



# eBusiness in the U.S. Hardwood Lumber Industry

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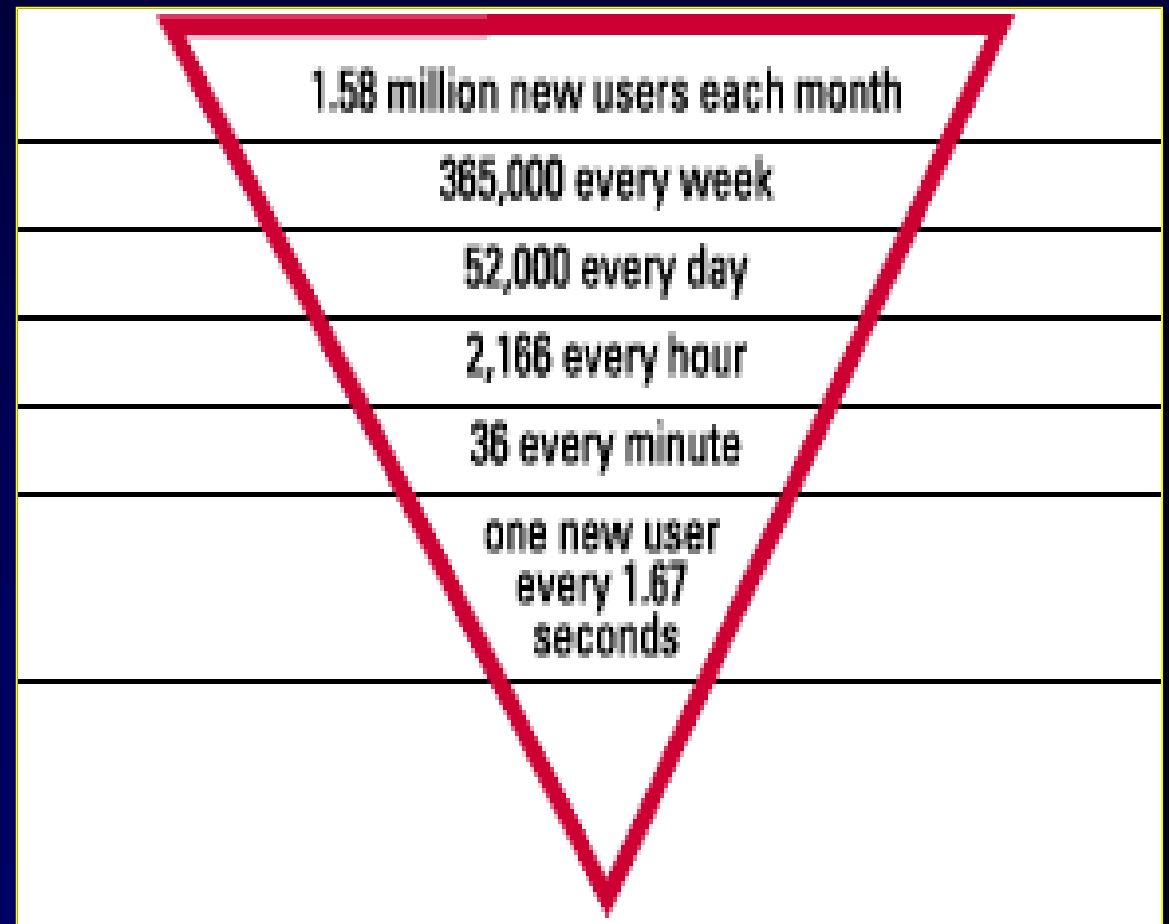


# Outline

- 1) Overview Concepts and Comments
- 2) ebusiness in the Hardwood Lumber Industry
- 3) Comparisons to the U.S. Solid Wood Industry

# Internet Growth

- No slow down in sight
- 115 million people in U.S. are on-line
- Growing faster outside the U.S.



*(Bakker 1999)*

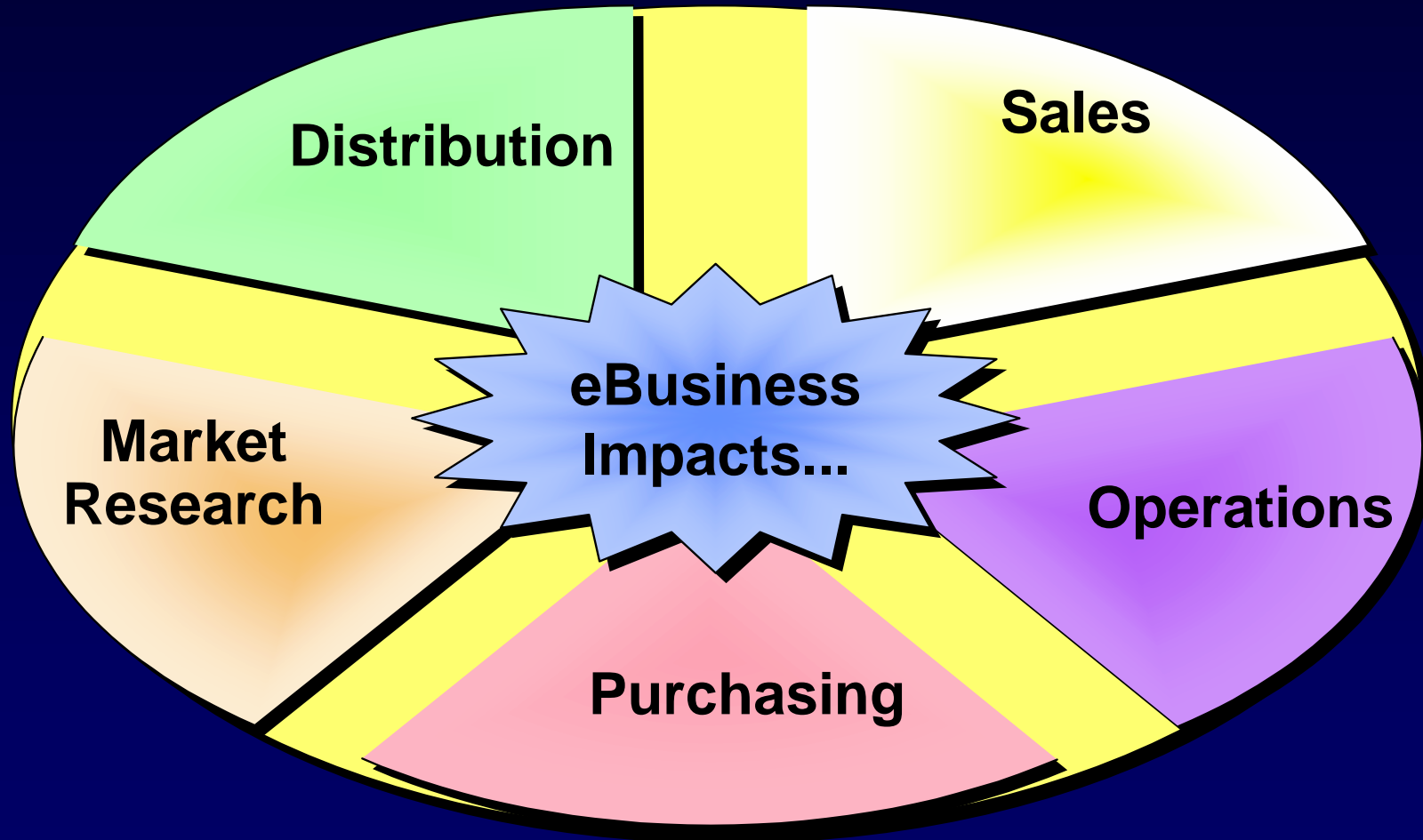
## What is eBusiness?

- **eBusiness** is the application of Internet-based technologies for conducting business.
- It includes **eCommerce**, the actual transaction activities as well as other **business oriented applications** such as logistics, order entry, information sharing and transmission of information between exchange partners.

## What is eBusiness?

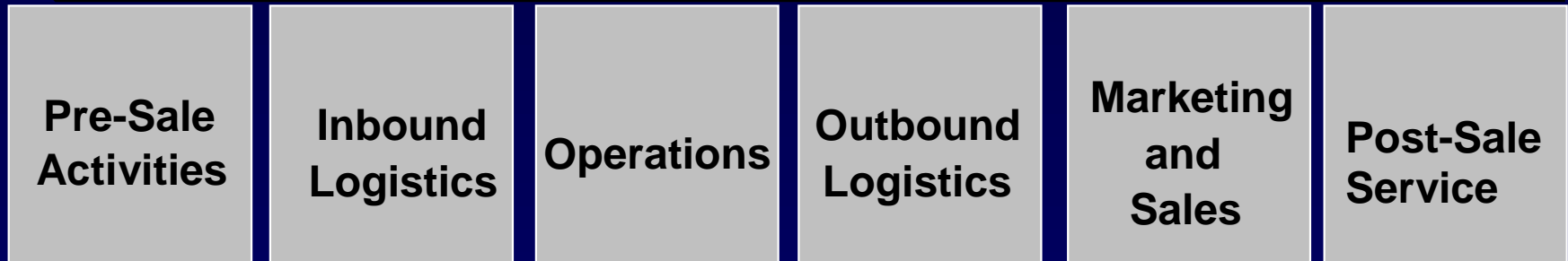
- First and foremost about business, not technology.
- Technology facilitates eBusiness.
- Challenge is managing the changes in business strategies and internal corporate processes.
- Can include intra-company networks (intranets) and Internet linkages with customers or suppliers (extranets).

# eBusiness Impacts the Whole Company

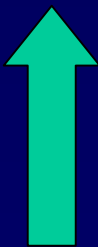


# eBusiness Can Impact the Whole Value Chain

## Support Activities



## Primary Activities



# The Study

- In 2000, eBusiness was studied in the context of the hardwood lumber industry in the United States.
- 185 hardwood lumber producers were surveyed as part of a larger study of the wood products industry.



# Study Objectives

- Examine the current and future uses of eBusiness in the hardwood industry.
- Compare the hardwood lumber industry to the wood products industry in general.

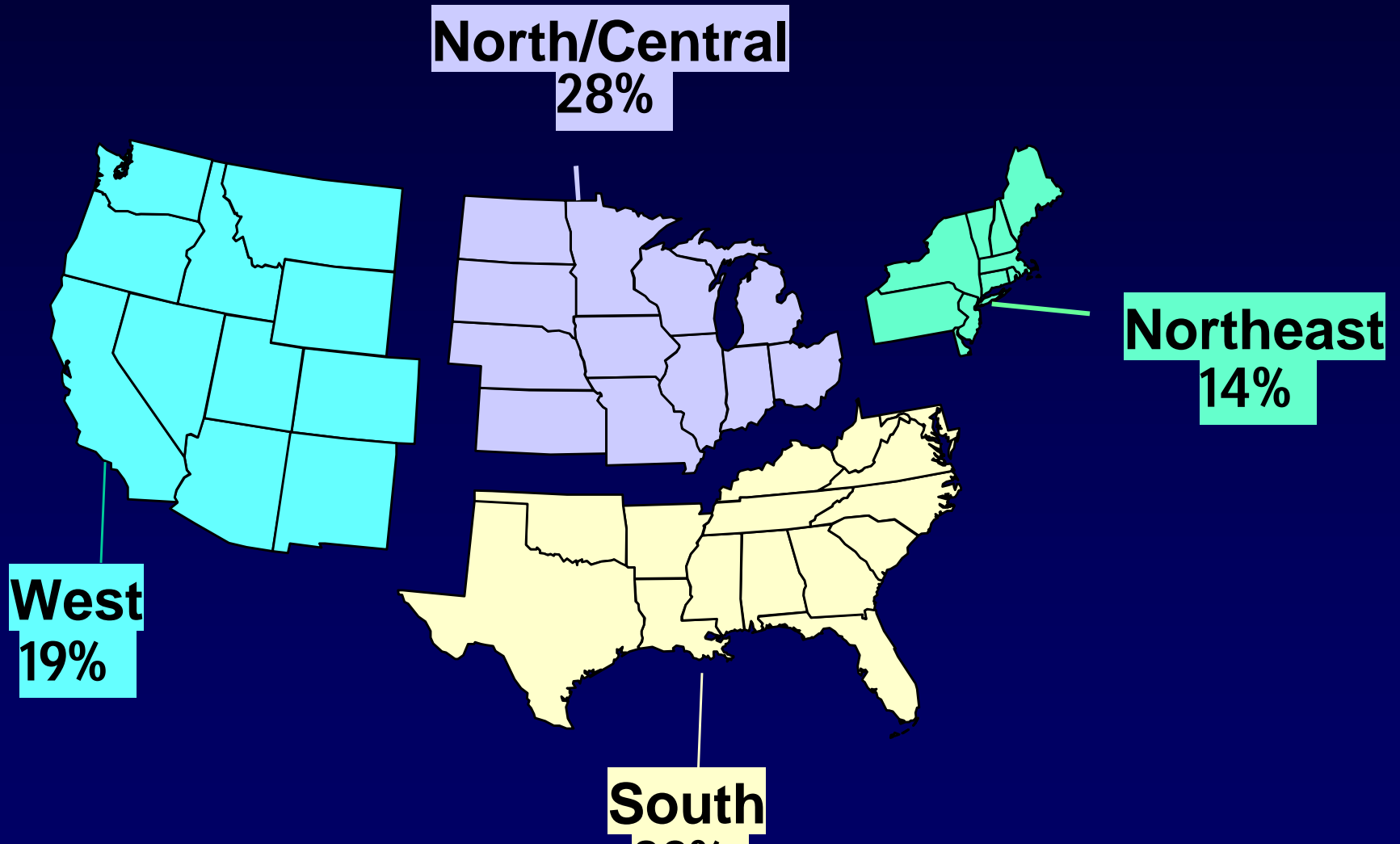
## Research Methodology

- Mail survey using the Total Design Method (Dillman 1978)
- Study conducted in summer of 2000
- Sample frame: sub-set of larger study
- Overall study response rate: 15%

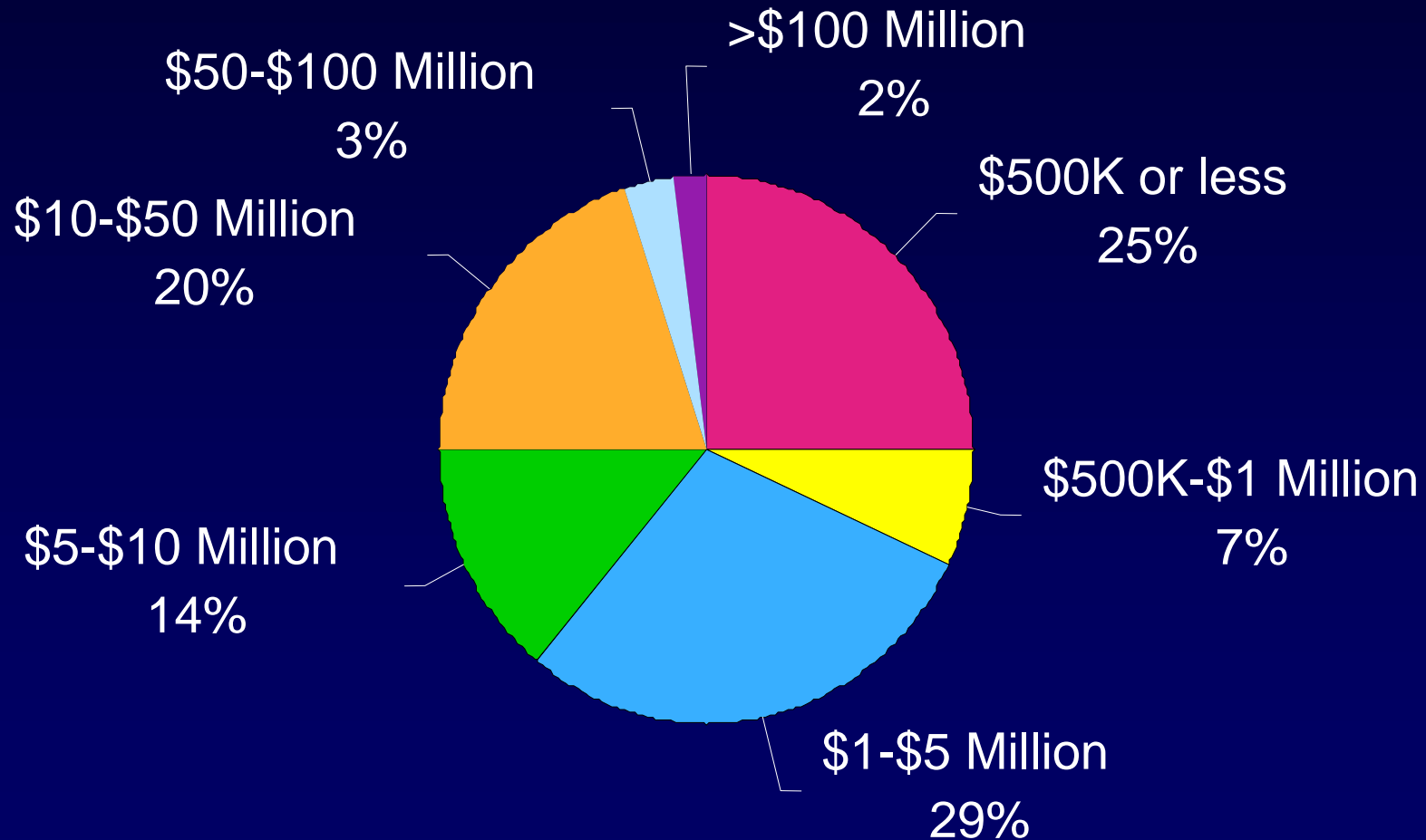
# Hardwood Lumber Producers

## % of Respondents by Geographic Region

185 Companies



## Respondent Size 1999 Sales



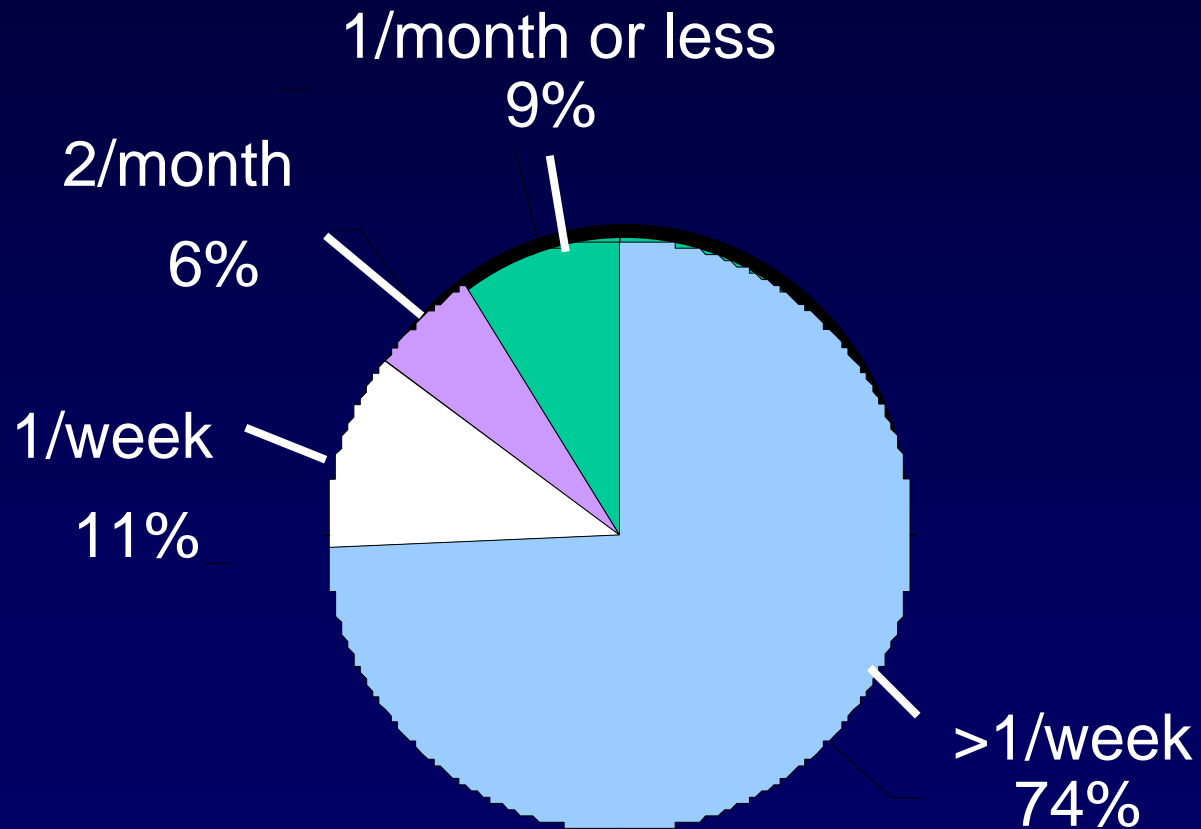
**Respondent Sales Distribution Channels  
-Has Implications for eBusiness Partnerships -  
(Average Ranking: 1=Most important based on 1999 sales)**



# Distance and Frequency of Shipments

(n=185)

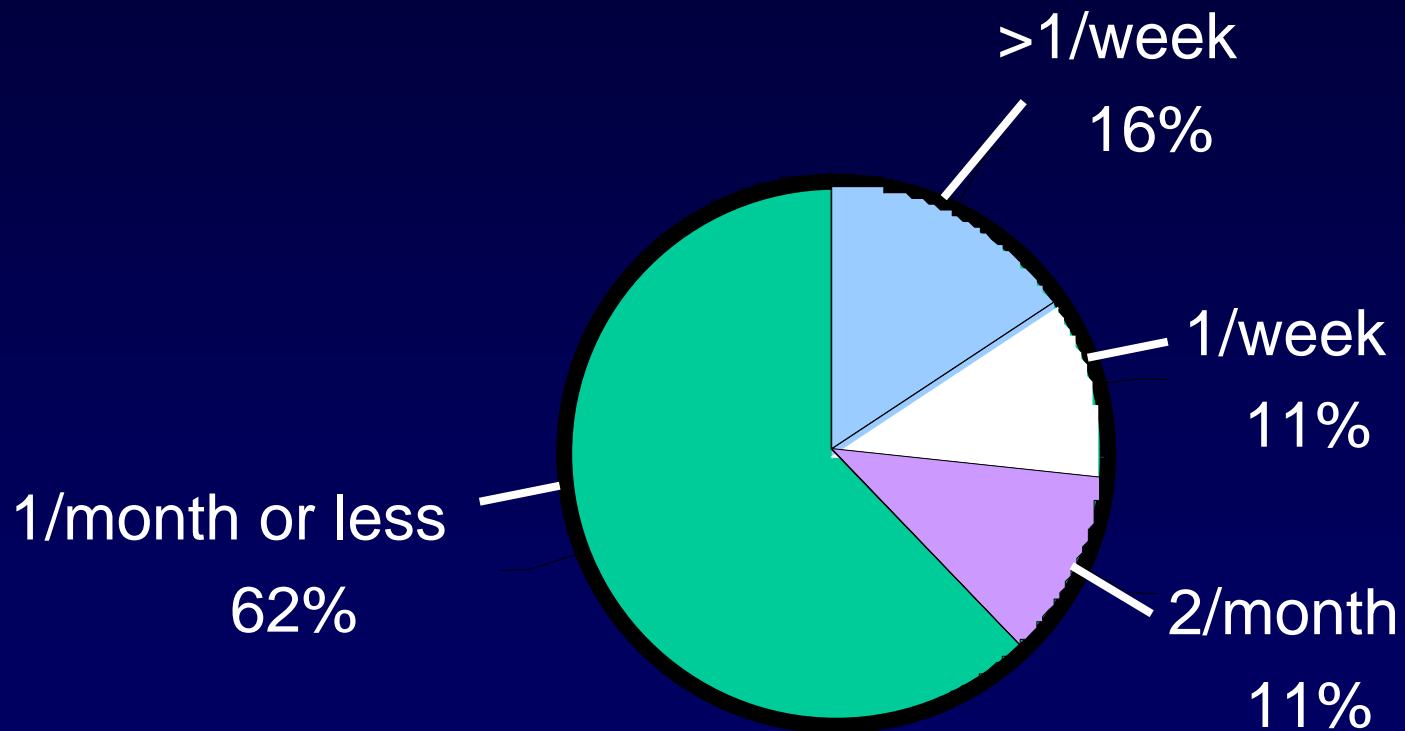
Customers within 200 miles-77% of Respondents



## Distance and Frequency of Shipments

(n=185)

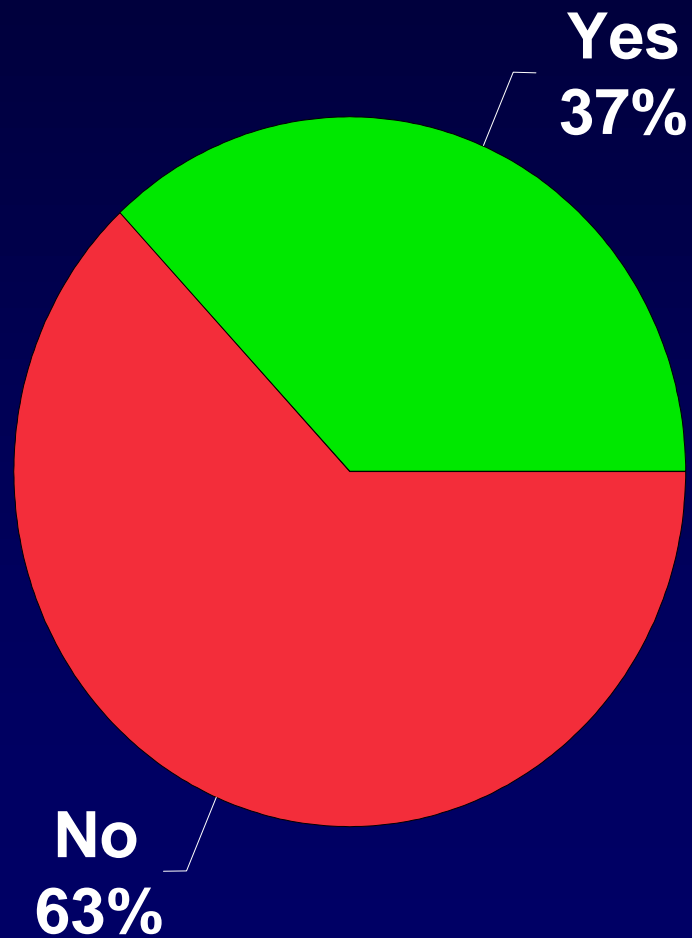
Customers over 1,000 miles- 5% of Respondents



# Does Your Company Have a Web Site?

Percent of Respondents

(n=185)

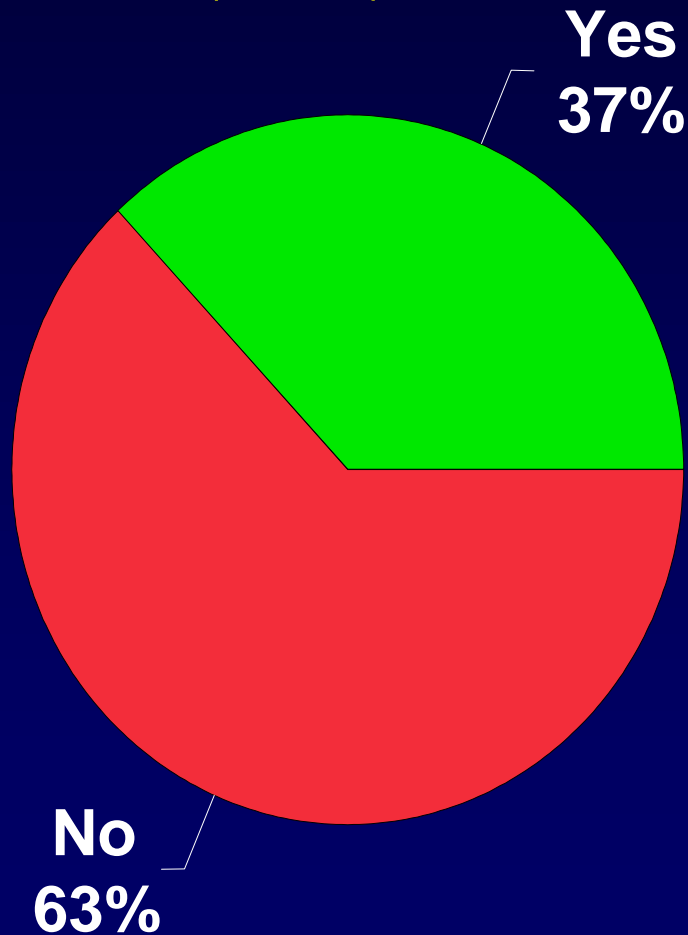




# If Not, Does Your Company Plan to Develop a Web Site Within the Next 12 Months?

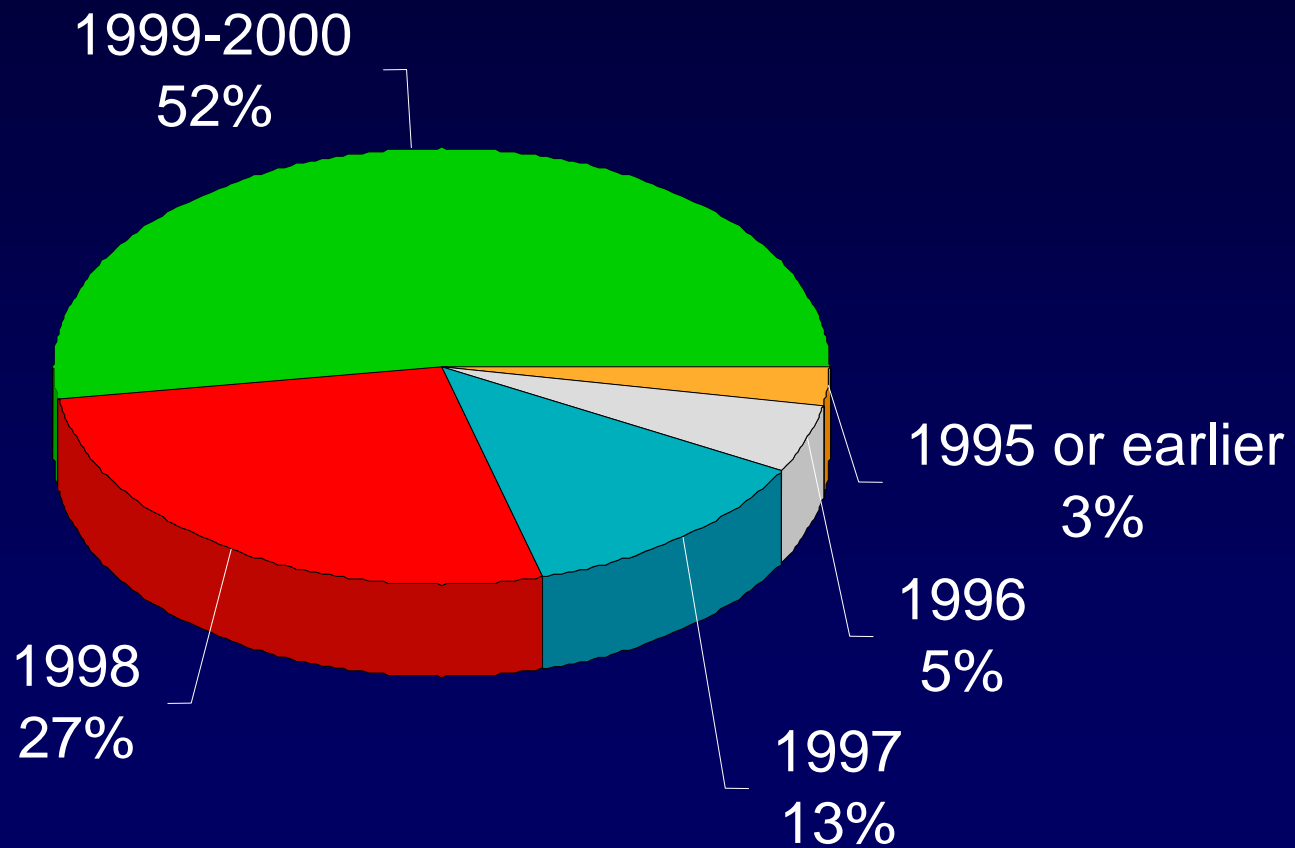
Percent of Respondents

(n=117)



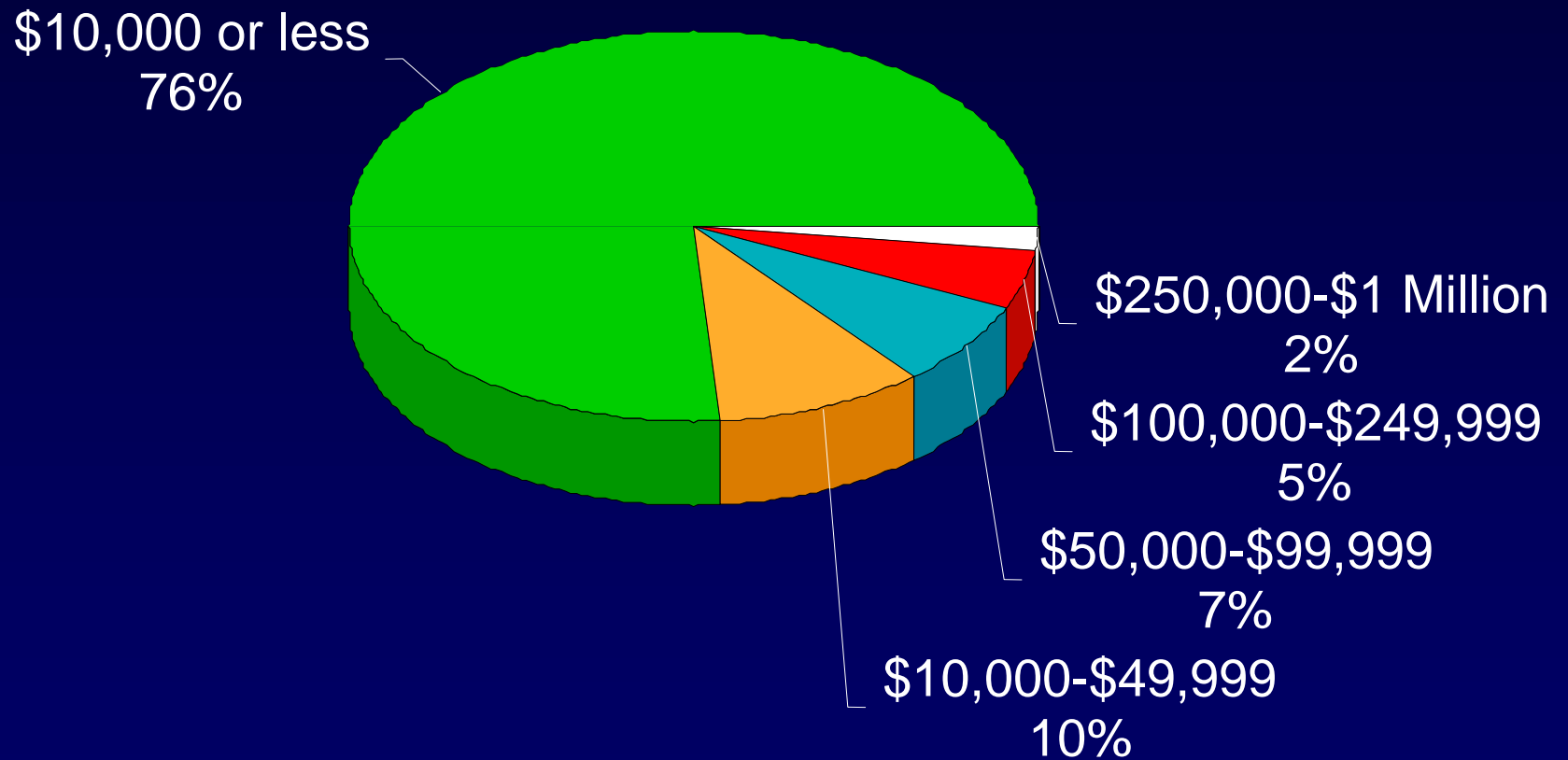
# When Web Site Was Developed Percent of Respondents

(n=68)



# Investment Made to Date on Internet/Web Site Percent of Respondents

(n=68)



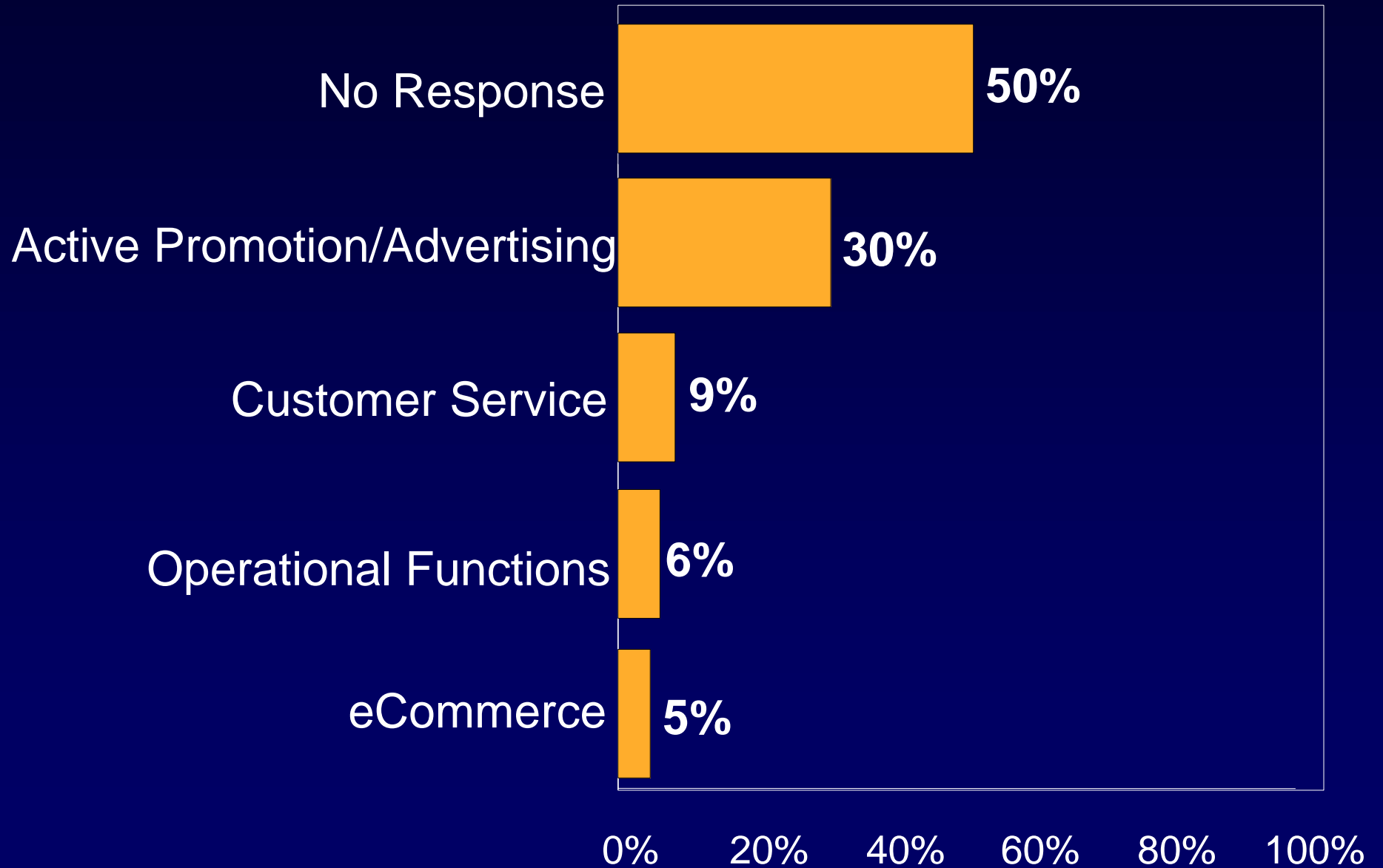
# Success of Web Site Meeting Objectives

(n=68)



# Respondent Web Site Functions

(Percent of respondents with web sites)



# eMarketplaces

- *Integrated marketplace eIntermediaries*
  - Business Exchange-Industry Sector, Value Chain Space
  - Virtual Trade Show
  - Product Showcase
  - Auction
- *eMarketplace services*
  - Tools ( Web,Catalog,Buy/Sell,Offers,Discovery, Credit)
- *Additional Marketplace Support Services*
  - Industry Information, Links, News
  - Research, Dynamic Pricing

# Marketplace Proliferation

CSC

*New Business Models: Markets are Changing*

## Gartner expects 10,000 New Transactional "iMarkets" by 2001!

•Gartner group predicts that 10,000 new iMarket companies will form by the end of 2002; CSC expects that many of these will be "agents" (such as Autobytel or Carpoint) or neutral transaction mechanisms (such as eSteel), although a significant number of information providers will also emerge (e.g. Edmunds). This turmoil creates numerous opportunities to define new market roles and value propositions.

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**ISLAND**  
ECN

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A REUTERS Company



**CFOL.com**  
Commercial Finance ONLINE!  
Established 1992

Chemdex.org

CSC

**ChemConnect**  
Connecting Chemical Buyers and Sellers Worldwide

**TradeWe**  
THE ONLINE BOND MARKET



**IMX EXCHANGE**

**WebMD**  
Pay an office visit to the future of healthcare.

optimark.com

**PaperExchange.com**



**Quicken Business CashFinder**



STEEL

**FastParts.Com**



3/5/00 11:15 PM Kraft 21

(Computer Science Corp, 2000)

# Forest Industry Exchanges



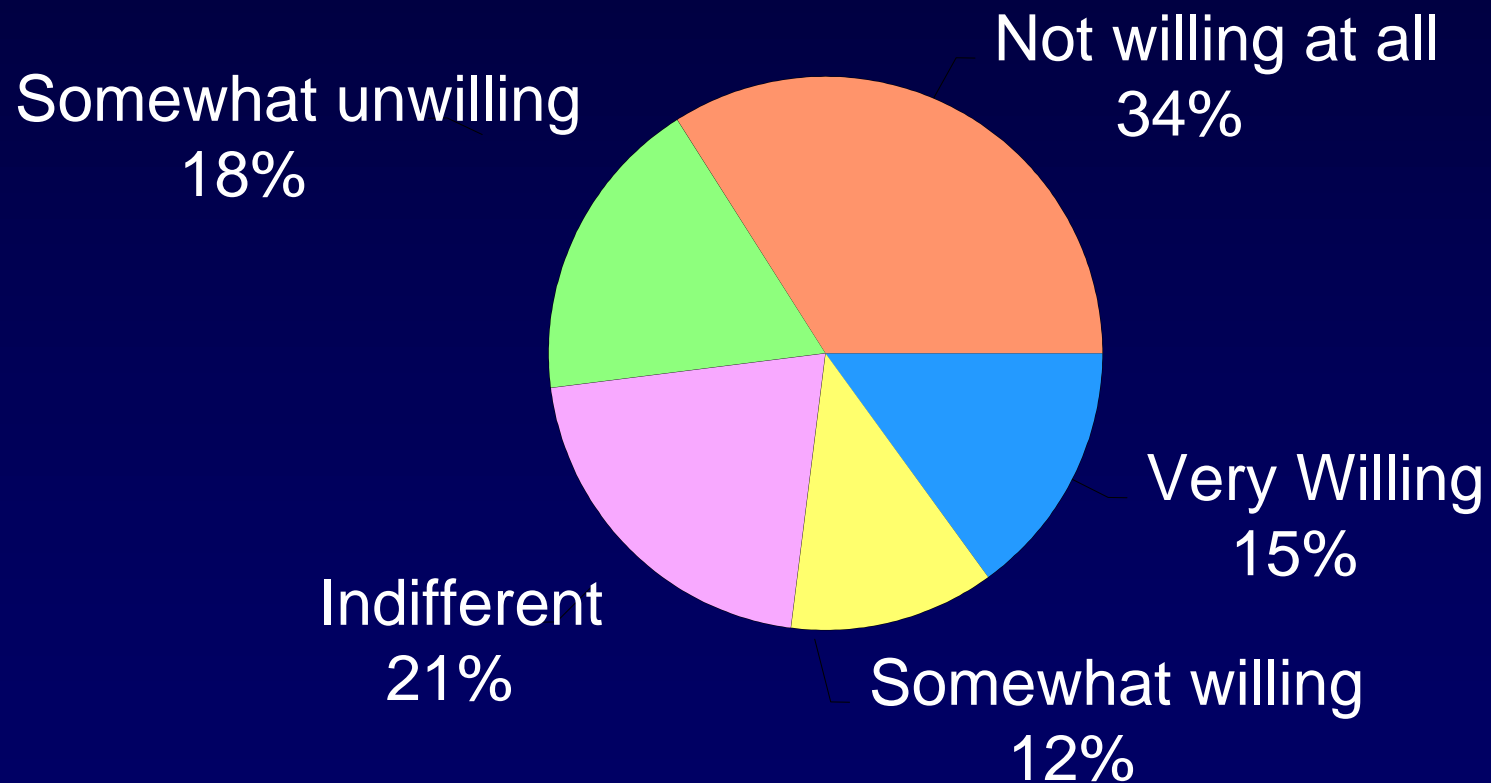
Home of the Commerce Engine™ - your buying and selling connection to more than 50,000 wood processors.





# How willing would you be to purchase forest products through a secure third-party exchange Internet Web site?

(n=182)



## Indicate your concerns about purchasing forest products on the Internet

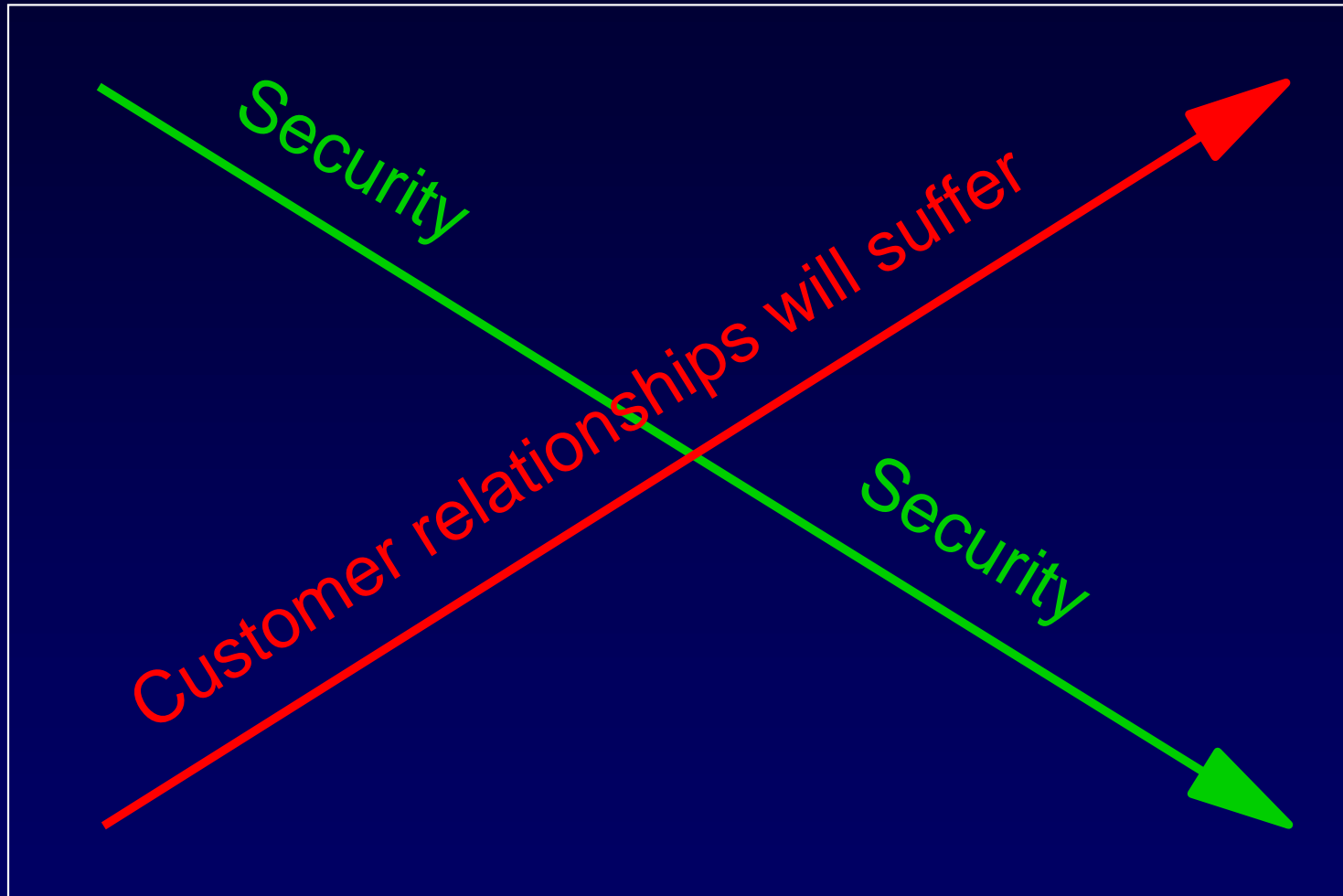
### Greatest Concern

- \* Loss of personal contact with customers
- \* A "price war", in which only the price is used to differentiate among companies
- \* Lack of security in Internet transactions
- \* Ability of competition to discover our pricing strategies
- \* There are not enough customers willing to use a Web site to buy wood products
- \* The services currently provided are too expensive
- \* Our company does not have enough personnel skilled in navigating the Web
- \* The process of selling on the Web is too slow

### Least Concern

U.S. Wood Products Industry

## #1 Concerns about Using the Internet



1995

2000

# Trust is an Essential Lubricant in eRelationships



*(Adapted from: John Kador, eAI Journal, 2000)*

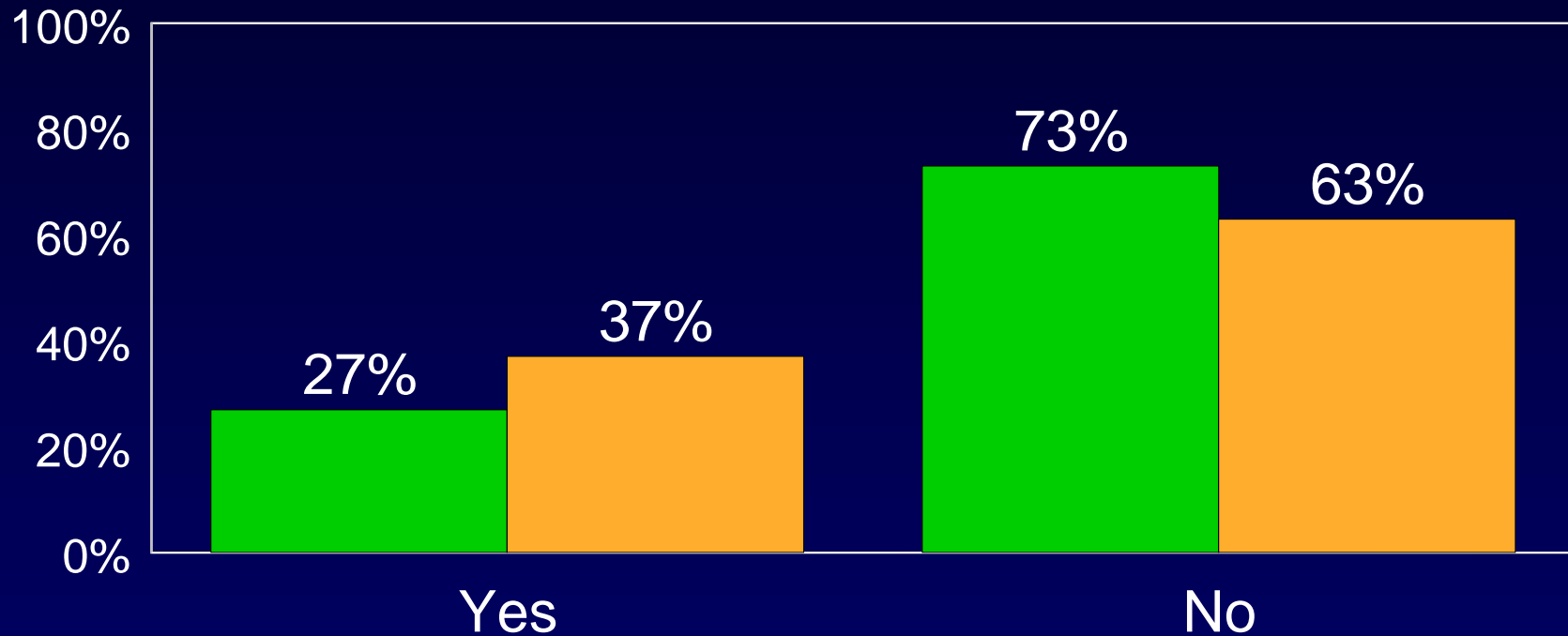
# Comparisons

U.S. Wood Products Industry/  
U.S. Hardwood Lumber Industry

(Both Studies Conducted in 2000)

# Does Your Company Have a Web Site?

Percent of Respondents



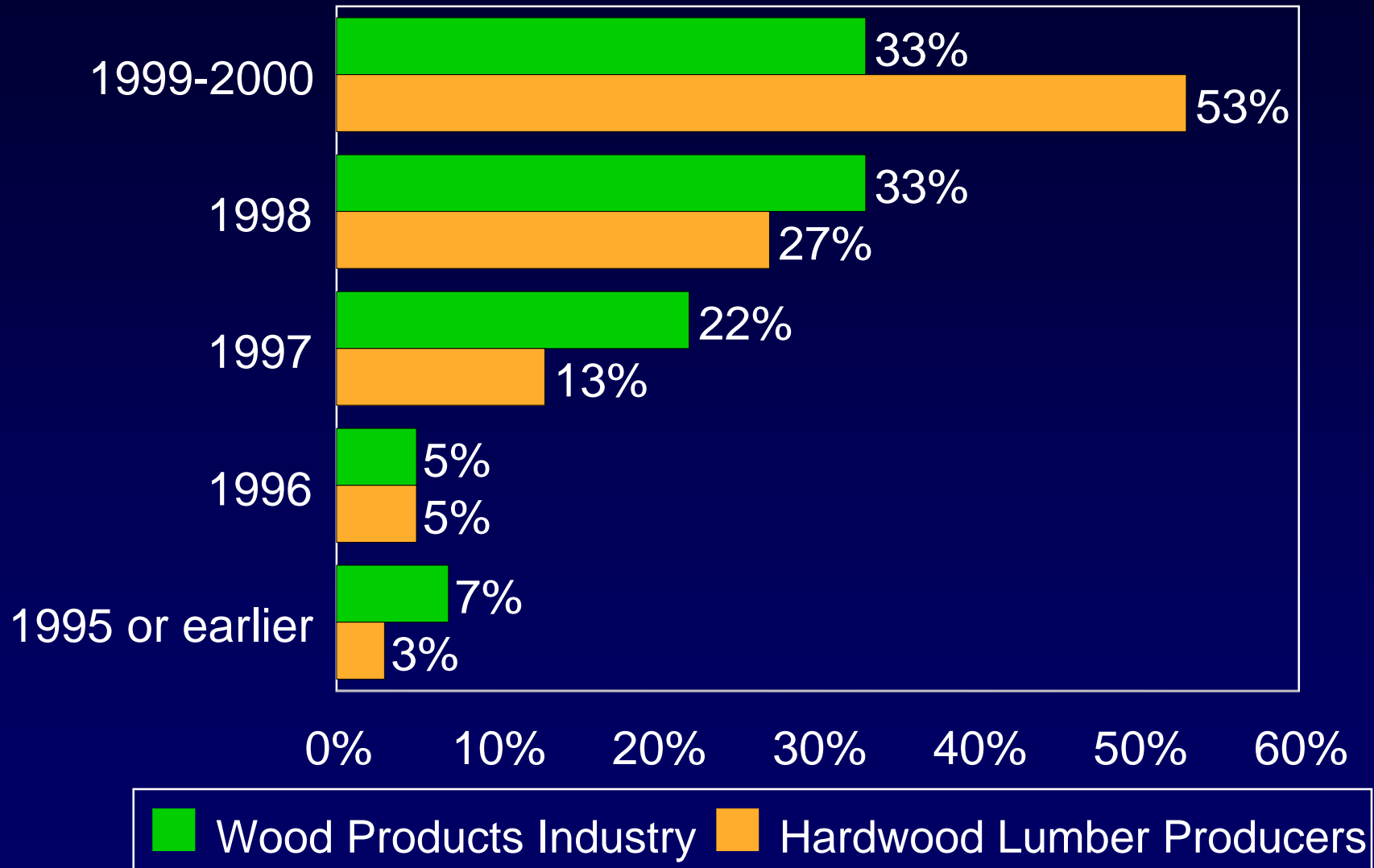
Wood Products Industry



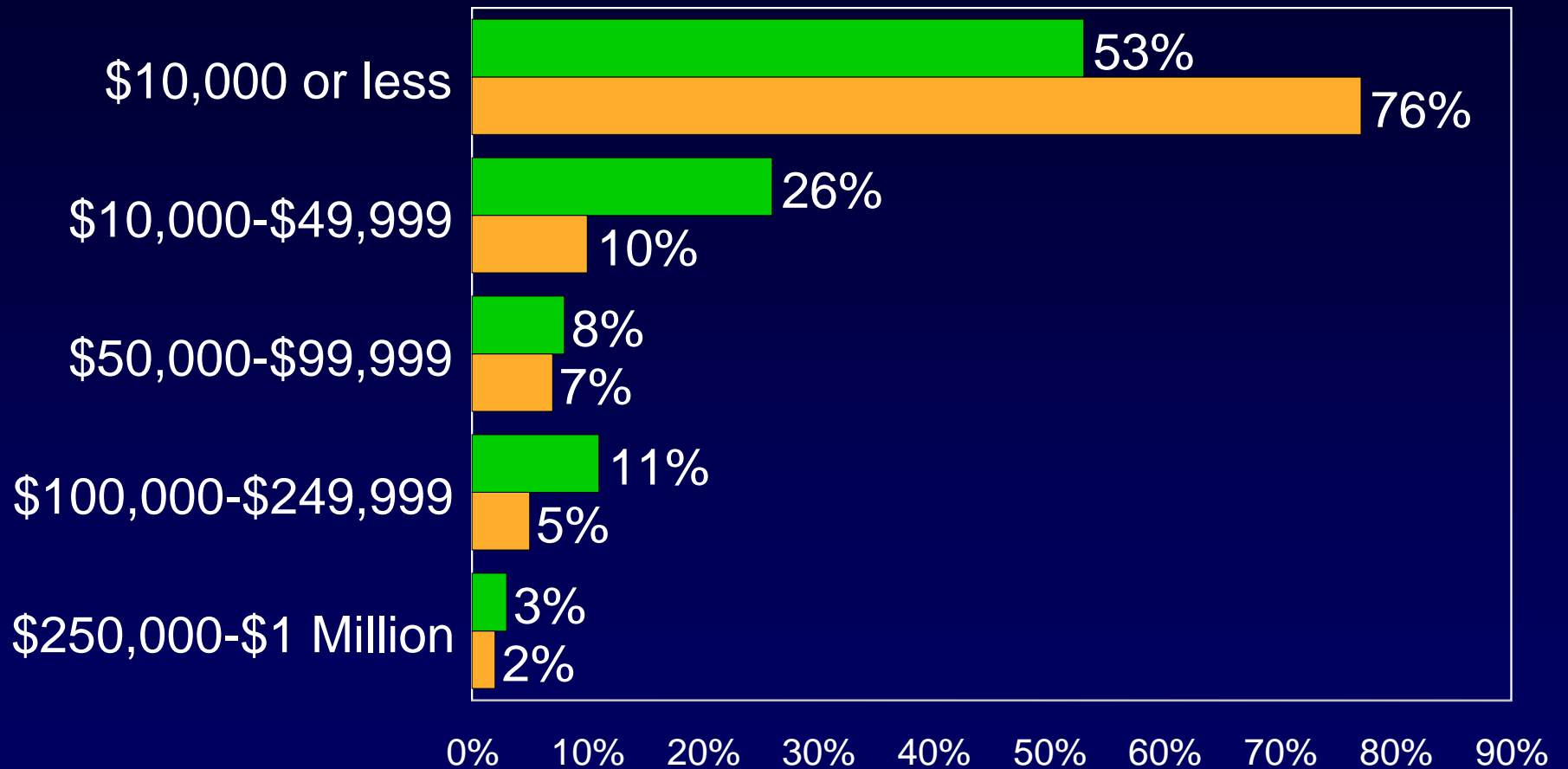
Hardwood Lumber Producers

# When Web Site Was Developed

## Percent of Respondents



## Investment Made to Date on Internet/Web Site Percent of Respondents



 Wood Products Industry  Hardwood Lumber Producers



# Some Final Thoughts



# Who is where in eBusiness Implementation?

Industries in General > Forest Products Industry

Canada Forest Products > U.S. Forest Products Industry

Pulp & Paper Industry > Solid Wood Products Industry

Composites (MDF, Particleboard) > Softwood Lumber

Softwood Lumber > Hardwood Lumber



# Questions

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