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BARRY DUNN

Farmers Value Internet Info Most

BY RITA BRHEL
P&D Correspondent

At first glance, it seems that the Internet would be considered a valuable tool in helping farmers and ranchers make their farm management decisions. From following market prices to keeping in touch with a national farm organization’s activities to perusing search engine results for a relevant article to shooting off a quick e-mail to the county agent, it would seem that the Internet provides agricultural users with the advantage in knowing more and faster.

“Technology and interconnectivity impact every aspect of agriculture today,” said Barry Dunn, dean of South Dakota State University’s College of Agriculture in Brookings. “From guidance systems in equipment, seed and application of crop nutrition and protection products to gathering real-time information, accessing the markets and processing of goods, understanding how to best implement technology and communicate information is key to maximizing yields and profits on today’s farms and ranches.”

But the statistics don’t add up. “The average farmer finds few benefits to using the Internet for business purposes,” said Aaron Smith, assistant professor at the University of California’s Giannini Foundation of Agricultural Economics in Davis, Calif. “Specifically, Internet purchases generate small cost savings and Internet marketing producers small increased returns. Only about half of farmers who use the Internet for business perceive that it enhances their competitiveness.”

According to the U.S. Department of Agriculture’s National Agricultural Statistics Service (NASS), as of its latest survey in 2011, 62 percent of U.S. farms have Internet access, slightly less than the 63 percent that have a computer. However, only 37 percent of these farms use their computers as part of the farm business. These farms tend to be those with sales and government payments of \$250,000 or more; less so with lower-grossing farms. Crop growers tend to use the Internet more than livestock producers.

In South Dakota, reports the NASS, 66 percent of farmers have a computer and 63 percent have Internet access, but just 42 percent use the computer as part of the



farming business. A total of 11 percent of these farmers in South Dakota purchase farm inputs over the Internet, and 13 percent conduct marketing activities online. South Dakota Internet connection tends to be DSL more so than cable, satellite, wireless, or dial-up.

In Nebraska, 71 percent of farmers have a computer and 69 percent use the Internet, but only 52 percent use it in the business, according to the NASS. A total of 15 percent of these farmers purchase farm inputs online, and 23 percent conduct marketing activities over the Internet. Nebraskans tend to access their Internet over wireless or DSL connections.

“Nonetheless, we expect the benefits of the Internet to increase in the future as more farm-specific applications develop,” Smith said.

Interestingly, while few farmers and ranchers appear to use the Internet as part of their business, they do access online information and communications for non-business use, according to the NASS report. Also of note is that small family farms are less likely to find as much benefit in using the Internet as part of the business as opposed to larger family farms or corporate farms, according to the Giannini Foundation. Since the cost of accessing the Internet is relatively low, Smith says that the greatest barrier is likely the learning curve

required, especially since the average age of producers is now 57 years old. Also, farmers and ranchers of any age or operation size or type are much less likely to begin using the Internet without an outside influence, such as exposure through family, college coursework, or outside employment.

Reasons frequently cited by policymakers, such as inadequate Internet service or Internet security concerns, are not behind why the majority of producers do not use the Internet as part of their business, according to a report by the Northeastern Agricultural and Resource Economics Association in Durham, N.H. In reality, farmers less likely to use the Internet are those with a lower time commitment to the farm, such as those who are primarily employed off the farm as well as retiree and hobby farms. Therefore, the seemingly low adoption rates of Internet use is a reflection of the changing dynamics within production agriculture more so than any other factor.

The Giannini Foundation said that what drives producers to use any resource as a business tool depends on the anticipated returns in terms of either farm performance or savings, or actual profitability. This certainly includes better recordkeeping, account, tax reporting, and production processes. For some producers, it also includes researching information, weather

forecasts, and marketing, but this has an indirect, less tangible impact on financial returns and there are other ways that producers can acquire this information.

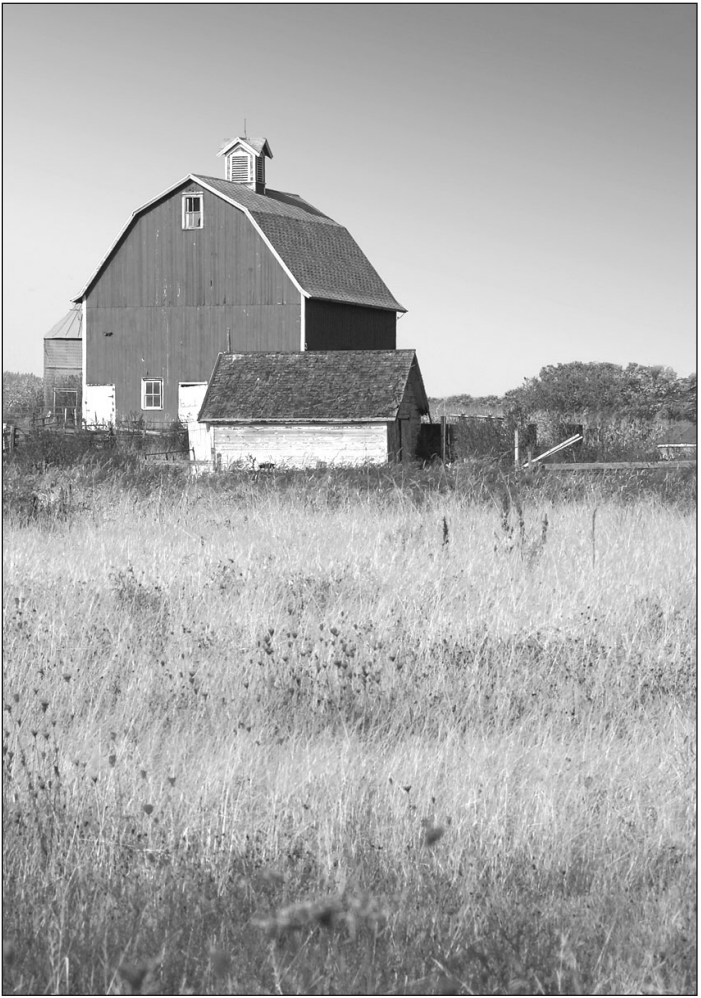
According to a Giannini survey, 53 percent of producers reported that Internet activities profited their operation with an average dollar value of \$3,753 annually. Cost savings averaged only about \$1,000 but marketing commodities over the Internet averaged a premium of \$6,000. Notably, however, half of the producers in the survey reported zero economic benefit of using the Internet, Smith says.

“The most important determinants of farmers’ perceived returns to Internet use involve how it is used in the business,” Smith said. “Farmers who make purchases on the Internet are not significantly more likely to find that Internet use improved their competitiveness. However, using the Internet to get information on input pricing or agricultural commodity markets each increased the probability of finding the technology useful.”

Producers want specific information from reliable sources, says Rosie Nold, ag program director for the SDSU Extension service in Brookings, and a challenge with the Internet is the information overload that it presents. According to the Iowa State University Extension, farmers in this region use the Internet to access information presented by their state Extension service, farm magazines, farm groups, and government programs such as the Farm Service Agency.

Especially as an information source, Nold says that the Internet has a viable future in area farm businesses: “South Dakota agricultural producers are eager for insight into cutting-edge technology and ways they can quickly access information when and where they need it.”

And long-time farm broadcaster, U.S. Farm Report host since 1960, Orion Samuelson, agrees: “When I look at the agricultural people who do use the Internet, it’s no doubt that it’s a valuable tool, whether you’re looking up to see if it’s raining in Nebraska or snowing in South Dakota. Another area I’m finding is that they can sell their products, they can put information on there on how people can use their products, so from that standpoint, it has value,” he said. “No question that it’s used a great deal and will continue to be used.”



A Big Future: Farm Operations Becoming Larger, Less Numerous

BY DEREK BARTOS
derek.bartos@yankton.net

Fewer in number. Larger in size.

For the past several years, a trend has emerged with farms in South Dakota and Nebraska, and the rural community has felt its impact.

According to the latest Census of Agriculture from 2007, South Dakota had 31,169 farms in 2007, a 1.8 percent decline from 31,736 farms in 2002. Of surrounding states, only Montana and Wyoming had fewer farms, while only Nebraska lost a higher percentage of farms (3 percent).

South Dakota farms, on average, also grew in size. In 2007 South Dakota’s average farm was 1,401 acres, a 1.5 percent gain from 1,380 acres in 2002. Nebraska was the only surrounding state in which the average farm size also grew, from 930 to 953 acres (+2 percent).

Chuck Hassebrook, executive director of the Center for Rural Affairs, said a variety of factors has contributed to such a trend, including newer farming technology and ideas.

“New knowledge enables farmers to use more of their skills to cut input costs and capital costs on mid-size farms and produce more efficiently,” he said.

Public policy has also driven the trend to fewer, larger farms, Hassebrook said, but not in a way that has benefited many farmers.

“We’ve got a farm program that basically subsidizes megafarms that drive their neighbors out of business by bidding land away from them,” he said. “If you had one corporation farming all of South Dakota, the fed-

“We’ve got a farm program that basically subsidizes megafarms that drive their neighbors out of business by bidding land away from them.”

CHUCK HASSEBROOK

eral government would pay 60 percent of their crop insurance premiums on every acre, every year, regardless of prices. What in effect that becomes is a subsidy for those megafarms to go out and bid land away from beginning farmers and small- and medium-sized farmers.”

Hassebrook said public policy related to livestock has also driven farm consolidation.

“The Packers and Stockyards Act passed in 1921 says it’s illegal to practice price discrimination against any particular farm,” he said. “Yet, when a smaller, midsize livestock producer sells hogs or cattle, they get less for the same quality of animal than a larger producer, just because the megafarms have the volume and economic power to demand a premium.”

With corporate farms growing larger and smaller farms disappearing, rural communities are struggling to keep up, Hassebrook said.

“The rural communities in southeast South Dakota

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1964



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