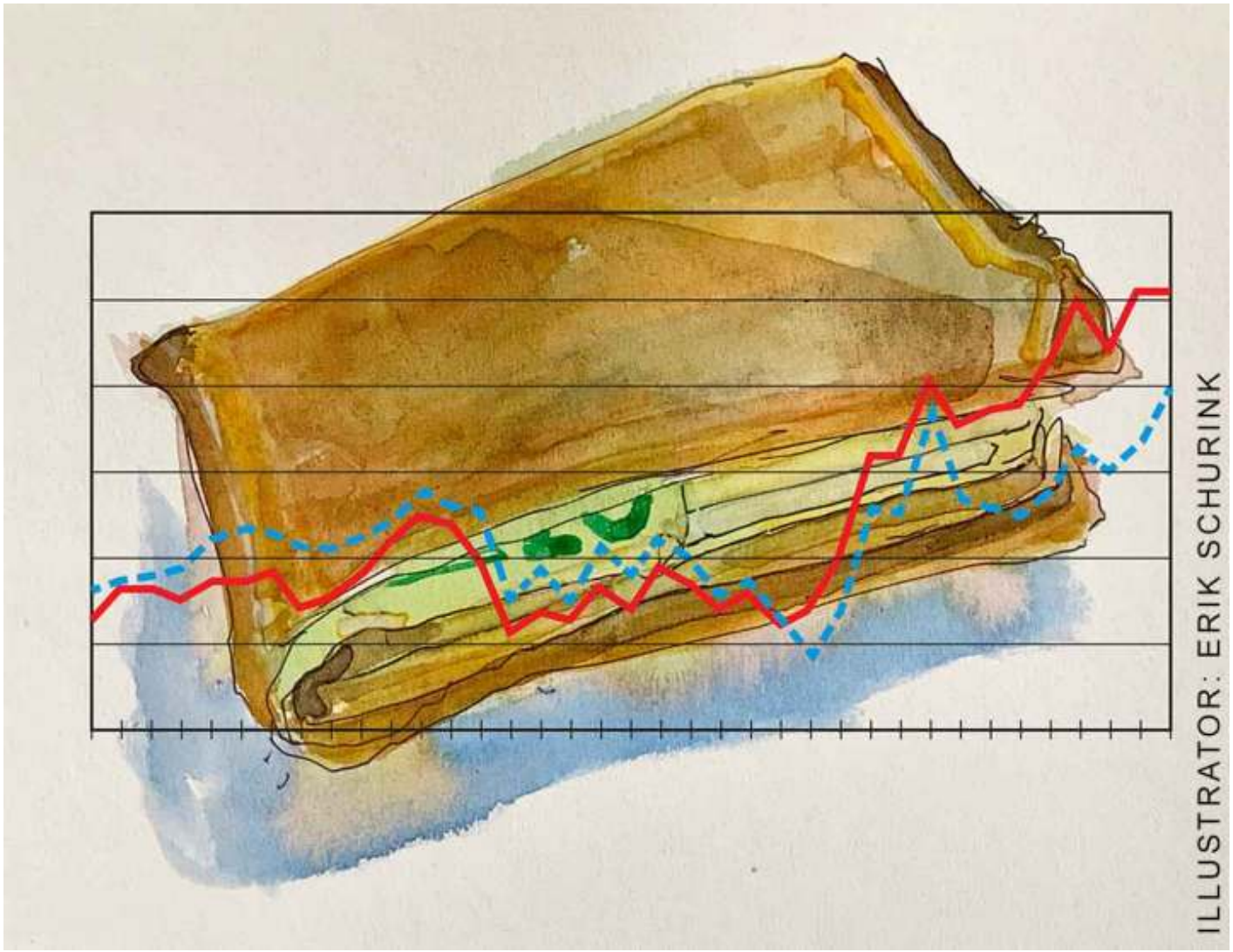
INFLATION HITS THE COOP

April 19, 2022



By Meredith Kolodner

It’s inescapable. Either you’re seeing it in the news or you’re feeling it in your bank account. Inflation rose faster last year than it has in decades. The trend has continued in the first months of 2022, driven by surging demand for goods and skyrocketing energy prices.

Economists may disagree about inflation’s causes and cures, but it’s undeniably hitting everyone’s wallets. And the Coop isn’t immune. In February 2022, food prices increased by close to 8% from a year prior.

There are always regional differences and seasonal fluctuations that affect the prices of goods. Overall American shoppers, Coop members included, are paying more for food, and prices are expected to continue to rise at a higher rate than wages.

Some stores, such as Whole Foods and Key Food, use complicated algorithms to determine what goods should carry the price increases and which should be kept lower. But for the Coop, the math is much simpler. “The Coop has no struggle and no decision making to do,” said Joe Holtz, a General Coordinator and one of the Coop’s founders. “A regular store might say, ‘Will my shoppers be able to tolerate this price increase? I don’t want to scare people away so I’m going to not raise the price of milk too much,’ because that’s something people might remember the price of.”

Holtz is referring to a strategy that many corporate grocery stores use to make a profit. They may use a sale price to lure in shoppers and then boost prices even further on other items, hoping shoppers aren’t checking the price of every item. Even if they do notice, few people have time to go to multiple stores to buy their groceries, so once they’re in the aisles, they’re pretty much stuck.

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The Coop doesn’t play those games, Holtz says, and it doesn’t employ people to discern shopping habits in order to increase the bottom line as much as possible. Instead, the Coop finds producers and distributors it trusts. It buys wholesale and then marks up all prices 25%, which is what is needed to keep the business running.

The markup number used to be 21%, but Covid led to a drop in membership, reduced shopping hours and limited the number of people who could be in the Coop at a time. The mark-up had to increase, at least temporarily, to keep the Coop going. Holtz says

the years-long relationships with local producers can sometimes shield the Coop from some of the more volatile market fluctuations.

Joe Szladek is the General Coordinator in charge of purchasing. He says that prices have definitely been affected, although the Coop's tracking systems don't have aggregate data to show exactly what overall increases have been in the last year. He points out that inflation did not just start with the war in Ukraine or even surface over the last six months. The disruptions in the supply chain and the ripple effect of the global pandemic have caused prices to rise for almost two years.



Climbing prices lurk in the isles of the Coop.

Oils and fats have seen sharp increases globally and are expected to increase further between 6 and 7% this year. Shoppers may have noticed that change when they examine the oil section. A 25.4 oz. container of BioNature olive oil, for example, was $15.70 in March, up from $14.03 a year earlier—an increase of 12%.

The cost of grain is rising too, and cereal prices are also going up. Last year a box of Cascadian Farms OrganicHoney Nut O's was $4.18. The same product has risen to $4.87, an increase close to 17%. The price of some eggs, such as the pastured dozens from Grindstone Farm, have increased 8%. And some brands of chicken are seeing a rise closer to 5 or 6%. A few products, such as Hardwood ground beef, have

remained stable.

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But a lot of produce items have seen significant wholesale price increases. Last year in March, the Coop paid $24.50 for a 40-pound crate of bananas. This year that same case costs $26.50. Similarly, a year ago, the Coop could buy a case of 24 bunches of lacinato kale for $40.74. The price has increase in the past several weeks and is now up 12%, to $45.67.



The cost of bananas has risen over the last year.

“It’s terrible. It’s very serious,” said Szladek. “But we’ve been seeing inflation for two

years. It started with all of the supply chain shocks at the beginning of Covid. This is just another leg in the march upwards of prices." Szladek said that he's made adjustments to his own budget, like buying cheaper olive oil and granola and cutting back on smoked salmon altogether.

Geveral Coop members said they had also adjusted their buying habits. "Things are more expensive, so I'm much more judicious about what we buy," said Sang Silano, who has been a member since 2005. She also said that the supply issues have affected her shopping habits, since what's on the shelves varies much more than it did before the pandemic. Long-time member Annie Keating said she had observed the changes, too. "I did notice a slight increase in prices, but my feeling is that, because the Coop struggled so much to stay open and keep going during the Covid, it would not deter me to buy food from the Coop," she said.

Meredith Kolodner is a journalist who has been a member of the Coop for 15 years and lives in Brooklyn.