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Introduction

After 20 years in Washington, this is my first opportunity to speak at an Outlook Conference. My presentation concerns utilizing existing communications technology to speed information which can assist in marketing perishable commodities.

You have heard about electronic marketing. The fruit and vegetable industry, which we serve, has yet to show much interest in that innovation because of the numerous factors affecting price -- color, size, uniformity in pack, as well as grade or quality. Trading through computers would, of course, help in our collection of market information.

Computers are somewhat of a mystery to many of us, and I find I have as much trouble understanding terms used by the computer specialists as I do in interpreting the specialized language of economists. However, we are learning how to take advantage of some computer capability.

Current Program

Before I discuss computerization, an outline of our current program may be helpful. Reporters must collect and analyze the information before any reports can be available. Budget problems have made it necessary to close some offices and curtail services in other ways. Hopefully, that trend will stop because the reporters in the field are basic to every piece of information released.

One of the primary products of Market News, as it applies to fruits and vegetables, is reporting the volume of marketings. We collect data on quantities entering the commercial channels in terms of shipments. Rail shipments are collected directly from the carriers. Truck and air shipments are collected largely by field offices directly from the shippers. When the rail and truck loads reach terminal markets for movement into retail stores or institutions, they are termed arrivals. In the past, they were referred to as unloads. However, because so much of the distribution does not stay in the city where it is recorded, "arrivals" seemed a more appropriate term. Railroad arrivals also are collected from the carrier, and truck arrivals from the original receivers. These data are available only in the terminal market cities where we have offices, and include supplies received by chainstores as well as wholesalers. If our budget allowed us to operate in more terminal markets, a greater percentage of the nation's arrivals could be reported.

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Computers may have the potential for collecting price data, but have not been practical to date. In some trial projects sellers entered information about transactions into the computer. This has not worked out because some buyers or sellers attempted to manipulate the information to gain an advantageous bargaining position. A similar project had been tried earlier for Poultry in Georgia, with the same results. Computers can only process the data entered. They cannot determine the validity of the information. On the other hand, market reporters are trained extensively to learn about the products, marketing practices, and the people in the industry. Efforts to mislead reporters are countered by the background and experience acquired. Verifications are accomplished as necessary to assure that all factors are considered in evaluating market conditions. Although Market News must depend upon voluntary cooperation, sufficient investigative reporting takes place each day to provide the most accurate and complete reports possible.

Dissemination by computer could be employed now. Currently, market news information is exchanged among field offices over more than 20,000 miles of leased wire system. Access to the leased wire is available to private subscribers, commercial wire services, and others who may make the arrangements directly with the telephone company. Additionally, reports are prepared especially for radio or newspaper, and in most offices, are loaded on a telephone recorder where anyone can dial a number 24 hours a day to obtain the latest report. Also, mailed reports are available on a subscription basis.

The leased wire system has become less dependable as time goes on. Either the equipment we have been using is wearing out or the service has deteriorated. Machines in various offices are out of service for longer periods than we have ever experienced in the past. In addition to providing for more timely reports, computers should help to assure reliability.

Plan

We plan to have market news field offices enter data directly into computer storage instead of transmitting it by leased wire. If offices can retrieve reports directly from the computer, then the information can also be made available to individuals or firms who want immediate access to it. They could subscribe to the computer service like they now arrange for a drop on the leased wire system. If market news field offices specializing in one or more commodities can request information on various markets throughout the country by commodity -- either terminal markets or competitive shipping point markets -- and obtain that information when they want it, it will save considerable duplicate typing of reports. Currently, a market news office must type a report, then type it again to enter it into the leased wire system. It is typed a third time by the receiving office where someone must first edit the leased wire copy and select the portions needed. Only one typing will be necessary in a computerized system. When the originating office prepares the report on the word processor, it can be entered into the computer for retrieval by other offices equipped with micro-processors or word processors with communicating capability. After retrieving it, an operator can place it on the screen, and format it as desired. A duplicating master can be prepared without typing. This system will eliminate considerable clerical effort and should speed release of data. At the same time, growers, private users, or

anyone needing the reports can enter the data bank and retrieve the information by selecting the commodity or market in the manner preferred. All they need is a word processor, personal computer, or other equipment capable of communicating with a computer data bank.

Progress Report

Computerization of market news information began as a result of a cutback in appropriations. At the beginning of fiscal year 1982, it was obvious that funds were insufficient to maintain operations at the 1981 fiscal year level. Several offices were closed and in 16 others, where more than one clerical assistant was employed, one position was eliminated. A word processor was installed to help the remaining clerk. This has not been entirely successful because the word processors will not answer the telephone. Many clerks and reporters are working overtime in order to maintain service to the public. Nevertheless, we found that the word processors had computer capability. The machine selected as most cost effective at the time was the Xerox 820 which is also a micro-computer. By adding a communication modem, that equipment will communicate either with another similar machine or with a computer data bank.

In the meantime, leased wire personnel have been working with SATNET, a satellite system which could replace land lines for exchanging information. Concurrently, a computerized information service in Memphis, Tennessee, was added to that trial to see if market news data could be entered into a data bank through the satellite system. This has proven to be possible. Also, the Technical Services Division of AMS ran a test with another computer information company to test our proposal for exchanging reports through a computer data bank in lieu of leased wire. That test has not been formally evaluated by the Technical Services Division as of this date. However, the market news offices involved in the test believe it was operationally successful. The problem in finishing the evaluation, as I understand it, concerns estimating the cost. We hope that the test will be found financially feasible because the concept is the goal we seek.

We have Cooperative Agreements with 28 State Departments of Agriculture, and we are obligated to maintain an exchange of market information with offices operated by State agencies. Many of them are as important to the national program as the offices operated by Federal personnel. They must have equipment to enter and retrieve data from a computer or compatibility with the Xerox 820 to communicate directly when advantageous to the program. Until all offices -- both Federal and State -- are equipped, market information will continue to move over the leased wire.

If the concept of a computerized exchange of market information is operationally and financially feasible, there are at least two options available to establish the service. A contract with a private computer service such as Dialcom, AGNET, Market Data Systems, or other could be developed from competitive bidding. Alternatively, AMS could purchase a computer. Many factors need to be considered. We must determine whether a private contractor or government facility would be most able to keep up with the fast moving improvements in computer technology or add more computer capability to meet increased demand for reports. The question of utilizing one private contractor to process market news information at the exclusion of all others has

caused concern. Currently, market news reports move over telephone company facilities. The telephone company charges private subscribers for equipment and access to market information on lines leased to AMS. It seems conceivable that the same arrangement could be made with a commercial computer service, and if the contract with the agency resulted from competitive bidding, it should be fair to all. Charging those who want the data for computer time is comparable to renting the telephone company facilities. There could be a stipulation in the contract that the computer firm sell only the computer time.

We surely hope that all problems can be solved and that by next Outlook, market news information exchange throughout the country will be available by contacting a computer data bank.