COOP TO COMMUNITY: NEW MEMBERS WELCOME—AND NEEDED

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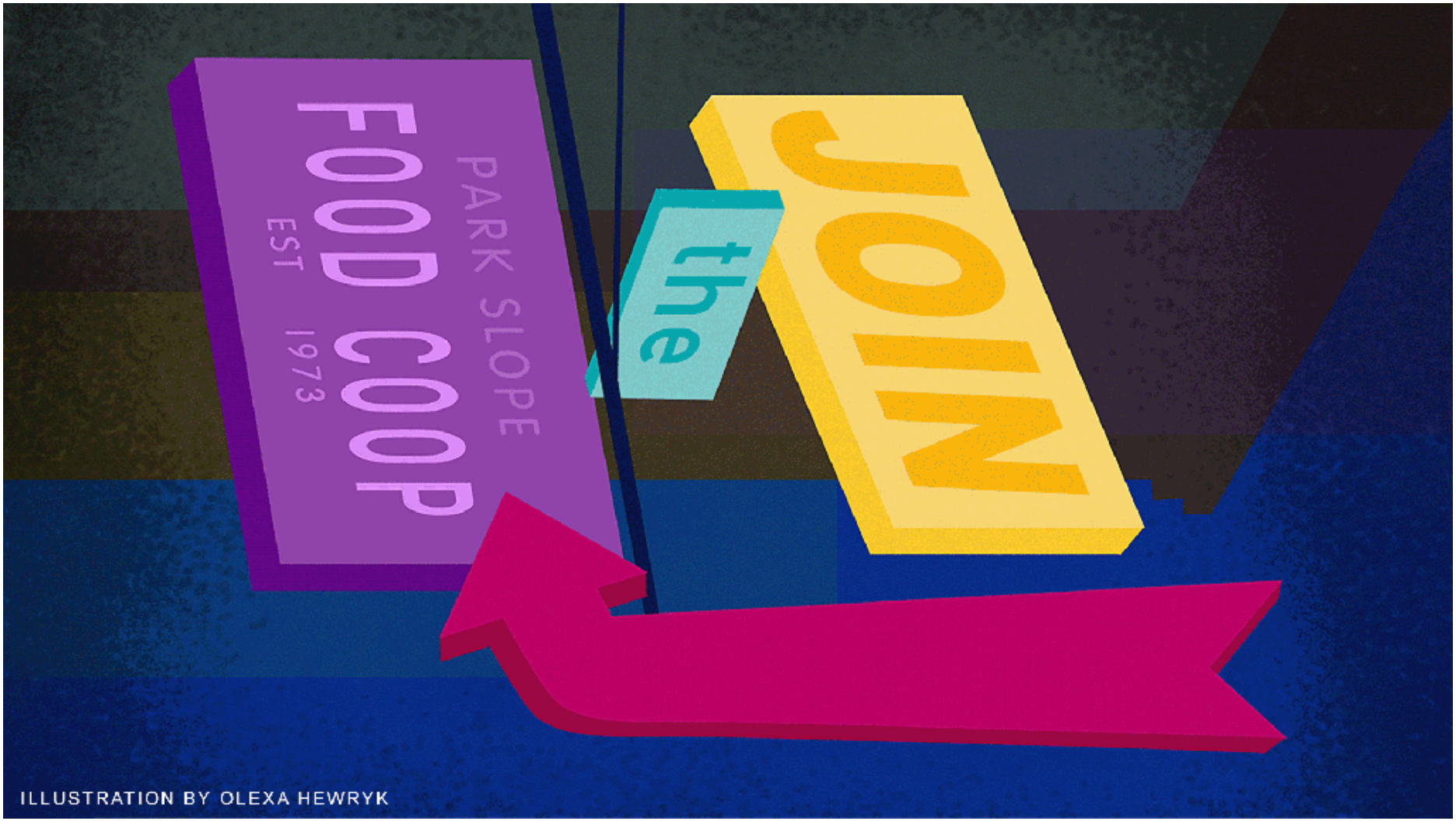


ILLUSTRATION BY OLEXA HEWRYK

By Meredith Kolodner

The Coop has dusted off its welcome mat for new members, ending a 20-month freeze on new admissions.

In March 2020, when the deadly spread of Covid-19 became undeniable, the Coop stopped accepting new members. The result was a drop in membership that significantly cut into the Coop's revenues, threatening its economic viability. After months of internal discussion about how to restart the admission process, an interim online orientation is up and running.

"We keep burning money every week, every week we have negative cash flow," said Joe Holtz, co-founder and general manager at the Coop. "If we allow more people to join, we will get close to not losing cash every week."

The numbers are dramatic. In February 2020, the Coop had 17,076 members. As of November 28, that number had fallen to 12,555, a 26% drop in a span of less than two years, and the membership body's lowest point since February 2004.

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The Surprising Reason For Membership Decline

Contrary to conventional wisdom, the primary cause of the decline was not members quitting and fleeing the city. It was simply a continuation of a longstanding pattern. For about a decade before the pandemic, the Coop lost about 2,600 members per year. If the pre-pandemic departure rate had stayed steady, about 3,900 members would have left between March 2020 and September 2021. Instead, the Coop lost about 4,300 members during that time, and last month the rate slowed down to

about the pre-pandemic rate.

“The real problem is that we didn’t admit new members,” Holtz said.

Financial Impact

In the spring of 2020, the Coop had a negative cash flow of $125,000 per week. While cash flow is not the same as the bottom line, breaking even is the first step toward financial health. Currently, the Coop would stop the negative flow if sales increased by about $100,000 per week. One way to figure out how many new members would balance the Coop’s cash flow is to look at the average amount that each member spends, which is roughly $70 per week. That means the Coop needs about 1,430 additional members.

If the goal is to increase the Coop’s membership by about 1,400 over the next six months, an even greater number of members need to join. It is likely that about 1,000 people will have left during that time (given the typical number who leave every year), so the Coop has to admit about 2,400 members over the next year to arrive at an even cash flow.

History of Membership Growth

The Coop has grown in fits and starts over the past few decades. Between 1987 and 1993, the Coop membership quickly grew from 1,763 to about 4,940. For the next seven years growth slowed as the space at 780 Union Street, where the Coop was located, reached capacity. After the Coop bought and finished renovating 784 Union Street, membership grew rapidly between 2001 and 2005 from roughly 5,760 to about 12,920. When membership hit around 15,000 in the spring of 2009, the Coop began limiting the number of people who could join to keep the numbers in line with the capacity of the Coop. With limited spots, the membership pool crept up only by a few hundred people each year until March 2020.

Member Concerns

Several members shopping and working on a sunny morning in December at the Coop said they supported the idea of bringing in new members.

“More members would probably lead to longer lines, but I’m ok with that,” said Neil Rosenhouse, who first joined the Coop in 2005. “I think it’s a good idea, especially if we need it for economic reasons.”

However, Rosenhouse raised a concern echoed by others. He worries that an increase in membership could mean more people would be allowed in the building at the same time.

“I’d feel a little nervous about it, if it meant more people shopping at once,” said Jan Holland. “Sometimes when you stop in the aisles, it’s very crowded. We’re still dealing with the pandemic. As long as it didn’t get more crowded, I’m fine with it.”

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Holtz said that there were no plans to increase the number of people who would be allowed to shop at the same time.

“I want the Coop to be here for years to come, so I think we should do what we have to do for the longevity of the Coop,” said Keri, who asked that her last name not be used, and has been a member for 20 years. “If there are more members, there will probably be more inconvenience, but we should do what we have to do.”

“But also, if there are more members and more people are working and shopping

could start at 6 a.m., that would be a plus for me," she added, smiling.

How People Can Join

Prior to March 2020, the orientation process was held in person. Prospective members would sign up for an orientation meeting to get acquainted with the Coop's policies, tour the building, sign paperwork agreeing to abide by the rules and sign up for a work shift.

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The interim process, which will likely be tweaked and changed in the months to come, creates a virtual joining process. Under the tab that says "Join" on the top right corner of the website's homepage, prospective members can find links that take them through the process. They are asked to read about the essentials of Coop membership, watch a brief video and read the Coop's joining agreements. After that, they can schedule an in-person appointment to have their photo taken and ID checked in order to qualify for a membership card.

Stefan Malmoli, who has been a member since 1999, had another concern.

"I wonder if people are going to join, I mean a significant number," he said. "People have shifted their buying and shopping habits a lot since the pandemic."

Holtz said he wasn't concerned about a lack of interest in joining the Coop. The first enrollees began signing up on December 5 and as of that afternoon all of the appointments were already filled. He said that in the first week of the new interim process, the Coop will enroll more than 100 people.

“We need to stop losing money, and the road to stop losing money is new members,” said Holtz.

Meredith Kolodner is a journalist. She lives in Brooklyn and has been a member of the Coop for more than a decade.