

Local Food Stores as a Platform Strategy: A Case of Wanju Local Food Station in South Korea

Jongoh Lee¹

Abstract

This paper considers local food stores as a platform that connects producers, sellers, and consumers. Direct local food stores not only intermediate trade between producers and sellers to lower distribution prices but also seek to change the relationship between agriculture and food. This concept assumes that this relationship cannot be explained by the concept of economy alone. Therefore, this platform is not only a spatial medium, but also a window where people share memories, experiences, stories, and values based on trust. For this study, we selected Wanju-gun, South Korea as the subject location. Wanju-gun has been playing a leading role in the local food industry to aid farmers. Direct local food stores in Wanju are supporting local villages and communities by selling produce not at markets but in public areas.

Keywords: *Local Food Movements, Local Food Station, Platform Strategy, Wanju-gun, Village Enterprise, Sustainable Platform Model.*

Introduction

A platform is where a train stands at a station, a stage, or a podium. However, this definition of platform has expanded and the term is now indicative of a basic structure of a specific tool or system. Today, this term is used in a variety of fields including computer science and automobiles. The expanded definition of the term references a space where a basis of public activity, negotiated rules, structures, and interactions take place.

The platform concept has moved beyond computers and vehicles and has reached a management strategy. First, the individualization of demand has made it necessary to cater to individual needs. Allowing for autonomy, individuals escape from one-sided supply and demand and the interaction of polycentrism or dispersion. Second, the convergence trend between completely different industries has created the need for new profit sources.

In this context, a platform is an activity-based model of the elements of different systems in common structures and frameworks. A platform can be applied to all “in/tangible” spaces and can be tied to cultural contents that highlight convergence. This provides a framework for the main values and is a system that enables the interactive connection between the interior and exterior, and exterior and exterior. This also connects consumption and supply, creating value and driving an evolutionary process. Therefore, a platform is a space or a structure that promises an open and shared area for participation.

¹ Hankuk University of Foreign Studies, South Korea

Local food station of Wanju-gun

Wanju-gun plans to expand the spirit and value of local food based on the active enactment of ordinances an administration revamp, and the ties between mid-level support groups and private groups. The basic plan is to meet the various demands of consumers with the systemization of family farms and small quantity batch production while keeping up with changes in consumption using the farmer manufacture center. The Wanju local food consumption market includes a variety such as box schemes of healthy meals, local food stations, specialty shops, direct trading markets, public supply, and welfare. However, box schemes of healthy meals and local food stations are the main promotional projects. (Na Young-sam, 2011) As of December 2013, the Wanju local food station, that this study is focused on, had three chain stores in Yongjin, Hyoja, and Moaksan.

Car and Hagi (2011) suggest nine strategies for constructing a platform, and the following is a reconstruction of these strategies applied to the direct local food store analysis.

Table 1. Wanju local food station platform strategy analysis

| | Platform Strategy | Yongjin: Wanju-gun Yongjin-Myeon | Hyoja: Jeonju-si, Hyoja-dong | Moaksan: Wanju-gun, Gui-myeon |
|---|-------------------|--|--|--|
| 1 | Vision | Local food vitalization in urban and rural areas | | |
| 2 | Target | P r o d u c e r | Systematization of producers: family farms, female farms, urban to rural returners, town communities, farmers' cooperative farms, local businesses Fishery products: difficult to obtain due to Wanju's geographical characteristics; reinforce this area with affiliated company | |
| | | C o n s u m e r | A strategic location of transportation that connects Jeonju and Wanju and targets consumers in and out of these cities | Citizens of Jeonju-si, Hyoja-dong |
| 3 | Networking | Local government-local agriculture ties | Wanju-gun-Jeonju-si coexisting alliance (Wanju-gun Remodel and Management, Jeonju-si provides the land) | Enhances public accessibility within Wanju-gun |

| | | | | |
|---|--------------------------|--|---|---|
| | | <ul style="list-style-type: none"> • Integrated support from Wanju-gun, farming corporation Healthy Meals, agricultural corporation for Wanju local food • Tied to social contribution from Hyundai Cars, Horse Affairs Association, etc. • Collaborate with town communities, farmers' cooperative groups, small businesses, etc. • Provide places of stable consumption such as hospitals, schools, military camps, etc. • Tied to National Agricultural Products Quality Management Service and Wanju-gun Agricultural Technology Center | | |
| 4 | Differentiation Factors | Manage and carry not only local specialties but also the processed goods of the agricultural cooperative; diversify products | Receive attention as an urban-rural integration model between Jeonju and Wanju | Attract a variety of groups with a complex cultural space, combining direct stores, farm restaurants, pick-your-own farms, and a farm information center |
| | | Display a picture of the producer, name, and phone number | | |
| 5 | Stable Supply of Funding | Total business expenses of 500 million won (Wanju-gun 50%, Yongjin agricultural cooperative 50%) | Wanju Local Food Inc. (three sector type agricultural corporation/gun invested 500 million won, agriculture association invested 896 million won) | Local government owned structures and facilities (public security), three sector type agriculture corporation (administration +agricultural cooperative invested 1.3 billion won) |
| 6 | Price and Motivation | <ul style="list-style-type: none"> ❖ Producer: <ul style="list-style-type: none"> • Systematization of producers: farmers' cooperative farms, growing town businesses, growing 13 local food production groups: 100 stations, 1200 farms • Producers directly get involved in packaging, product display, price determination, etc. • Post the producers' names, pictures, and contacts, to encourage the producers to be more responsible and proud of their products. ❖ Consumer: <ul style="list-style-type: none"> • Continuously promote the “Consumer Family Farm Tour” to close the gap between the producer and the consumer • Concurrently provide various types of educational programs about local food (lectures, education, discussion) • Housewives monitoring group: monitors the consumer satisfaction level • Town bus from direct store to Wanju: runs every week for consumer families participating in the direct stores • Make consumers become supporters of local agriculture: Market Cooperative, The Second Hometown Dream Movement ❖ Miscellaneous: Wild Food Festival, Local Food experience | | |

| | | |
|---|--|--|
| 7 | Managing the quality of product and service | <ul style="list-style-type: none"> • The trading of agricultural and stockbreeding products in Wanju is over 95%; the trading rate of partnership foods (fishery goods, etc.), which are essential items of the dining table that cannot be produced locally, is about 5% • The system enhances the safety of production and distribution levels • The participation of local small villages below 1.0hectare is over 60% • Producers get directly involved in packaging, product display, price determination, etc. • The return rate of the sale is at least 85% • Farmer processing that uses local produce as the main material is promoted • Constant farm education about known food • A variety of interaction programs between producers and consumers to close the social gap are promoted • Public security of the mid-level groups is enhanced • Ties to the local government agricultural policies |
| 8 | Integrating the existing platform and managing conflicts | Ordinance and authorization policy establishment: guarantees safety to both producers and consumers |
| 9 | Strategies for Evolution | <ul style="list-style-type: none"> • Key point farmer manufacturing center • Local food integrated control center that has no more than second-level distribution • Quality Management • Open Online Sale |

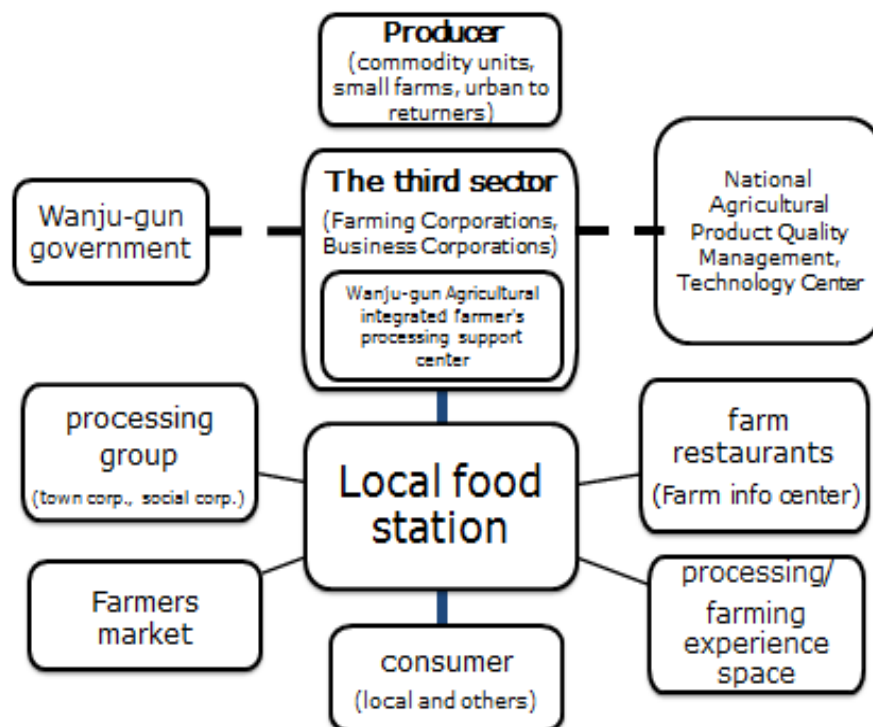
The platform strategy functions as a means to identify and address the participating subject's basic needs and demands. Based on this, Baek Seung-Woo and Kim Soo-Hyun (2013) analyzed consumer motivations and satisfaction with direct local food stores. This investigation showed that consumers' ecofriendly-related, health-related motivations, and economic motivations were satisfied, but their societal or convenience motivations were not. Providing information about local food and raising awareness can resolve this. Current strategies include providing social community space on blogs or websites, stocking info-sheets and pamphlets for people who are not familiar with computers, giving consumers the opportunity to participate in Wanju local food events and the Wild Food Festival. Such strategies aggressively utilize the complex local food cultural space of Moaksan, other than just a price platform strategy, and require programs that share and expand the societal definition of local food through local food education, farms and a manufacturing center, town visits, local food experiences, and meet-ups with producers. In addition, such activity can actively encourage the systemization of producers and consumers, and guarantee the safety of food production. The pursuit of societal motivations needs to correlate with a strong understanding of strategy, beyond just price.

First, the number of chain stores should be increased to satisfy the consumer's convenience motivation. Along with the fourth and fifth chain stores, that will open in December 2013 and January 2014, more chain stores should open so that consumers can

have easier access to local food. Second, like the Yongjin store, strategies should be considered from the point of view of the consumer, even though this may require a slight sacrifice of local food spirit. However, for this, the consumers' demands should be considered and new strategies for locally processed food goods should be addressed. Finally, the ongoing online local food stores and box schemes business should be enhanced so that a more diverse consumer group is targeted. The box schemes business can provide fresh and safe food, but consumers do not get to choose what they want because the producers select the items. Additionally, the current box schemes target families. Therefore, local food businesses that target a variety of family unit types such as senior citizens and students should also be considered.

The current local food business in Wanju-gun is showing unique progress. Since this is a good example of a means to revitalize local farms, representatives from other cities visit Wanju frequently to benchmark this successful model. In addition, considering the vision and meaning of local food, expanding the business onto a national level does not fit this spirit. Therefore, it is necessary to evolve it within the local food system itself. The town businesses that currently sell processed goods include Mother Cookie (migrated females/confectionery and bakery), The Lin (CB business group/fermented baked goods), Dduk-Mea Village (disabled members/rice cake goods), Town Business (Tofu), town business (soybean paste with bamboo salt), Hakdong Health Longevity Village (fermented bean paste), Hakdong Process Corporation (grain syrup, rice, etc.), self-sufficiency center (sesame oil, perilla oil), Kitchen of a Farm (processing community/pickles), etc. However, these products can be purchased from most consumer cooperatives and other local food stores. Therefore, it is essential to develop local specialties. For example, rice cakes, baked goods, soybean paste, or fermented bean paste, can be used to achieve the strategies and enhance the function of the platform. In other words, platforms should include more diverse subjects, and the subjects themselves should create and maintain their own value.

Considering the above, the local food station platform model of Wanju-gun looks as follows.



Conclusion

This paper tried to identify the strategies and problems facing the Wanju-gun local food station. The platform model of Wanju-gun reveals the public properties of basic visions such as the vitalization of the area, the convergence of a variety of subjects, networking, efforts for societal satisfaction, a closing gap between producers and consumers, etc.

The management subjects are divided into three sectors, but Wanju-gun has an intimate cooperation system that guarantees a stable supply of funds. This gives easy access to professional groups, and therefore, the consumers trust them since the quality of produce is exceptional. This not only guarantees the producers price, but also encourages systemization in the towns. This area is also moving forward based on societal issues such as an increasing population of urban to rural returners and senior citizens, etc. This local food station was successful in processing facilities installation, farm systemization, ecofriendly farming, etc., in terms of hardware (stores, integrated distribution centers, key point processing center) and software (operation and management). Wanju-gun gains consumer trust for such systems based on health and safety and plans to bring local food awareness and expand stores and consumer access to local food. It specifically highlights the public demand for processed goods by taking advantage of social enterprises or town business products.

Wanju-gun local food station needs to overcome several challenges. First, it should satisfy consumers' societal and convenience motivations. For this, local food awareness, the importance of responsibility, and consumer access to local food should be highlighted. Second, the number of local food stores is expected to increase, but Wanju-gun should prepare for differentiated products and services; in other words, strategies for evolution are required. Therefore, the basic spirit of local food should be maintained, but local specialties and unique food culture should be emphasized.

References

- Baek Seung-Woo, Kim Su-Hyeon. (2013). Shopping Motives and Customer Satisfaction in the Local Food Store, *Korean journal of food marketing economics*, Vol. 30-2, 47-66.
- Cusumano M. A. and Gawer. (2002). A. The elements of platform leadership. *MIT Sloan Management Review*, 43(3), 51-58.
- Evans, D. A., Hagiu, A. and R. Schmalensee. (2008). *Invisible Engines: How Software Platforms Drive Innovation and Transform Industries*, The MIT Press.
- Evans, D. S and Schmalensee, R. (2008). Markets with two-sided platforms. *Issues in Competition Law and policy*, 28(1), 667-693.
- Hirano, A. C. and Hagiu. (2011). *A. Platform Strategy*, Seoul: The Soop.
- Na Young-sam. (2011). *A Study on Activation of Regional Agriculture Using Local Food: based on the case study of Wanju-gun*, Master's thesis of Jeollabuk Univ.
- Wanju-gun. (2013). "Constructing Strategies for Local Food System of Wanju-gun to Close the Social Gap between Food(食) and Agriculture(農)" *National Farming and Fishing Community Conference Case Study Presentation*.
- Yoon Byeong-Seon and Song Won-Kyu. (2014). The Strategy for Vitalizing Regional Cooperatives through the Local Food Movements, *Journal of Industrial Economics and Business*, 27-1. 55-75.
- Zeuli, Kimberly, David Freshwater, Deborah Markley, and David Barkley. (2004) *Cooperatives in Rural Community Development: A New Framework for Anaysis*," *Community Development*, 35(2), 17-35.