

Plan to increase the number of local food direct sales stores

Jeongbin Im

Professor, Seoul National University

The Ministry of Agriculture, Food, and Rural Affairs (MAFRA) announced the plan to increase the number of local food direct sales stores up to 40 stores by the end of this year in August 14, 2013. The government is planning to increase local food direct sales stores to 100 by 2016. It is for stabilizing agricultural prices and enhancing farm-household income.

Local food direct sales stores have been shown to be beneficial to both consumers and producers. With comparing the general retail prices of agricultural products, the sales prices at the direct sales stores generally appeared to be lower than other stores. The comparison was conducted over three phases, on July 31st, August 2nd, and August 9th. For example, the retail price of lettuce, which had a rapidly increased price compared to last year (36.3% over the average based on August 2nd), appeared to be KRW(₩) 1,353/100g, while the price was 40% or cheaper at direct sales stores, being sold at KRW(₩) 750~850/100g. In addition, most items sold at direct sales stores, including green chili peppers, tomatoes, cucumbers, zucchini pumpkin, young daikon radishes, onions, spring onions, and potatoes, are sold at lower prices, ranging from 10% to 70% compared to other stores. Among the items surveyed, peeled garlic, was more expensive at direct sales stores compared to general retail prices, by 30~70% or more. The reason appeared to be that the peeled garlic sold at direct sales store was manually peeled rather than done mechanically, resulting in higher prices.

Direct sales stores not only had lower prices, but also appeared to have earned consumer reliability regarding quality, and as a result of a consumer awareness survey conducted last May by the Nonghyup Economic Research Institute, which asked for the main reason respondents used local food direct sales stores, the percentage of those who responded: 'there are many fresh agricultural products' was 56.4%.

The income of farmhouses participating in direct sales stores increased compared to the pre-participation period, and a self-conducted survey showed that the income of farmhouses participating in Wanju's Yongjin Nonghyup local food direct sales store, which opened in April of last year, increased by least 10% to a staggering of 200%. A farmer of Gimpo-si increased the price of product acquisition by at least 25% over the general market price obtained through wholesale markets after participating in the Gimpo Nonghyup local food direct sales market newly opened this year.

In this regard, the Korean government is planning to increase local food direct sales stores to 100 by 2016, and is expecting around 40 direct sales stores to operate through government support and as autonomous businesses this year alone. Thirty stores will be operated by new establishments or enlargements by the end of this year by selecting direct sales store business operators over three phases, by early August, and ten local unions are planning to autonomously operate direct sales stores.

Also, the government will continuously promote ex-post management of direct sales stores so that they can be operated in accordance with the purpose of direct sales, despite the importance of quantitative expansion of such stores. The government is planning to continuously examine the agricultural products which can be sold in direct sales stores and trends in quality and price, by monitoring direct sales stores in connection with consumer groups starting early next year.

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