Who Wins, Who Loses, and How Will E-Markets Affect Rural America?

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Outline

- Some Losers
- Some Winners
- Challenges for Rural Business
- Thoughts on Policy
Losers

- Farmers who choose not to use.
  Of farms with $250,000 or more in sales, 65% use computer for business and 52% have Internet (NASS, June 1999)

- Rural businesses that lack access.
  7 exchanges in Texas have no local dial-up ISP. (Public Utility Commission of Tx, Jan. 2001)
Losers, continued.

Investors
Winners

- Online functions to aid in supply chain
  - "B2B"
  - the Web
- Example: Franchisees
More Winners

- Tech Service Firms Who Understand Needs of Farm and Rural Businesses
  - Traceability services like FoodTrak
  - Advanced Telecom providers
  - Software developers
Why will they win?

- Commitment among the parties. Business relationship first.
- Competitiveness. Ag-food businesses are accustomed to the price competition.
- Customer focused.
  - Ex. On-line cattle marketing
- Can manage risks.
  - Ex. On-line auctions and third-party guarantees
The Cattle – Beef Alliances

- Formal supply chains
- Extensive information sharing
- Mainly in breeding and production
- Some retailers are getting involved
Looking to the Future

- Technology and scale
  - Distance and connections
  - Smaller enterprises
  - XML (J. Greenspan)
- Human capital
- Policy
References

Food Trak web site. (http://www.farmline.com/folcorps/foodtrak/)

