

Briefs

Technology**On the Upswing: Online Buying & Selling Of Crop Inputs & Livestock**

As online possibilities for agricultural commerce expand, more and more farmers and ranchers are doing business over the Internet. The share of farms with Internet access more than doubled to 29 percent between 1997 and 1999, according to USDA's National Agricultural Statistics Service. More than 600,000 U.S. farms and ranches accessed the Internet in 1999, with 15 percent conducting e-commerce transactions, based on USDA's Agricultural Resource Management Study. This means that roughly 1 of every 25 farms and ranches in the country bought or sold agricultural products on the Net.

Many agricultural e-commerce ventures were just getting started in 1999, and farmers have adopted e-commerce at about the same rate at which they opted to try biotech crops when they were first introduced.

Farms that bought or sold online in 1999 were more likely to be younger, more educated operators than the national average. Almost three-quarters of active e-commerce users were between 35 and 54 (over 70 percent), and just over a third had completed college or graduate school. Only 46 percent in the farm population as a whole are between 35 and 54 years old, and 21 percent have completed college or graduate school. Higher rates of adoption among these groups are to be expected, because both age and education level are often strong predictors of willingness to adopt a new technology.

More than half (55 percent) of 1999 agricultural e-commerce came from the Heartland, Prairie Gateway, and Fruitful Rim regions, which together account for 47 percent of total farms. In addition, many farms that bought or sold online in 1999 were small (gross sales below \$250,000), although small farms accounted for only 60 percent of online agricultural business compared with 94 percent of all U.S. farms.

Over 42 percent of online market activity in 1999 involved purchasing crop inputs, and online buying was related to farm size. A higher share of larger small farms (sales of \$100,000 or more) bought crop inputs over the Internet than smaller farms (17 vs. 4 percent). Farms with operators going online to buy crop inputs accounted for almost one-tenth of U.S. corn and soybean acreage, and the same share of total seed, fertilizer, and chemical expenses. Crop-input purchases for these farms (all transaction methods) totaled \$2.2 billion in 1999. In contrast with Internet purchases of crop inputs, farm size showed no relation to transactions for purchasing livestock inputs and selling livestock (58 percent of online market activity).

Agricultural commerce sites on the Internet are betting that farmers will do business online in increasing numbers to explore the potential benefits of e-commerce, ranging from cost savings to better and more timely agricultural information. Assuming reliable Internet service, the Net could also provide farmers and

ranchers with the opportunity to buy and sell commodities efficiently and conveniently. **AO**

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Upcoming Reports—USDA's Economic Research Service

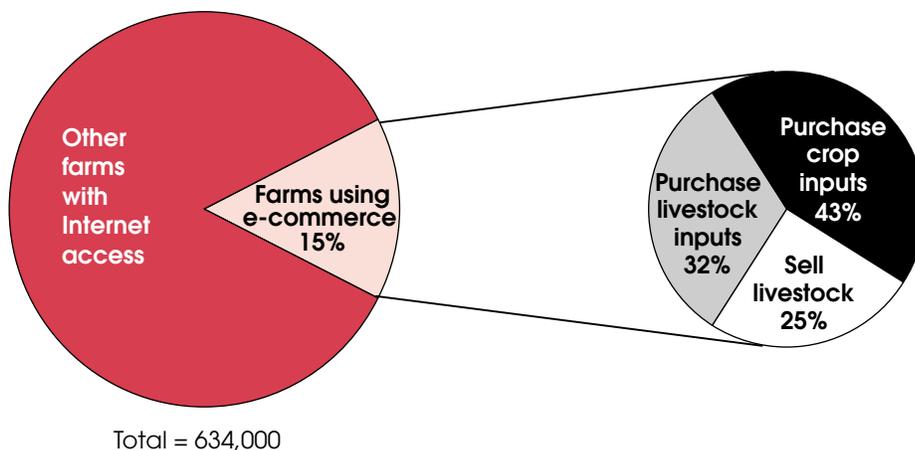
The following reports are issued electronically at 3 p.m. (ET) unless otherwise indicated.

September

- 7 *Fruit & Tree Nuts**
- 12 *World Agricultural Supply & Demand (8:30 am)*
- 13 *Cotton & Wool Outlook (4 pm)***
- Oil Crops Outlook (4 pm)***
- Rice Outlook (4 pm)***
- 14 *Feed Outlook (9 am)***
- Wheat Outlook (9 am)***
- 18 *Tobacco**
- 20 *Agricultural Outlook**
- 21 *Sugar & Sweeteners**
- 25 *Agricultural Income & Finance**
- 26 *U.S. Agricultural Trade Update (3 pm)*
- 28 *Livestock, Dairy & Poultry (4 pm)***

*Release of summary, 3 p.m.

**Available electronically only

Purchases of Inputs Account for Most E-Commerce in Production Agriculture

Some farms reported more than one activity. Livestock inputs include purchased animals. Source: Agricultural Resource Management Study, 1999.

Economic Research Service, USDA