

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



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# Outline

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

# Losers

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- 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

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

# More Winners

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

# Why will they win?

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- 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

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- 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



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