Energy Resellers – An Endangered Species?

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Abstract. Many markets, including the travel, music, and book markets, are undergoing dramatic changes due to the development of electronic commerce. Reseller margins often decrease significantly and sometimes even entire links in the supply chain are becoming completely superfluous.

Even though power markets have been deregulated already for some years in many countries, electronic commerce has not yet had a major impact on the business logic. This paper presents some of the major obstacles to electronic power trade, and presents promising solutions to these obstacles. In particular it is described how software agent mediated trade may enable medium and small size consumers and producers to trade directly from power pools, without the need of traditional energy resellers.

The conclusion that is there are good reasons to believe that energy resellers are as threatened in the new information era as, e.g., traditional travel agents, and music and book-shops are.

1 Introduction

The recent development of electronic commerce has completely changed the possibilities for trade in a number of industries. The most striking trend in these different industries is the increasingly threatened position of resellers. As the Internet enables customers to directly purchase goods from importers or even producers, the volumes of the resellers definitely reduces. This change is depicted in Figure 1.

Examples of industries where this change is particularly evident is the travel, music, and book industries. From my own experience I know that it is only marginally more complicated to book a car (at almost any location in the world) directly from the car rental company than booking it from a travel agent.\(^1\) Furthermore, the information at the web-site is likely to be more accurate, the services are sometimes better, there is typically less risk for misunderstanding,

\(^1\) See for example www.hertz.com or www.avis.com.
Fig. 1. The possible new business logic in the electronic commerce era. Customers are being able to purchase products directly from importers or producers without having to contact resellers.

and there are often on-line booking discounts. The same trends can be seen with hotel booking\(^2\) and air-flight booking\(^3\) Needless to say, this trend is devastating for the traditional travel agencies. However, there is a lot more to say about this. Bulk discounts, difficulties in comparing different packages etc. are good counter arguments in this discussion. These types of arguments should be carefully scrutinized though. For example, large companies could (and are already investigating) to get bulk deals with e.g. airlines and car rental firms, and at the trade occasion trade directly electronically with them. One could also envision totally new constellations, e.g. think of a Internet travel search engine that guarantees very low prices in order to attract many users, or specialized (Internet based) rental car brokers, such as holiday autos\(^4\). So, traditional arguments do not necessarily apply.

In the case of books and music, the change is in some respects even bigger. Not only can books now be bought from giant Internet bookstores\(^5\) and even directly from publishers\(^6\), but even the media itself is challenged. Though many persons still are reluctant and some even directly upset just by the thought, it is indeed conceivable that future lightweight reading pads can replace the book in the printed form, as we currently know it. Still, as long as there are significant shortcomings of reading pads – such as relatively low resolution, too limited

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\(^2\) See for example [www.marriott.com](http://www.marriott.com) or [www.sheraton.com](http://www.sheraton.com).
\(^3\) See for example [www.sas.se](http://www.sas.se) or [www.lufthansa.co.uk](http://www.lufthansa.co.uk).
\(^4\) See [www.holidayautos.uk.com](http://www.holidayautos.uk.com).
\(^5\) See for example [www.amazon.com](http://www.amazon.com).
\(^6\) See for example [www.lonelyplanet.com](http://www.lonelyplanet.com)