



1st Quarter 2011 | 26(1)

THEME OVERVIEW: FUNDAMENTAL FORCES AFFECTING AGRIBUSINESS INDUSTRIES, PART II

Kent Olson and Mike Boehlje

JEL Classifications: Q13, L10, L22, M22, L80

Keywords: Agribusiness, Market Forces, Structural Change, Porter's Five Forces

This is the second part of the theme on the numerous challenges and opportunities resulting from a number of fundamental forces facing agribusiness industries. The first set of articles followed the value chain for plants and plant products and the retail industry. Those articles were published in [the previous issue of Choices](#).

In this issue, the papers explore the forces affecting the animal and animal products value chain including the animal health industry (Buhr, Holtkamp, and Sornsen); livestock producers (Mintert and Lawrence); and the meatpacking industry (Buhr and Ginn). The article on the input industry is focused on the animal health industry since feed, the other major input for livestock, is covered in the previous issue and its discussion of the plant industry.

The fourth article by Krause is a response to the previous articles on the plant and plant products value chain. This insightful article expands our understanding of the forces affecting the agribusiness industry. It went through a regular review and resubmit process by the guest editors and is included as part of the theme with the hope that it might stimulate additional submissions around the topic of the theme.

An article discussing the forces affecting the fresh produce industry is planned for publication in a subsequent *Choices* issue.

To provide a common thread for the articles, the authors use Michael Porter's Five Competitive Forces (plus two additional forces) to guide discussion of how economic forces are creating opportunities and threats, and how companies and the value chain as a whole are changing. Porter identifies five forces that shape an industry: (1) rivalry among existing competitors, (2) threat of new entrants, (3) bargaining power of suppliers, (4) bargaining power of buyers, and (5) the threat of substitute products (Porter, 2008). Two additional forces affecting competition have been described as: (6) technology and (7) other drivers of change. These last two forces introduce an external dynamic to Porter's forces. These seven forces are described in the introduction to the full theme in the previous issue of *Choices* (Olson and Boehlje).

For More Information

Porter, Michael E. (2008). The Five Competitive Forces that Shape Strategy. *Harvard Business Review*. (January 2008), p. 79-93.

Olson K. and Boehlje M. 2010. Theme Overview: Fundamental Forces Affecting Agribusiness Industries. *Choices* 25(4) available at <http://www.choicesmagazine.org/magazine/article.php?article=150>.

Kent D. Olson (kdolson@umn.edu) is Professor, Department of Applied Economics, University of Minnesota, St. Paul, Minnesota. Michael Boehlje (boehljem@purdue.edu) is Distinguished Professor, Department of

Agricultural Economics, Purdue University, West Lafayette, Indiana.

© 1999-2011 Choices. All rights reserved. Articles may be reproduced or electronically distributed as long as attribution to Choices and the Agricultural & Applied Economics Association is maintained.

**The farmdoc project distributes Choices in partnership with
the Agricultural and Applied Economics Association.**

[click here to visit choicesmagazine.org >>](http://choicesmagazine.org)