

THE CONCEPT OF ELECTRONIC LOGISTICS IN AGROBUSINESS

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Keywords: the logistic approach, distribution channels, electronic distribution, electronic commerce, optimization of the processes, the analysis, the purpose.

The Internet is considered as a new distribution channel of agricultural products, electronic distribution is determined and analyzed, and the essence of the electronic logistics is explained.

The Internet expansion has led to the occurrence of two new tendencies in existing distribution systems. On the one hand, under the conditions of modern information technologies a wide range of agricultural manufacturers have gained a possibility to get access to the ultimate consumers of production. In some cases that allows to avoid the multilevel distribution systems and to adjust the interaction with the clients at the level of direct marketing. On the other hand, the Internet has caused a great number of intermediaries whose basic function is to render information and logistic services to all the participants of the electronic markets. These intermediaries allow accomplishing a number of activities: information supporting, promotion, tracking of cargos, negotiating, ordering and payment. All this helps to avoid dealing with intermediary entities.

From our point of view a range of circumstances give the grounds to consider the Internet as a new competent distribution channel of the agricultural products. It gives an opportunity for the agricultural companies to cooperate with the potential clients any time from any geographical point and time-zone, i.e. allows getting direct access to ultimate consumers of the products. The data exchange is simplified too, which helps to provide the most detailed information without any considerable financial costs.

Due to the possibility to accomplish a range of activities, such as information supporting, promotion, tracking the cargos in the mode of real time, negotiating, placing orders and payment though the Internet, it allows to avoid the multilevel distribution systems and to establish cooperation with the customers at the level of direct marketing.

Thus, the electronic distribution (marketing) in agrobusiness can be represented as a process of use of the electronic means (informa-

tion and communication technologies) for improvement of the marketing management, deliveries and service in business-business (B2B) sector via the Internet.

Hence, we can make a conclusion that the essence of the electronic distribution consists in the interaction of buyers and sellers in the virtual space in the mode of real time.

M.V. Raynov (Candidate of economic sciences) considers that the prerequisite of the given interaction is the electronic logistic infrastructure which is an aggregate of trading, financial and payment subsystems. Therefore the main task, he thinks, is to create a corresponding network infrastructure which is indispensable for the electronic transactions accomplishment. In the electronic market creation of the network infrastructure includes making up of several levels: production, relocation, marketing, service.

Production level includes besides the production process, a corresponding database, multimedia product (computer technology which unifies textual, graphical and video information), information product and services.

Marketing level is characterized by direct allocating (distribution) of products to potential consumers. Due to peculiarity of agricultural products and their marketing this level can be expanded. Our opinion is that in agrobusiness the marketing level of the network infrastructure includes: connecting potential sellers and buyers on electronic trading platforms (ETP), trade organizing in order to quote market prices of agricultural products, organizing and effecting delivery transactions, preparing consignment, cargo delivery, monitoring observance of delivery quality, transferring cargo to the consumer.

M.V. Raynov shows the infrastructural relocation level as electronic exchange of standard

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business documents. We agree with this point of view.

Infrastructural service level is characterized by M.V. Raynov as an aggregate of payment realization, safety securing and e-mail. We suggest adding to this level such operations as cargo tracking in the mode of real time, providing electronic-logistic services in the form of Internet-banking and Internet insurance. Thus, logistic nature of electronic markets infrastructure presumably coincides with the traditional logistic system but has qualitatively other form.

Basing on the above-stated it is possible to draw a conclusion that electronic logistics is a separate derivation of the logistic sciences. The most complete and comprehensive definition of electronic logistics is given in the dissertation of M.V. Raynov whose opinion is that electronic logistics is a network optimization system of logistic processes. It is based on information technology which provides realization of the closed commercial cycle. It includes products ordering, payment transactions, monitoring and carrying out goods delivery, basing on the electronic documents circulation and securing cession of ownership rights by one legal body to another.

In our opinion, the electronic market in agriculture is generated on B2B platforms which represent a trading subsystem of the logistic infrastructure. These platforms represent commercial sites which allowing big communities of suppliers and consumers to find and to trade with each other. The sites offer suppliers and consumers a unique mechanism reducing transaction costs, expanding sales processes, promoting goods or services and providing additional services.

Electronic trade systems and Russian B2B-market forms are various. The most typical in agrobusiness form is electronic trade platforms where seller and buyer conclude bargains, and financial and trade transactions are carried out. Internet resources allow to make purchase and sale in the mode of real time, and, owing to the Internet availability, companies can participate in trading activities of a platform from every spot on the globe. Internet trading platforms development should provide a more effective and free flow of information, goods, payments and other services like B2B.

I. Balabanov in his book "Electronic commerce" gives a classification of B2B trading platforms: Independent trading marketplace; Pri-

vate trading marketplace; Industry sponsored marketplace.

A lot of investors are interested in independent trading platforms created by new vigorous Internet companies to provide services to certain industries or commodity groups. The services include solving the problem of searching the new trade partners, a unified place for business dealing, virtual management of business interrelation and possibility to compare the prices of various suppliers.

Industry sponsored or private on-line platforms can be created either by the supplier (producer) interested in simplification of the products sale and delivery (sell-side marketplace), or by the buyer interested in optimization of the goods purchase process (buy-side marketplace). Owing to trading platforms industrial enterprises can take the advantage of on-line business and control the development of B2B-commerce in their economic sector.

Big companies create private on-line platforms for maximum use of on-line technology resources in order to intensify integration with the business partners. Private trading platforms unite existing internal systems of the partners for better acting of the delivery flows and reducing transaction costs between them.

In our opinion, the most widespread form of trading platforms in agrobusiness is independent trading marketplaces. NAUET (Russian association for e-trade) gives the percentage parity of participants trading on B2B-platforms. Small companies form the majority of the e-markets – 64%, medium-sized companies amount 24%, and the big companies have the smallest share in the market – 12%. Also intermediary companies make up 59%, manufacturers amount 38%, and the least percent was made by the private companies – 3%.

I.V.Uspenskiy in his book "Internet marketing" gives his own classification of electronic trading platforms (ETP). If ETP specialize in certain fields or products they are called vertical units. And if ETP specialize in a certain business-process they are called horizontal units. Vertical trading platforms operate in certain industries like agriculture, electric power energy, petrochemical industry etc. They provide specific information for a given field and consider the interrelation features in it.

Horizontal trading platforms specialize in separate business functions or requirements

peculiar to set of different industries. Functional B2B platforms focus on accomplishment of certain functions or automation of certain processes (insurance, payment transactions, cargo delivery organizing) for different industries. Their experience concentrates on a specific business-process which is horizontal, i.e. easily transformed on various vertical markets.

I. Balabanov in his book "Electronic commerce" describes different models of organization the interaction between sellers and buyers which are used when creating an ETP. He distinguishes models with the fixed prices typical for the catalogue sales or systems of dynamic pricing, characteristic for auctions, exchange or barter trade.

The list or catalogue model concentrates sellers and buyer in one place. And it is the most appropriate for industries with a strong fragmentation of sellers and buyers who deal with relatively inexpensive goods. With all that there is no need to coordinate prices, and they are fixed by the seller.

The catalogue model works well either, if the sales majority is performed by known suppliers and according to certain rules, and to make a choice a buyer has to familiarize with offers of a big number of small suppliers. This model is effective at the market where demand is quite predictable and the prices change very seldom.

The auction model brings together sellers and buyers geographically. It is effective when companies with differing approaches of the goods pricing sell or buy non-standard, perishable or unique goods or services. This group includes rare items, capital equipment, used goods, warehouse stocks and other similar products.

The exchange model provides time coordination of supply and demand. Such model needs creation of a mechanism coordinating demand and supply in the mode of real-time, evaluation of the market price, as well as registration and implementation of the bargains. This model is the most appropriate for standard products which have several easily standardized characteristics. The exchange model is attractive to the markets with changeable demand and prices. It allows participants of the market to control overstocks and demand peaks.

In our opinion, the electronic markets in agricultural production is presented on the vertical trading platforms with the exchange model of business dealing.

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