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NEW AND TIMELY DEVELOPMENTS

Chairperson: Jarvis L. Cain, University of Maryland

THE USE OF COMPUTERIZED SYSTEMS, INCLUDING ELECTRONIC MARKETING, IN THE PRODUCE BROKER INDUSTRY

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INTRODUCTION

The Produce Broker industry is faced with the challenges and opportunities that result from computerization of daily business operational needs. This project investigates the present and future use of computers by produce brokers. Haphazard decisions concerning the acquisition and use of such systems may lead to expensive disappointment and decrease in productivity. Unsatisfactory experiences with computer technology, regardless of the reasons will lead to a lower ratio of adoption rates. As a result, the introduction of potential cost saving technology will be deferred.

Electronic marketing is being widely discussed in many sectors of the food industry. The use of computers by produce brokers will facilitate the transition to electronic market. This does not mean that electronic marketing is inevitable, but only that it would be easier to introduce such a system because management and employees would be already accustomed to the computer in their environment.

The objectives of this paper are:

1. Determine the extent of the use of computers by Produce Brokers.
2. Determine Future Plans by Produce Brokers for incorporating computers into their operations.
3. Determine potential effect on broker-buyer relationships of increased use of computers by manufacturer and retailers.
4. Examine the feasibility of intertwining existing computer expertise with the development of computerized trading by Produce Brokers.

METHODOLOGY

A mail survey of produce brokers was conducted during August, September, and October, 1983. A list of produce brokers was obtained from the Produce Marketing Association (PMA), Newark, Delaware. The questionnaire was mailed nationwide to the 250 firms included on the list.

Information that was requested from these firms was including the following:

1. Was accounting work done in-house or using an outside service?
2. The extent of the use of financial statements.
3. Level of satisfaction with the present accounting system.
4. Size of firms by sales volume.
5. Office cost of handling and processing orders.
6. Daily operational needs regarding storage and retrievable characteristics firms deem necessary and/or desirable in a computerized system (price, quantity, shipments, source, grade, size, etc.).
7. Type of computerized system presently utilizing.
8. The possible use of micros.
9. Criteria established by firms for procuring a computer system

Cost of system
Cost of Service Bureau
Work turnaround time
Internal labor savings
Increased capability & capacity

User friendly
Prestige
Impulse
Aggressive Marketing
Return on Investment

10. Source of software
11. Affect on broker-buyer relationship of new innovations and trade practice changes

USC
Use of scanning by retailers
Use of in-store mini-computers
Retailer control of shelf space
12. Produce broker knowledge concerning electronic marketing or computerized trading system.

Potential interest
Possible benefits to the firm
Disadvantage of a system
Could it become a feasible alternative in produce broker industry

PRELIMINARY RESULTS

At the present time, we have a 28% return rate or 70 firms have responded.