



Sustainable Agriculture Research and Education

FINAL REPORT

Marketing an Organic CSA: Best Practices

TO: Joan Benjamin, NCR-SARE Associate Regional Coordinator
FROM: Michael Francis Hollcraft, Sundance Acres LLC
RE: NCR-SARE Farmer-Rancher Grant FNCO7-696: "Marketing an Organic CSA"
DATE: February 24, 2011

Introduction

As the farm manager of Sundance Acres LLC, I began my research with the goal of determining whether or not to launch an organic CSA within my rural community of New Carlisle, Indiana. Given this goal, I did substantial research into the CSA model and conducted an online *Food Preference – CSA Survey* within my community, in order to gauge their interest and support for the CSA model and determine which marketing strategies are most effective.

Overview

The following ten (10) key research options and best practices for marketing an organic CSA within a rural community suggest logical steps for a farm manager to consider:

1. CSA Literature Review
2. Regional CSA Field Research
3. Personal Assessment
4. Online Food Preference - CSA Survey
5. Local Newspaper Article
6. Email Survey Link to Local Civic and Community Food Groups
7. Survey Study / Target Market Zip Code(s) Analysis
8. Marketing Focus: Geographic / Mixed / Direct – CSA Business Plan
9. Focus Group Presentations
10. Internet Presence / Online Marketing Tools

Select data and excerpts from key literature will be presented to illustrate the main points. My hope is that the information presented will assist farm managers to thoroughly evaluate their own needs and resources in order to make a well-informed decision about the CSA option.

Best Practice #1 : CSA Literature Review

The first step is to thoroughly research whether the CSA model is actually suited to your farm, your skill sets and personality, as well as your personal circumstances. Consider the following key CSA research findings:

- Median age of CSA farmers is 43.6 years.
- 84% of farms require off-farm income support.
- 74% of CSA farms are selling to outside markets.
- Only 16% of farms are 100% CSA.
- On organic CSA farms, production expenses range from 40-50% of gross sales.
- Average hourly wages were as low as \$3.32 on small farm and as high as \$14.90 on a large farm, averaging \$7.45 for all farms. (Hendrickson, 2005 study)
- CSAs with less than 30 share members often fail or quit.
- A CSA farm can typically produce 20 shares per acre and usually offers 15-20+ items.
- An economically sustainable CSA may require 60 members paying an average of \$500 per full share, three (3) acres in vegetable production and three (3) experienced farmers – at least one of which has very strong organizational, communication, and internet skills.

Table 4. Farm finances for three farm sizes, per acre and per farm

Farm scale	Labor hours per acre		Gross sales per acre		Net cash income per acre	
	Range	Average	Range	Average	Range	Average
<3 acres	933-2,994	1,957	\$8,888-\$25,605	\$15,623	\$1,854-\$9,487	\$5,664
3-12 acres	402-1,443	850	\$6,267-\$15,276	\$11,121	\$1,331-\$8,547	\$4,679
>12 acres	462-613	554	\$6,750-\$14,466	\$10,810	\$1,103-\$7,430	\$3,757
Farm scale	Total farm* labor hours		Total farm* gross sales		Total farm* net cash income	
	Range	Average	Range	Average	Range	Average
<3 acres	1,229-4,972	2,464	\$11,316-36,029	\$18,947	\$3,103-8,682	\$6,026
3-12 acres	3,004-8,646	5,045	\$32,040- \$138,759	\$71,203	\$5,597-53,513	\$29,080
>12 acres	9,697-37,879	19,450	\$228,567-783,979	\$337,096	\$38,110-187,043	\$108,713

*Total farm figures refer to vegetable or fruit enterprises only, not other enterprises such as pastured poultry.

(Table from *Grower-to-Grower: Creating a livelihood on a fresh market vegetable farm* – Hendrickson, 2005)

- Farm location is an important factor to consider. If the CSA distributes via farm pick-up, it should be located *within a 30 minute drive* of the target member population.
- Hiring a marketing consultant is advisable if the farmer is not sure how to get started or lacks the time, internet skills, and/or willingness to go through the process on their own.
- For a medium-sized direct marketing farm business, working with a marketing consultant will typically cost between \$1,000 - \$3,000.
- An *MBA student* with a solid track record in online marketing surveys or a *Webmaster* from a CSA or farmer's market within your region should be capable of conducting an online *Food Preference - CSA Survey* for you and may also be able to assist you to develop your marketing plan.

Key CSA & Agricultural Marketing Literature:

- ATTRA *Community Supported Agriculture*
Katherine Adam (2006)
<http://attra.ncat.org/attra-pub/csa.html>
- SARE *Marketing Strategies for Farmers and Ranchers*
Laura Sayre (2006)
<http://www.sare.org/publications/marketing/marketing.pdf>
- CIAS *Grower to Grower: Creating a livelihood on a fresh market vegetable farm*
John Hendrickson (2005)
<http://www.cias.wisc.edu/crops-and-livestock/report-helps-fresh-market-vegetable-growers-understand-and-share-finances/>
- ATTRA *Market Gardening: A Start-Up Guide*
Janet Bachmann (2009)
<http://attra.ncat.org/attra-pub/marketgardening.html>
- New Solutions 14: Food, Health and Survival | November 2007*
Pat Murphy (2007)
<http://www.communitysolution.org/pdfs/NS14.pdf>
- SARE *Sharing the Harvest: A Citizen's Guide to Community Supported Agriculture*
Elizabeth Henderson with Robyn Van En (Revised and Expanded Edition, 2007)
Chelsea Green Publishing Company
<http://www.chelseagreen.com/bookstore/item/sharingtheharvest2>

Making Your Small Farm Profitable

Ron Macher (1999)

Storey Publishing Company

<http://www.storey.com>

- *Chapter 7: Marketing*
- *Chapter 8: Selecting Your Enterprise*

Additional Recommended Reading:

SARE

Transitioning to Organic Production

Diana Friedman (2007)

<http://www.sare.org/publications/organic/organic.pdf>

Eating Fossil Fuels: Oil, Food, and the Coming Crisis in Agriculture

Dale Allen Pfeiffer (2006)

New Society Publishers

<http://www.newsociety.com/bookid/3933>

The Power of Community: How Cuba Survived Peak Oil (DVD)

Megan Quinn, Pat Murphy, and Faith Morgan (2006)

Community Solutions Inc.

<http://www.powerofcommunity.org/cm/index.php>

Closing the Food Gap: Resetting the Table in the Land of Plenty

Mark Winne (2008)

Beacon Press

Omnivore's Dilemma: A Natural History of Four Meals

Michael Pollan (2006)

Penguin Books

Remaking the North American Food System: Strategies for Sustainability

Editors C. Clare Hinrichs and Thomas A. Lyson (2007)

University of Nebraska Press

- Paper #5
Community Supported Agriculture as an Agent of Change: Is it working?
Marcia Ruth Ostrom

While this is only a partial list of the relevant literature available, I wanted to present those key resources which are available free of charge (in PDF format) and those which may be available at a public library or for a reasonable cost, so that an interested farm manager can study the CSA option with little or no initial research expense.

Best Practice #2 : Regional CSA Field Research

Field research with the organic CSA's in your region is vital in understanding the CSA model – especially what is working (or not working) for the CSA's in your area. In my case, I picked five CSA's within a 60 mile radius of my farm to interview about their CSA operations and marketing best practices. To accomplish this goal, I developed the *CSA Producer Questionnaire*, which contains 20 key interview questions. From the results of these CSA producer interviews, I developed the summary table below:

ORGANIC CSA FARM NAME / WEBSITE	# CSA MEMBERS	IS CSA PROFITABLE?	MARKETING BEST PRACTICES
Crème de la Crop Farm www.cremedelacrop.com	180	Yes	www.LocalHarvest.org Facebook, MailChimp
Goshen Farmers Market CSA www.goshenfarmersmarket.org	70	Break-even	Hybrid Model; Mailing List Spring CSA Invitation Letter
White Yarrow Farm www.LocalHarvest.org	60	Yes	Word-of-mouth www.LocalHarvest.org
Bertrand Farm www.bertrandfarm.org	45	No	Word-of-mouth; Events Website; Brochure
Prairie Winds Farm www.prairiewindsnaturefarm.com	20	No	Word-of-mouth; Events Website; Facebook; Brochure

Key Highlights:

- All of these CSA's are currently listed on www.LocalHarvest.org and most reported this website as a good referral source for their CSA.
- All of these CSA's have their own farm website as well, with the sole exception of White Yarrow Farm, which utilizes www.LocalHarvest.org for maintaining an internet presence.
- The top three most successful CSA's in my area have all been viable for at least 8 or more years, and yet none of them rely completely on the CSA model but rather pursue a mix of direct marketing strategies (e.g. farmers' market, restaurants, Facebook, local supermarket contract).
- Crème de la Crop farm has a mailing list of 700 and a www.Facebook.com following of 500 fans, which enables web-savvy farm manager Leann Landgrebe to harness the impressive marketing power of the internet via www.MailChimp.com.
- Goshen Farmer's Market CSA has a very successful hybrid model that operates year-round and is housed within the historic Mill Race Center, which is an attractive retail building. The CSA was established by the Community Sustainability Project with the goal of providing the CSA service for their participating farmers for a 5% management fee.

Best Practice #3 : Personal Assessment

Both personal and farm risk assessments are key in determining if the CSA model will provide you with the income and/or lifestyle you desire. Below are excellent resources to assist you to reflect deeply upon your own needs, skills, financial resources, and risk tolerance.

1. Worksheet #4: Basic Farming & Business Skills Assessment
<http://www.smallfarm.org/uploads/uploads/Files/worksheet4.pdf>
2. In-Depth “Sustainable” Farmer Skill Self-Assessment Tool
<http://www.smallfarm.org/uploads/uploads/Files/in%20depth%20self%20assessment.pdf>

Additionally, the following two excerpts from *Sharing the Harvest* offer some food for thought:

- “CSAs of only fifteen or twenty or even 40 shares cannot offer the farmer enough money to compete with the benefits of a full-time job off the farm.” (p. 273)
- “People who choose to live on farms but who want to do farm work only part-time invariably find that a CSA is too time consuming.” (p. 274)
- ✓ Once a farm manager has completed the essential self-assessment work, and has decided to proceed with additional market research, the next logical step is to conduct an online survey.

Best Practice #4 : Online Food Preference - CSA Survey

The decision to conduct an online survey is largely a pragmatic one given the prohibitive cost associated with traditional market research. In short, telephone and/or manual survey approaches are labor-intensive and the fees that professional market research firms typically charge may be prohibitively expensive for the small-scale farmer.

Elizabeth Henderson in her book *Sharing the Harvest* offers some commonsense advice:

- “First find out if enough people are interested.” (p. 37)

After considerable research and revision, I developed a 40 question *Online Food Preference – CSA Survey Questionnaire*, which was implemented via the Survey Gizmo online survey site. This survey was administered by Philip Mason during the fall of 2010. The survey results were then analyzed and a study entitled *Northwest Indiana CSA Preference Study* was completed by Mason and myself on January 15, 2011.

- Survey Gizmo www.SurveyGizmo.com

This website offers free access to conduct online surveys, though some of the statistical analysis features and reporting functions are limited.

Other online survey sites to consider:

- SurveyMonkey www.surveymonkey.com
- eSurveysPro www.eSurveysPro.com
- Zoomerang www.zoomerang.com
- Kwik Surveys www.kwiksurveys.com

Best Practice #5 : Local Newspaper Article

Once the online survey has been developed, perhaps the best method to distribute the survey link within your community is the local newspaper. In my rural community, the New Carlisle News is read by a significant majority of the townspeople. Below is the article advertising the *Food Preference – CSA Survey* [link](#) which appeared in the New Carlisle News on September 10, 2010:

Is locally grown organic produce a priority for you and your family?
by Susan Jones

Nationally, people are talking about the value of locally grown organic produce, raised without chemical fertilizers or pesticides. News about widespread contamination occurring in foods produced in a few select areas and distributed nationwide is one very good reason to know the origin of the food you eat and feed your family. The carbon footprint of produce that is shipped across the country to your local grocer is another. And the health benefits of good food are becoming increasingly clear as we see obesity affecting more and younger people in the US each year.

Locally, people are talking too. Michael Hollcraft, Gene Baughman and others in our community are working together to find a consistent way to provide good, safe, healthy food locally. Farmers markets and Community Supported Agricultural (CSA) farms are popping up all over the country, in rural areas as well as cities. We live in a part of the country that is rich with fertile farmland. During the summer and early fall, vegetable and fruit stands abound. Would you like to see something more organized—possibly a farmers market—in our community?

Michael Hollcraft, as part of a Sustainable Agriculture Research & Education (SARE) grant, has developed an online Food Preference Survey to explore our community's interest in CSAs. A key question is—

Would you be willing to pay \$20 per week to purchase organic, locally grown produce?

Hollcraft says, "Three random drawing prizes are being offered to survey participants who complete the entire survey, provided that the survey generates 300 completed responses. First prize is \$100; second prize is \$50; and third prize is \$25.

"So please tell all your family and friends about this survey—your opinion matters."

The survey can be found at <http://leaptbl.Local-Food.sgizmo.com/s3/>. You may also contact Michael at 574-993-3008 or mfhollcraft@com cast.net.



Other articles about this grant appeared in the following local & regional newspapers:

- SARE Press Release
- New Carlisle News
- La Porte Herald Argus
- The News Dispatch
- AgriNews

Typically, news reporters in rural communities seek out human interest stories such as the one presented above. This marketing strategy is an excellent, low cost way to publicize your survey.

In order to ensure that the reporter or editor truly understands your viewpoint and eliminate any obvious errors, ask them to allow you to review your article before publication.

Best Practice #6 : Email Survey Link to Local Civic and Community Food Groups

Networking among the local civic and food community groups is another low cost, effective marketing strategy. Perhaps the most obvious method is to ask the leaders within these organizations to distribute your survey link to the members within their organization. Such an approach relies upon your reputation and any good will that you have established within the key civic and community food organizations in your community. In my case, I approached the following organizations which agreed to distribute my survey link to their members:

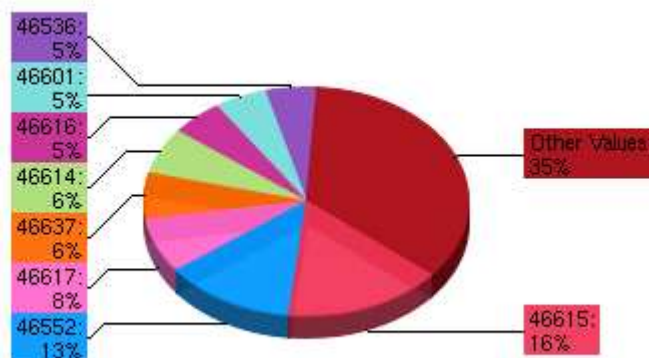
- Michiana Organic Growers Cooperative Inc.
- Purple Porch Co-op Inc.
- IU South Bend: Center For a Sustainable Future
- South Shore Local Foods Connection
- New Carlisle Library Website

Given that this approach generated 77 survey responses, I strongly recommend this best practice.

Best Practice #7 : Survey Study / Target Market Zip Code(s) Analysis

As described in the *Northwest Indiana CSA Preference Study*, one of the most important results to analyze is the actual number of responses within your target zip code. In my case, only 10 persons completed the survey within the 46552 zip code. Below is an excerpt from the survey study related to the target zip code question and a brief analysis of the survey results:

4. What is the zip code of your primary residence?



46552	10	13%
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Key Observations:

1. The target zip code of interest is 46552, because this zip code covers the geographical area within 5 miles of the prospective CSA farmer conducting this survey.
2. Data results indicate 10 survey responses of the 77 total came from zip code 46552, which equates to 13% of the target market consumers.

Significance:

1. Survey responses for the target zip code 46552 are most valuable to the prospective CSA farmer. A high number of positive responses within this zip code would be most valuable to the prospective CSA farmer.
2. In this case, only 10 responses were received, which is a relatively low number in absolute terms and discouraging. For example: a positive response from 50 survey participants would be much more encouraging to the prospective CSA farmer who must consider the set-up, break-even, and opportunity costs of establishing the CSA farming model.

Consider also that an online survey allows respondents to provide their email address for future contact. If a decision is reached to launch the CSA, then the survey administrator has a ready list of email addresses to contact prospective CSA members.

Best Practice #8 : Marketing Focus: Geographic / Mixed / Direct - CSA Business Plan

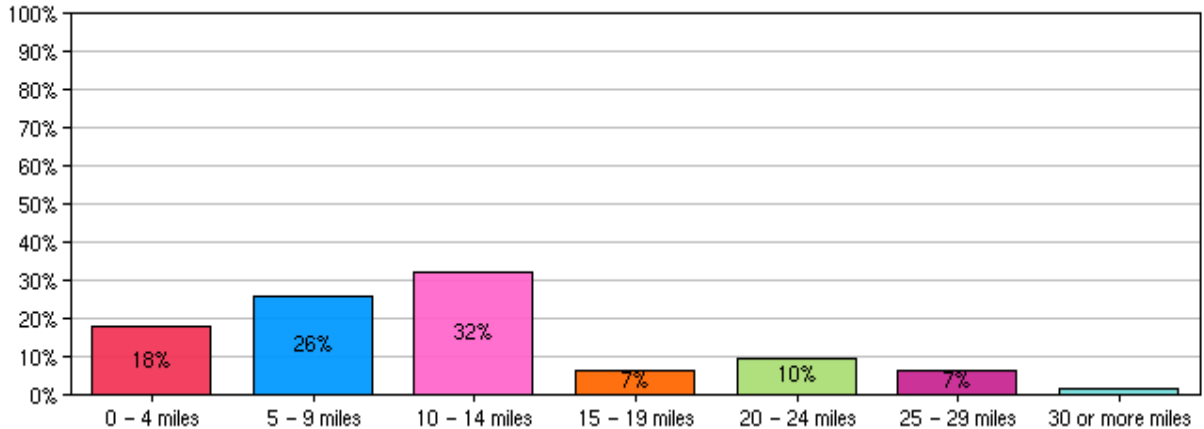
Proximity is a critical factor for marketing a CSA in a rural community, even though it may not be emphasized much in traditional marketing literature. In essence, the distance people are willing to travel to your CSA pick-up point is a critical limiting factor -- especially in a post-Peak Oil economy. When fuel prices rise to \$4.00, \$5.00, and \$6.00 per gallon, people will naturally seek to minimize the distance they travel to purchase necessary supplies. Thus, the proximity of your farm to the local population you wish to serve is a very significant factor. Given this brief discussion, I strongly recommend that your marketing strategy focus squarely upon geographic considerations. To illustrate, I suggest that you consider a “radial marketing” approach:

Primary market: 5 mile radius around your farm

Secondary market: 15 mile radius around your farm

This geographic marketing approach is outlined by Ron Macher in Chapter 7 of his book *Making Your Small Farm Profitable*. In terms of target zip code analysis, if you obtain a zip code map of your farm location, you can easily determine which zip code(s) pertain to your farm and focus on them when conducting your online survey. Additionally, Macher’s book provides a solid discussion of various direct marketing strategies to consider, such as niche and value-added marketing. Below is an excerpt from my study which describes the maximum distance survey respondents are willing to travel within my rural community:

30. What is the maximum distance you are willing to travel on a regular basis to make your weekly food purchases?



Value	Count	Percent %
0 - 4 miles	11	17.7%
5 - 9 miles	16	25.8%
10 - 14 miles	20	32.3%
15 - 19 miles	4	6.5%
20 - 24 miles	6	9.7%
25 - 29 miles	4	6.5%
30 or more miles	1	1.6%

Statistics	
Average	11.6
Standard Deviation	6.68
Maximum	30.0

Key Observations:

1. This result is an indicator of the maximum distance(s) that survey respondents are willing to travel in order to purchase food within the target market area.
2. Data results indicate that a significant majority (76%) of survey respondents are not willing to travel more than 14 miles to purchase food.
3. Specifically, 18% are not willing to travel more than 4 miles, 26% are not willing to travel more than 9 miles, and 32% are not willing to travel more than 14 miles.

Significance:

1. These results suggest that the maximum distance consumers are willing to travel is an important factor in their food purchasing decisions.
2. Results also suggest that if a farm is not located within 14 miles of the local target market, then a local farmer wishing to establish a CSA or niche-market product should carefully consider this factor and any transportation costs which may affect future product pricing.
3. A rise in the cost of gasoline may also affect pricing and production cost decisions, so being located closer to a local target market is desirable.

From my own study, I surmised that most people are not willing to travel more than 14 miles on a weekly basis to purchase food.

Given that all of the CSA producers in my region employ a mixture of direct marketing strategies (which seek to eliminate the “middle-man” in the wholesale market), I highly recommend this overall marketing strategy. An exception to this strategy may be to participate in a wholesale market for a niche or specialty product -- provided a careful profitability analysis is completed in advance. Such a strategy may be better suited to high volume producers which have a higher tolerance for increased financial risk and lower financial margins.

Once the online survey study has been completed, a key question must be answered:

➤ **Is there enough interest in my community to start a CSA?**

If the answer to this question is affirmative, then completing a formal CSA business plan is strongly recommended. An overview of the logical steps involved in forming a CSA is provided by Elizabeth Henderson in her book *Sharing the Harvest*:

➤ **Steps to Forming a CSA** (p. 39)

This is a one page outline of the key questions and considerations involved in making the decision to launch a CSA. Once this preliminary evaluation work has been completed, the next logical step is to complete a formal CSA business plan.

At this point, I want to emphasize the importance of completing a formal business plan. Given that this business planning process may require 50 – 100 + hours of your time, some enthusiastic farm managers might be tempted to skip this step and rush into launching the CSA without completing a formal business plan. I strongly advise against this hasty approach. Additionally, I suggest that you avoid borrowing money to finance a CSA, especially given the current recession and the additional burden that debt can impose upon any new business.

Fortunately, an excellent guide to developing a comprehensive, sustainable business plan for your CSA is available free of charge. Below is an excerpt from the SARE – MISA: *Building a Sustainable Business Plan* document:

A clear understanding of your farm operation's history and current situation is the second building block in the foundation for your business plan. Your evaluation of alternative strategies for your farm and your efforts to persuade others that the strategy you ultimately propose is workable must be based on a comprehensive, realistic assessment of your current situation.

The materials in this chapter guide you through the development of such an assessment. This task requires time and effort—which will pay off later in the planning process. You'll begin by preparing a brief history of your family, farm, and business. Next, you'll systematically assess your operation in terms of the four key management areas: marketing, operations, human resources and finances. Finally, you'll summarize your operation's history and current situation to include in your business plan.



■ Planning Task Two

- ✓ Prepare a brief history of your family, farm and business
- ✓ Assess your current situation in:
 - Marketing:**
 - Product
 - Customers
 - Unique Features
 - Distribution
 - Pricing
 - Promotion
 - Anticipated Marketing/Industry Changes
 - Operations:**
 - Physical Resources
 - Production Systems
 - Management Systems
 - Human Resources:**
 - Work Force
 - Unique Skills
 - Anticipated Changes in Work Force
 - Finances:**
 - Needs
 - Performance
 - Risk
 - Financial Environment and Anticipated Changes
- ✓ Conduct a whole farm SWOT analysis
- ✓ Prepare the History and Current Situation section of your Business Plan

<http://www.sare.org/publications/business/business.pdf>

<http://www.misa.umn.edu/Publications/BuildingaSustainableBusiness/index.htm>

Please note that a detailed marketing plan is included within every solid business plan.

In some cases, the decision to hire a farmer to launch a CSA may be warranted. Again, in *Sharing the Harvest*, Elizabeth Henderson provides an excellent checklist to consider when thinking about hiring a farmer:

➤ **Hiring a Farmer** (p. 53)

Best Practice #9 : Focus Group Presentations

Another excellent low cost marketing strategy is to present your survey and CSA proposal to local groups in your community which may have mutual interests with your initiative. In my case, I approached the following three groups:

- New Carlisle Town Council
- New Carlisle Library Board
- T.O.P.S. – President Birdie Elder

In the case of the T.O.P.S. (Taking Off Pounds Sensibly) group, I presented my survey proposal to this group of 19 women and had a productive discussion about the value and health benefits of local, organically grown produce.

Given that all of these ladies are primary shoppers within their respective households, this informal focus group discussion was a natural fit with their desire to eat healthy food. From this 30 minute discussion, I learned that these value shoppers are most interested in price and convenience (the latter as measured in product availability and distance to market).

Additionally, New Carlisle, Indiana is a conventional farming community, and few of these ladies were familiar with the CSA concept -- which provided me an excellent opportunity to explain it. Significantly, these shoppers made most of their food purchases at the major supermarkets in our area, which include Martin's, Meijer, Kroeger, Al's, and Super Walmart. Lastly, 8 of 19 (42%) of these ladies expressed interest in a local farmer's market, based largely upon the desire to travel less to obtain fresh produce.

Best Practice #10 : Internet Presence / Online Marketing Tools

As previously mentioned, every one of the CSA's within my region have an internet presence. All of these CSA's are listed on the www.LocalHarvest.org site, which attests to the valuable service that this site provides.

Additionally, 4 of the 5 CSA farms I interviewed in my region have their own website, which suggests that this may be a worthwhile investment for profitable CSA's seeking to enhance their internet presence.

Further, the advantages of pursuing online marketing strategies have been presented in my short www.LocallyGrown.net white paper. One interesting site feature is the Farm Notebook <http://www.farmnotebook.com>, which is an on-line organizer designed for market and CSA farms, though can also be used by market gardeners as well.

Social Media Sites:

For web-savvy farmers, social media sites can dramatically enhance their internet presence and create a significant following for a popular CSA. Thus, they should be seriously considered within any CSA marketing plan – especially if a profitable CSA farm wishes to expand its member base.

The three top social media sites are listed below:

1. www.Facebook.com
2. www.Twitter.com
3. www.MySpace.com

<http://www.ebizmba.com/articles/social-networking-websites>

Another interesting site is Mail Chimp, which connects directly with Facebook and facilitates email campaigns and newsletter publications:

www.MailChimp.com

This site also features “Geolocation” which lets the user target an audience by location – even if you haven’t collected any location data.

<http://www.mailchimp.com/features/geolocation/>

Although these social media sites require some set-up and maintenance, they can dramatically and affordably increase the internet presence and market reach of a profitable CSA – and/or greatly assist a CSA launch within a specific, targeted geographic location.

Conclusion

My main goal in pursuing this CSA research is to make a decision whether to launch a CSA or not. In my case, given that my survey resulted in only 10 actual responses within my target market zip code, I have made a management decision not to pursue the CSA option at this time. Having said that, I encourage other farm managers to utilize these resources in order to thoroughly research and carefully evaluate the CSA option in their own community. My belief is that the CSA model will become more prevalent within this decade as we journey into a global, post-Peak Oil economy. My hope is this research will assist farm managers to evaluate their marketing options with respect to the organic CSA model.