. The solution for these coops is either to limit the number of online orders per day or to set pick-up or delivery times several days after the order has been placed (an experience common to those shoppers using Fresh Direct or Amazon Prime). Neither of these seems ideal because they reduce access.

Other things we've learned that coops around the country are doing:

- Limiting the size of the order to make it feasible for the coop to fulfill with the staff on hand
- Having a set window for curbside pick-up (typically a couple of hours per day)
- Limiting the number of orders received to be what can be fulfilled in one day
- Hiring additional staff to manage the system of online ordering and fulfillment

Any limitations or constraints that reduce the number of shops or the volume of sales would present more problems to the Coop, especially as our labor costs to provide these services would increase. We have learned from other coops that increases in the percentage of their sales through online ordering, curbside pick-up, or delivery contributes to decreases in their operating surplus. Why? Because even with a surcharge on these orders or services, the labor costs are higher per sales.

Other challenges we face:

- Providing storage given our limited capacity to hold purchased dry, frozen and refrigerated goods before they are picked up or delivered
- Providing sufficient time to clean and sanitize the Coop over hours with few or no other staff in the building
- Hiring people to work overnight shifts, which might require us to pay a premium for this labor
- Increasing paid labor overall to manage receiving, in-store operations, and online ordering and pick-up

- Finding a window of time for pick-up when our curbside loading area is free of deliveries
- Buying a vehicle(s) and hiring staff to delivery groceries
- Expanding shopping hours if that time is needed to fulfill online orders

We clearly understand that some members currently are not shopping at the Coop because they don't want to or are unable to wait on line, the shopping hours are not convenient given changes in their family or professional lives, or they are trying to avoid public spaces. We will continue to think of ways to address those needs while also keeping a close eye on Coop expenses and our bottom line.