

The Emergence of E-markets in Agribusiness:

How Will They Work and Who Will Win?

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Emerging Agribusiness Sites

- “Neutral” Farmer-sites

- Rooster.com
- Cybercrop.com
- XSAg.com
- Eharvest.com
- 1stag.com
- Breednet.com
- Directag.com
- Farmbid.com

- B2B E-Marketplace

- Rooster.com
- Transora
- Novopoint
- AgHorizons
- Globalfoodexchange.com



Transora

- A Global B2B eMarketplace
- 49 companies including Procter and Gamble, Coca Cola, Unilever, Sara Lee, Kraft, Kellogg...
- \$238 million investment
- Limited 5% share for each investor
- Multiple types of transactions
- Broad offering of products, services, and content
- **Targeted to:** suppliers, manufacturers, retailers, industry participants, and consumers

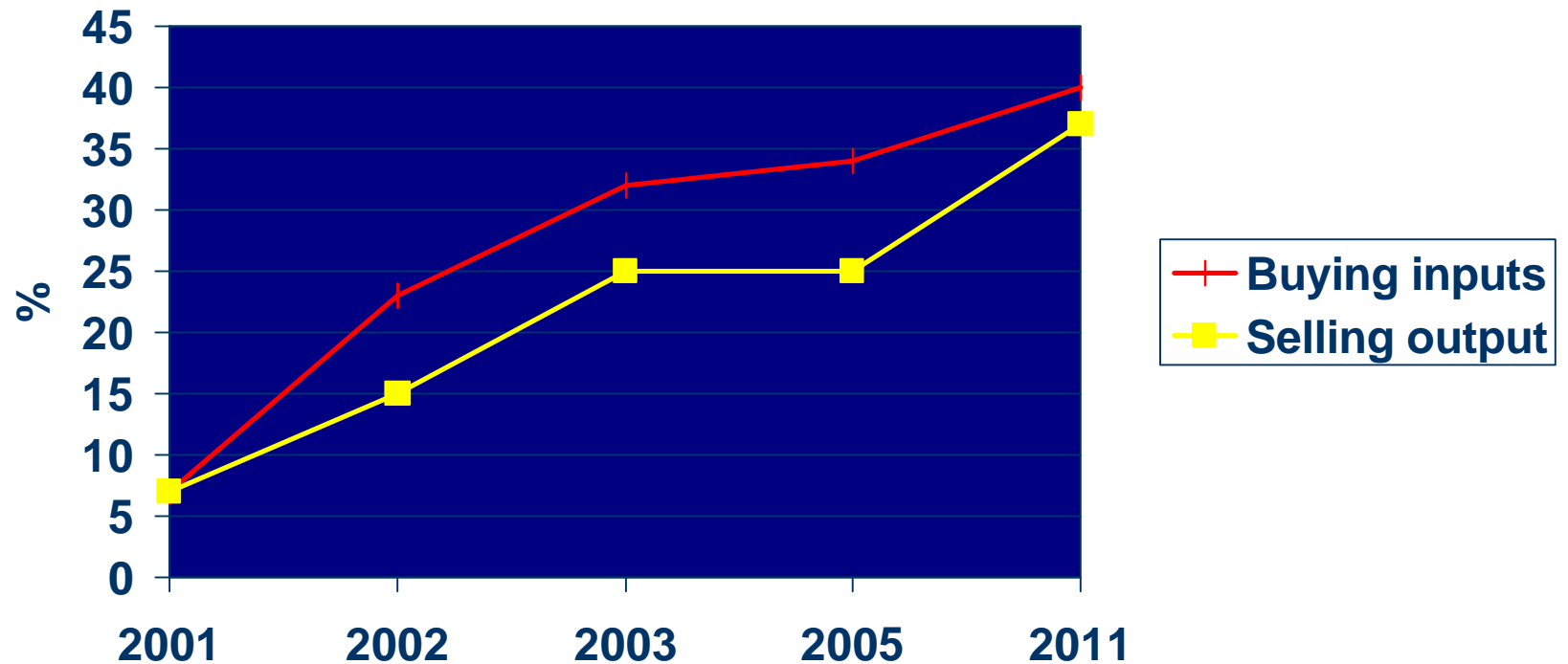
Farmers' Internet Usage

- 1997 – 13% of farmers had internet access
- 1999 – 29%
- 2001 – 52%

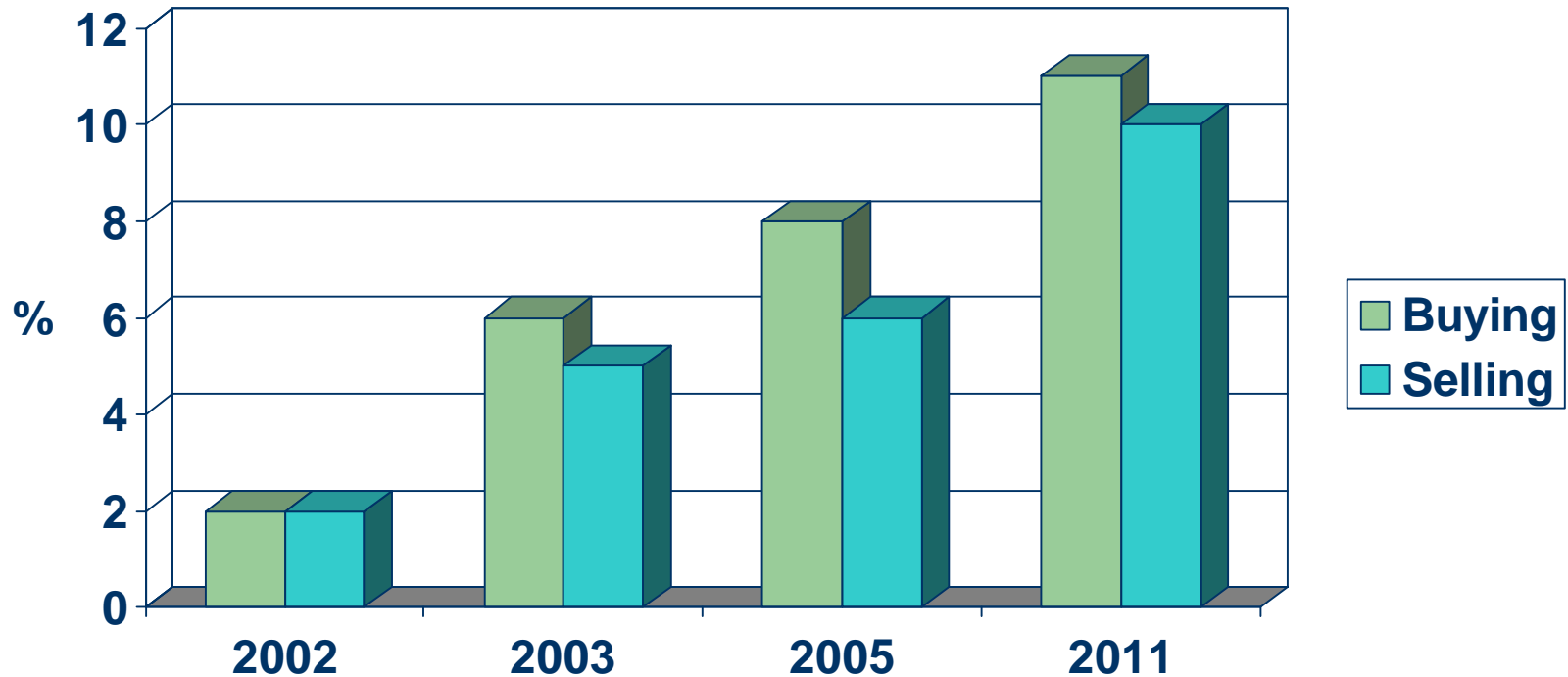


- For farmers with sales > \$250,000 – 75%+

Future E-commerce Usage by Georgia Farmers



Future Intensity of E-Commerce Usage by Georgia Farmers

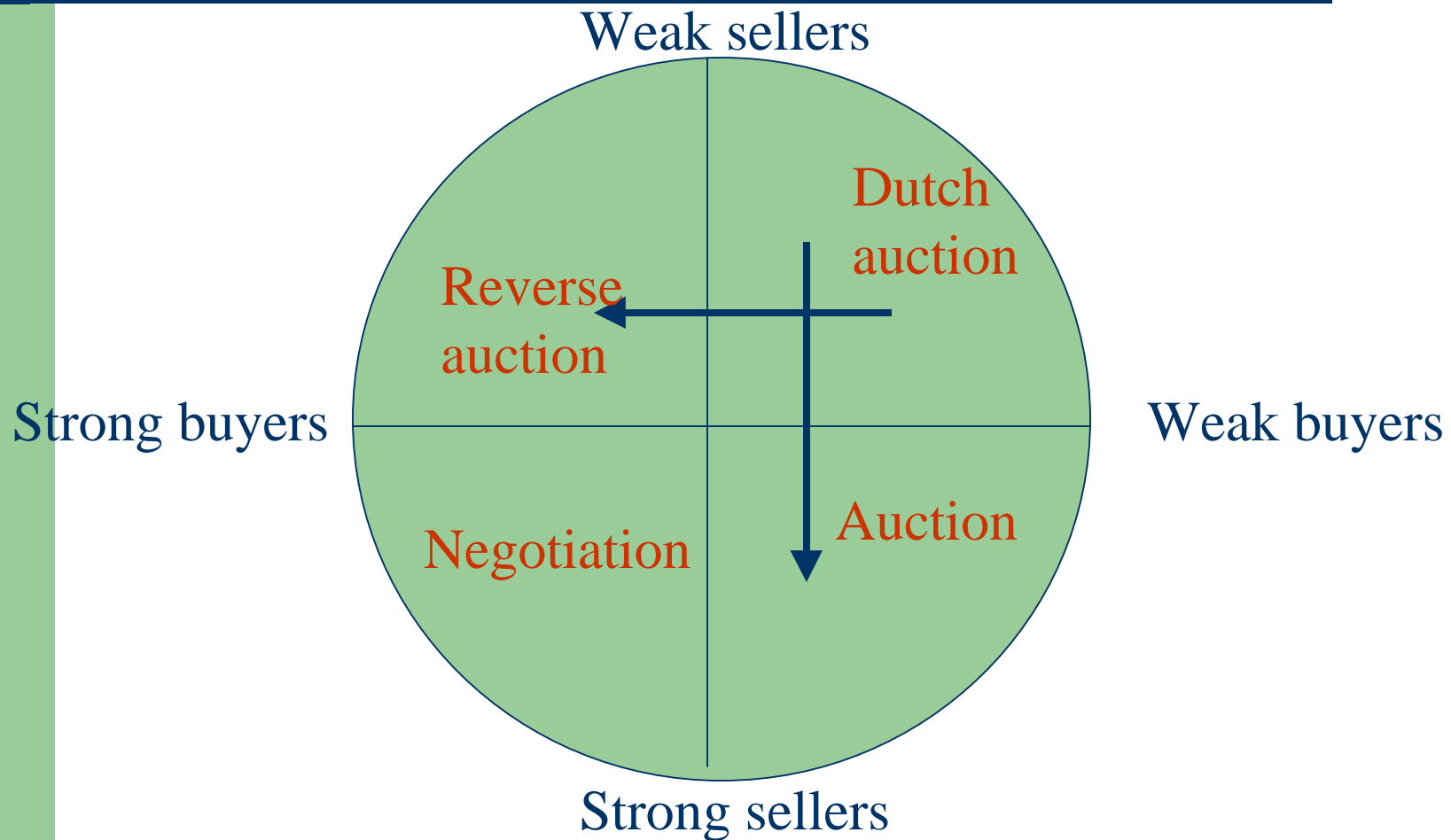


E-commerce as an Ideal

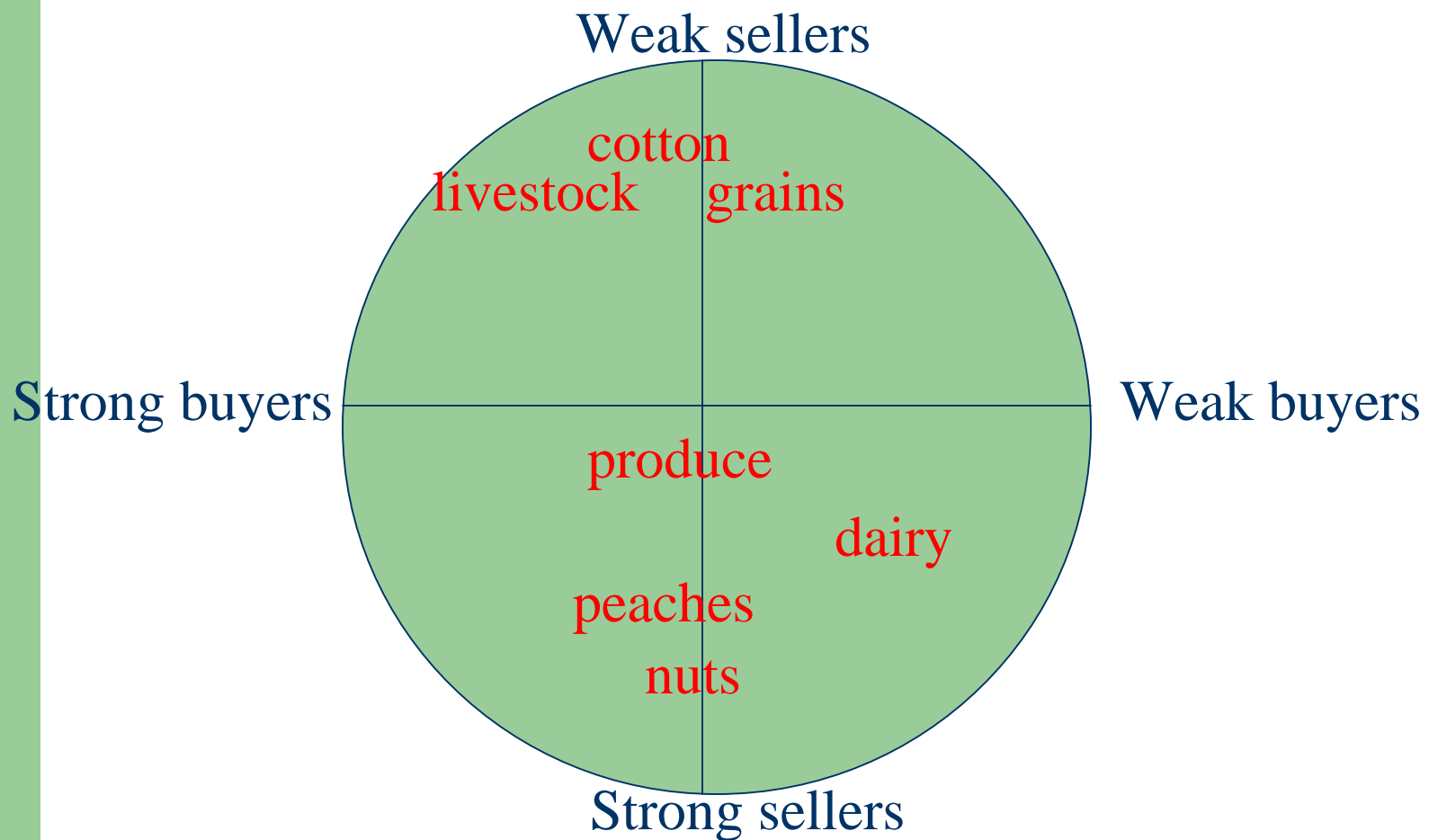
- Farmers receive a higher price
- Buyers pay higher price to farmers because
 - Lower transaction costs
 - More balance in market power
 - More complete information
- Buyers still save money
- Validated in car auction cases



What Markets Will Emerge?



Where Do Ag Sectors Fit?



What E-Markets Will Emerge?

- From the two figures, we should probably expect to see **Dutch** and **reverse auctions** as the most common e-market types.
- Most likely first commodity to transition heavily is **cattle** which is already used to tele-auctions and in-person auction formats.
- May see **regular auctions** in **specialty crops**.

Who Will Win?

- Likely winners will be **buyers**, not farmers on the output side.
- Farmers' hopes can be pinned on the car e-market evidence (win-win).
- Farmers may also benefit on the input side.

