

# Enhancing the Community Supported Agriculture (CSA) Marketing Model in Maryland

The concept of Community Supported Agriculture (CSA) has revolutionized direct marketing possibilities for small-scale farmers in the United States. The CSA concept originated in the 1960s in Switzerland and Japan. The number of CSAs in the U.S. was 50 in 1990. In 2009 LocalHarvest, an on-line farm database, listed 2,727 CSAs nationwide. The U.S. Department of Agriculture tried to determine the number of CSAs operating nationwide through a question in the 2007 Census of Agriculture. An amazing 12,549 farmers told the government that they marketed their products through a CSA in 2007.

The exact wording of question 32.1.j in the USDA Census of Agriculture read, "At any time during 2007, did this operation market products through a community supported agriculture (CSA) arrangement?" Stated thusly, a farmer who sold, say, eggs through another farm's produce CSA would have accurately marked 'yes'. So what the census is counting is the number of farmers involved in CSAs, rather than the number of CSAs. Considering the CSA concept of marketing wasn't introduced in the United States until 1986, this number reflects substantial growth in both the number of operations and the number of producers involved.

A typical CSA provides vegetables to a group of customers who have paid a fee to receive a share of the bounty, however abundant or sparse, each week throughout the season. CSA subscribers know exactly where their food comes from and often develop a loyalty to "their farmer." Vegetable farmers get an infusion of cash in the spring, when they most need it to purchase seeds and supplies. Many CSAs have expanded the menu of options to offer shares of berries and fruit, eggs or flowers, and a few even offer meat shares.

With just 2 percent of the American population actively engaged in producing food, CSA is a growing social and agricultural movement that offers a path to farm preservation, stability and profitability, at the same time it connects people with their food supply and builds community. CSA links the source of food (the farm and farmer) to the destination of the food (the consumer). A central concept in CSA is that farm members, as partners with the farmer, share some of the risks of production.

## Portrait of the CSA Model in Maryland

But how successful is the CSA model in Maryland, a highly urbanized state with a well educated population? How do we share successful elements of this marketing venue with other farmers interested in adding the CSA model to their marketing mix? This publication seeks to look at the broad picture of Community Supported Agriculture (CSA) as a marketing model and then burrows down, utilizing survey results from Maryland CSA farmers, to further define what works well, how to retain customers and how to increase profitability of your CSA.

### The publication has three major sections:

1. The results of a statewide survey of Maryland CSA farms.
2. The results of a customer survey conducted by Provident CSA Farms, a small group of organic farms on the Eastern Shore that market their products together in one CSA. They conducted a customer survey in 2009 with the intent of using the results to help fine tune their production efforts and expand the CSA membership.
3. Additional components needed to take full advantage of the CSA farm marketing model and additional resources for starting a CSA farm.

## Section I

### University of Maryland Extension's Survey of Maryland CSAs

In November 2009, the Agriculture Marketing Program of the University of Maryland Extension

sent an electronic survey to 64 CSAs with Maryland addresses. Hard copies of the survey were sent to another five farms that did not list an email address in their contact information. The response rate was just over 20 percent.

## Different Types of CSAs

In its most basic form the CSA farm is a partnership between consumers and farmers in which consumers pay for farm products in advance and farmers commit to supplying sufficient quantity, quality and variety of products. This type of arrangement can be initiated by the farmer (farmer directed) or by a group of consumers (participatory). Shareholders may even be given the option to trade their labor on the farm as partial payment for their share. This CSA model often emphasizes the bonds between the farmer, the shareholder, Mother Nature and a local community.

CSA is sometimes known as "subscription farming," and the two terms have been used on occasion to convey the same basic principles. Subscription farming (or marketing) arrangements tend to emphasize the economic benefits for the farmer as well as consumer, of a guaranteed, direct market for farm products, rather than the concept of community-building. Growers typically contract directly with customers who have agreed in advance to buy a minimum amount of produce at a fixed price, but who have little or no investment in the farm itself.

Maryland CSA survey respondents noted their preference for the subscription model with the majority offering a share comprised of vegetables, but many farmers also offered add-on shares.

<b>Is your CSA a traditional CSA with shareholder involvement?</b>	<b>Number of Respondents</b>	<b>Response Ratio</b>
<b>YES</b>	<b>6</b>	<b>35.29%</b>
<b>NO</b>	<b>11</b>	<b>64.71%</b>
<b>Is your CSA really more like a subscription service?</b>	<b>Number of Respondents</b>	<b>Response Ratio</b>
<b>YES</b>	<b>13</b>	<b>76.47%</b>
<b>NO</b>	<b>4</b>	<b>23.53%</b>
<b>Types of CSA offered? Please check all that apply</b>	<b>Number of Respondents</b>	<b>Response Ratio</b>
<b>TRADITIONAL (SPRING THRU FALL)</b>	<b>12</b>	<b>70.59%</b>
<b>SUMMER (MAY-EARLY SEPTEMBER)</b>	<b>5</b>	<b>29.41%</b>
<b>FALL ONLY (SEPTEMBER-NOVEMBER)</b>	<b>2</b>	<b>11.76%</b>
<b>WINTER (DECEMBER-MARCH)</b>	<b>1</b>	<b>5.88%</b>
<b>YEAR ROUND</b>	<b>1</b>	<b>5.88%</b>

## What's in the Box?

Operating a CSA is much more than simply growing lots of vegetables and boxing them up for distribution. The process mirrors the four tenets of marketing – product, price, place and promotion.

The CSA product is a “share,” typically described as a box of produce that would supply the weekly needs of a family of four. It often includes a diversity of vegetables, fruits and herbs in season. Larger CSAs may provide a full array of farm produce, including shares in eggs, meat, milk and baked goods. Some farms offer a single commodity or team up with others so that members receive goods on a more nearly year-round basis. A typical CSA will grow over 40 varieties of crops and harvest at least 7 to 12 crops per week!

**Maryland CSA survey respondents:**

What types of shares do you offer?	Number of Respondents	Response Ratio
<b>VEGETABLES</b>	<b>5</b>	<b>29.41%</b>
<b>FRUITS</b>	<b>1</b>	<b>5.88%</b>
<b>VEGETABLE &amp; FRUITS</b>	<b>13</b>	<b>76.47%</b>
<b>EGGS</b>	<b>6</b>	<b>35.29%</b>
<b>MEAT</b>	<b>3</b>	<b>17.65%</b>
<b>DAIRY</b>	<b>4</b>	<b>23.53%</b>
<b>BREADS</b>	<b>2</b>	<b>11.76%</b>
<b>OTHER</b>	<b>6</b>	<b>35.29%</b>

Included in the category of “Other” were coffee, cut flowers, annual fruits, jams, mustards, honey, flowers, and grains and legumes.

Do you partner with other farms to supplement your CSA?	Number of Respondents	Response Ratio
<b>YES</b>	<b>12</b>	<b>7.59%</b>
<b>NO</b>	<b>5</b>	<b>29.41%</b>

Eight of the CSA farms responding to the survey said they partnered with other farms to compliment and expand their own product offerings. Of those responding, four worked with one to three other farms, two worked with four to six farms, and one 250-member CSA, sourced produce from more than 10 other farms.

**Pricing and Payments**

Selling shares pre-season and generating cash before the start of the growing season’s expenses is a very compelling reason to consider a CSA. This makes a CSA model particularly attractive to farmers who may lack extensive financial resources since the producer is able to use share fees for production expenses throughout the season. Selling shares pre-season allow product to be sold before production and locks in a guaranteed price.

CSA shares are typically priced between \$300 and \$900 per season in this region. Some CSA farms offer half shares or other alternatives crafted to meet customer requests. Almost 80 percent of the CSA farms responding to the survey stated they sell full shares exclusively. Reasons cited for not selling partial shares included the extra time and labor to sort and pack a half share and the difficulty in halving produce such as melon and heads of cabbage.

Many first and second year CSA farmers in the survey indicated that they determined what other CSAs are charging in their area before setting their share price. It is obviously important to keep share prices competitive, but producers still need a good idea of production costs on a per share basis.

One recommended method for determining a CSA share price is as follows:

1. Estimate what your production expenses will be for the CSA season.
2. Estimate the number of labor hours you will use or hire to produce for the CSA.
3. Estimate the hourly wage rate that you would like to earn from your CSA production.

Farmer Fred has calculated the expenses on an acre of CSA production for his 20 week season:

Seeds & Plants	\$800
Fuel	\$400
Fertilizer	\$400
Pest control	\$200
Labor (\$12.50 x 400 hours)	<u>\$5,000</u>
<b>TOTAL</b>	<b>\$6,800</b>

If Farmer Fred wants to cover his costs and keep his per share competitive for his area, he'll need to charge CSA members at least \$340 per share (\$6,800 divided by 20 shares) or \$17 per week. This example also does not include overhead and other fixed farm expenses such as rents or equipment payments, so a CSA farmer must decide whether his per share price covers his total costs or simply the variable costs of producing for the CSA.

### Contracts and Payment Plans

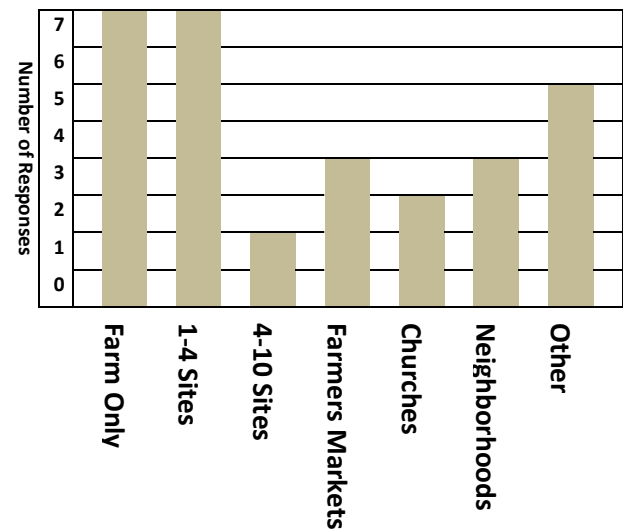
Over 85 percent of the CSA farms responding to the survey utilized some kind of simple signed membership contract. While a CSA business is based on relationships, it is still a good business practice to ask customers to sign a membership agreement. Here are some good reasons for having a membership contract in place before the first

CSA pick-up or delivery:

1. Membership contracts help both the producer and the member plan for the length of the production season.
2. Membership contracts can specify the type of payment plan to be used.
3. Membership contracts can be used to explain the shared risk between producer and member concerning weather losses, substitutions and managing the farm's liability for food safety in cases of members mishandling or misusing CSA products.

Sixty-three percent of the responding CSA farms offered some form of payment plan for their members. Early season discounts for payment in full were offered by almost half of the respondents. The most common form of payment plan was simply to offer members the option to pay in two or three installments throughout the season. If payment plans are offered, producers must have a contingency plan for people who may not complete their installment payments.

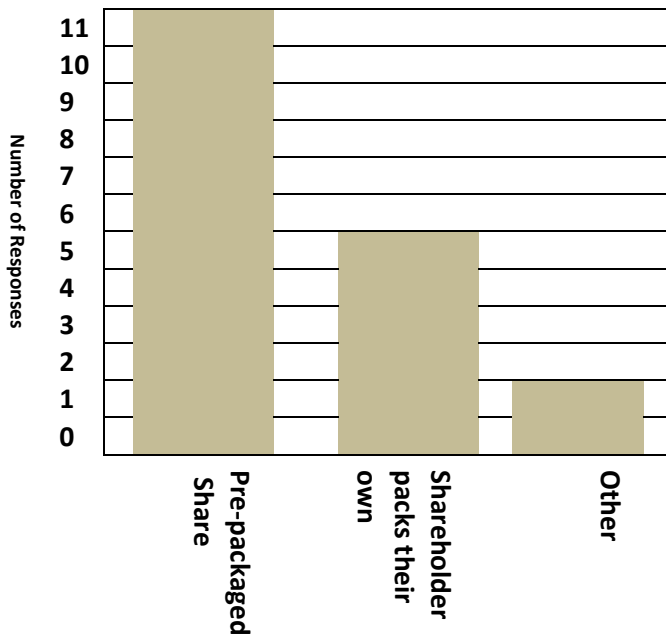
### Please check all types of pick-up sites your CSA utilizes?



## Packaging & Delivery

There are 18 Maryland CSA farms represented in the responses that make up the next few slides. Maryland CSA farm shares are distributed from a central location, such as a church, farmers' market, over several locations and neighborhoods or at the farm. Transporting shares requires careful packaging to prevent bruising and smashing of fresh, tender vegetables. Most Maryland CSA farms are still pre-packing shares. Some CSA arrangements are following the "farmers' market" model of putting the products in bins and allowing shareholders to come to the farm or drop site and fill their own box following a weekly allotment sheet.

What best describes your packaging?



## Marketing the Shares

### WHERE TO FIND CUSTOMERS

A great place to start looking for customers is with a previously established consumer base, such as farmers' market clients. These people already know what you grow, how your operation works and what to expect. A CSA can make a good customer even better by giving them the chance to make a bigger, more regular commitment, helping the farmer generate new revenue. For new or beginning farmers, drawing in new customers is best done through big venues, particularly those whose members are likely to be interested in your product. Local civic groups, churches and businesses can be good places to reach out to large numbers of people at one time. Host informal meetings to discuss your CSA, answer questions and sign up members. Passing out an informational brochure gives potential members a quick run-down of what the CSA program has to offer and how they can join. Health food stores, libraries and on-line databases such as [localharvest.org](http://localharvest.org) are good places to post information about your CSA.

### ADVERTISING YOUR PRODUCT

The key to attracting customers is educating them about the benefits of what you are selling. In this case, it is both a tangible product and an idea. Most people who join CSAs care about *how* their food is being grown and *by whom*. Customers generally want fresh, high quality and organic or sustainably produced food from someone they know and trust. These are the three things they cannot buy at the grocery store. Do not be shy about highlighting those unique benefits when promoting your CSA program. More than half (53 percent) of the respondents advertise in some way. Most use informal means, such as flyer or brochure distribution, direct mailings or directory listings and email.

Almost all CSA operations (95 percent) provide members with information throughout the season, mostly in the form of weekly newsletters, garden updates and recipes. Most (67 percent) also ask for feedback from members with 11 percent conducting one or two formal surveys each season. Others ask for feedback verbally during face-to-face contact and/or have a mechanism to ask members a “question of the week.” Good communication is a hallmark of many successful CSAs.

## RETAINING MEMBERS

CSA farms responding to the survey had a remarkable 94 percent member retention rates. The national average is around 65 percent. This reflects positively on the quality and consistency of their product and their good customer service. A CSA must be run like a business if it is to keep its shareholders. Think of a restaurant, even your favorite restaurant. How many times of poor service or poor food does it take to stop you from coming back, even if you have been going weekly for years? A CSA must be concerned about the details. Deliveries on time, vegetables presented in an attractive and appealing way, harvested to optimize ripeness and flavor, few crop failures and the availability of the crops that people want such as broccoli and tomatoes.

Other factors often credited with lowering shareholder retention rates include too much produce or too much preparation required to use the produce and a lack of choice or variety in the week shares.

Ways to increase retention of members include providing excellent service and quality, providing convenient pick-up sites and flexible times for pick-

up, encouraging sharing, engaging members in on-farm activities and making sure members know they are important.

## Section II

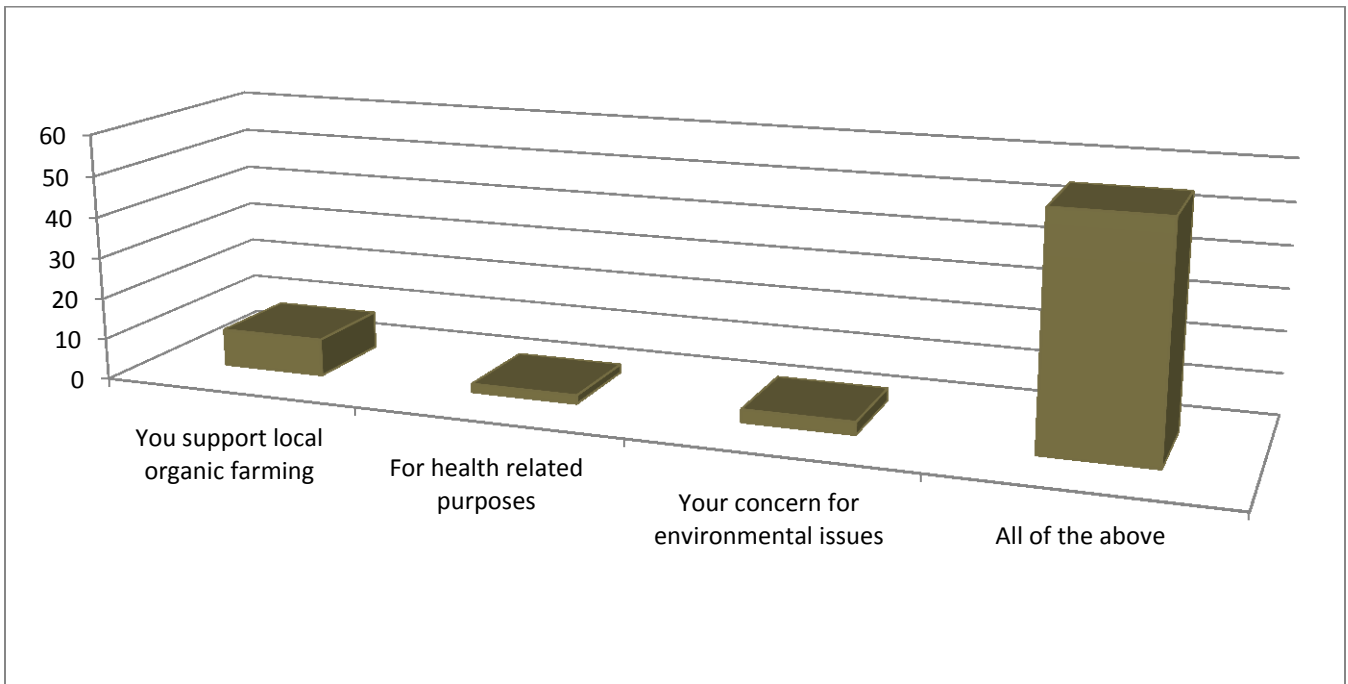
The Provident Farm CSA Survey Project was conducted in 2009 by the Provident Organic Farms, a multiform CSA in conjunction with the Lower Eastern Shore Sustainable Organic Network. The CSA conducted an end of-season survey of their 140 members with the following goals in mind. The response rate to the survey was 51 percent.

1. Increase to 200 members
2. Describe their existing customer base
3. Utilize feedback from the survey to revise the amount and content of their shares
4. Determine good additional products that might be offered
5. Gauge overall customer satisfaction with the shares and program implementation

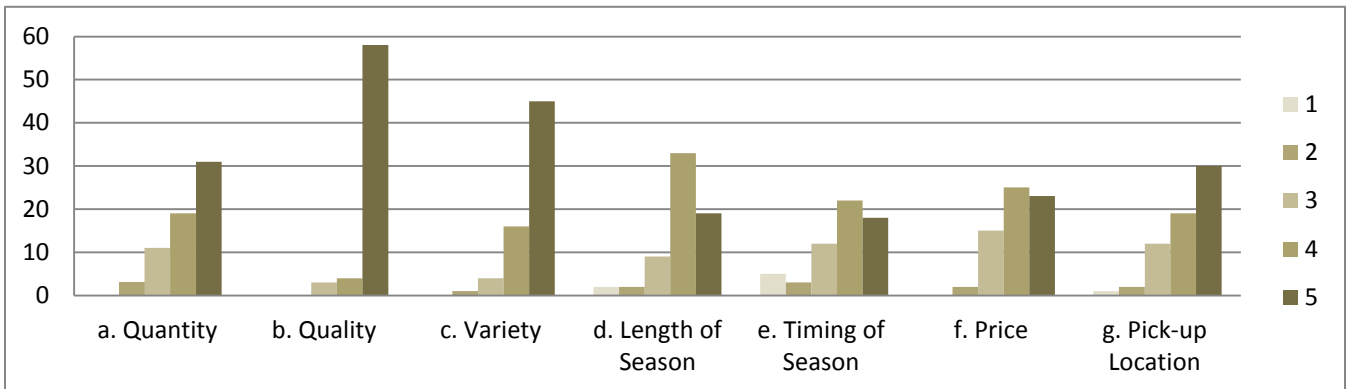
A copy of the entire survey and results may be obtained by contacting the Lower Eastern Sustainable Organic Network. Only the portions of survey results that related to the CSA marketing model, make-up of the shares and customer characteristics are included here for comparison as supplemental information to the statewide survey. These components address why customers join a CSA and what customers want in a produce share. This is vital information for farmers looking to begin or fine tune their CSA.

**Survey Question:** Why do you support the CSA?

**Number of customers responded**



**Survey Question:** What factors are most important to you?



**1: NOT IMPORTANT - 5: VERY IMPORTANT**

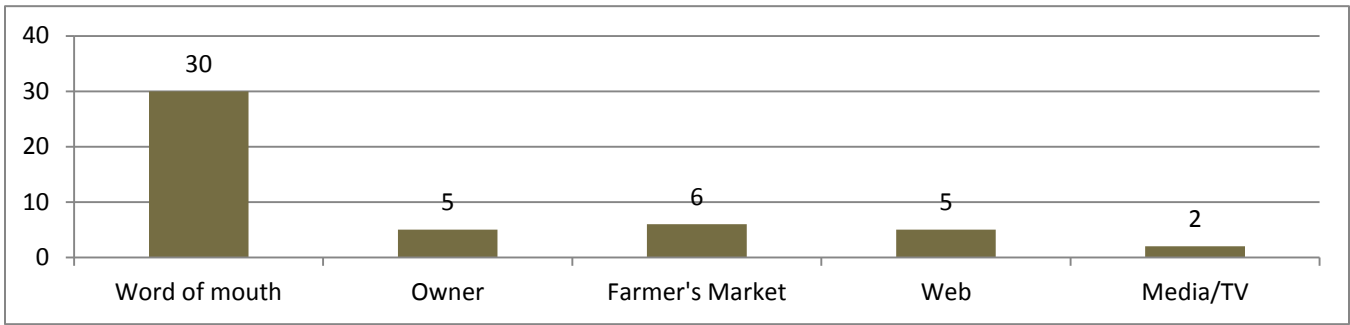
**Very important:** quality, variety, quantity

**Less important:** length of season and price

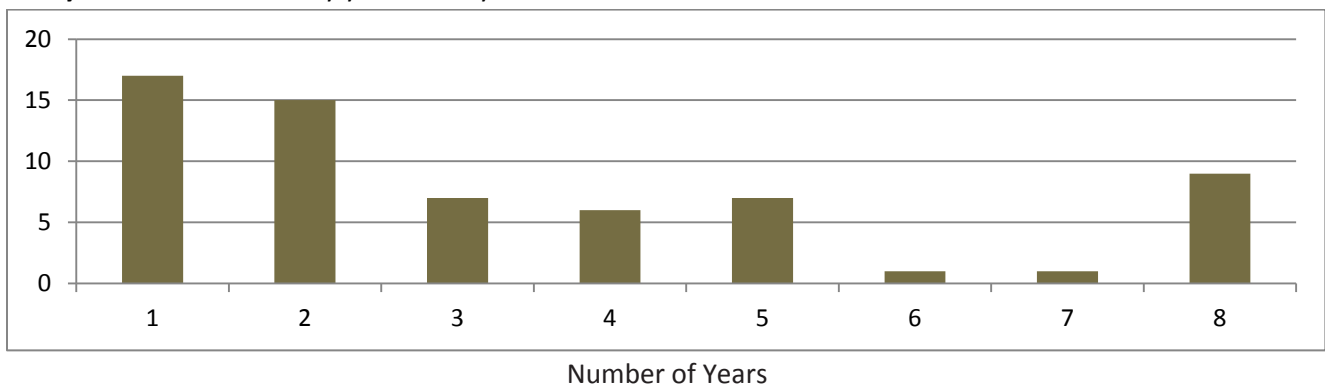
**Not important:** timing of season



**Survey Question:** How did you hear about the CSA?

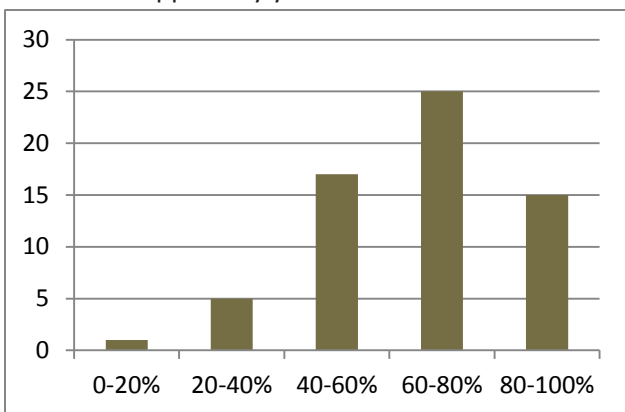


**Survey Question:** How many years have you been a member of a CSA?



### Section III

**Survey Question:** What percentage of your produce needs are supplied by your CSA share?



### CSA Farms Require Good Production and Management Skills

Since CSA farms deliver product every week to the same customers, the consistency of produce quality is very important. Also, a CSA has to offer a variety of produce throughout the season that customers will want to incorporate into their diet. A typical family does not consume large quantities of radishes, swiss chard or other crops which may be easier to produce.

Organizational and marketing skills are a must. Business management skills will also aid in a successful CSA. Farming skills include knowledge of growing cycles, crop sequences and sources for unique or unusual crops. You must also be able to

plan for failures. Organizational skills include dependability, the ability to develop a farm plan and budget and the ability to organize membership and delivery.

### Great Opportunities, Great Challenges

The general advantages CSA operations bring to producers include:

- Guaranteed market
- Advanced payment provides working capital
- Allows better off-season planning
- By tailoring production to the market, greatly reduces crop waste

#### Comments from the statewide survey concerning the greatest opportunities a CSA marketing model offers farmers included:

- \* Getting people to understand what it is about
- \* Collaborating with health services(hospital, area health education, fitness centers)
- \* Find a niche, fill it. CSA can tweak its program to make it unique.
- \* Downtown DC, underserved neighborhoods. Large condos as single target.
- \* Any group of 30+
- \* Urban demand in the extended D.C. metro area. We have waiting lists every year of people who want to join our CSA.
- \* Great interest in buying locally
- \* Lots of consumer interest, especially in metro areas.
  
- \* Increasing public awareness about benefits of buying local, supporting local farmers, making healthy choices in their food supply.
- \* Drop sites at institutions, businesses, hospitals
- \* Underserved area for local (not organic) CSA. Local makes it more affordable than organic.

Potential disadvantages to the producer are:

- Must educate consumers to eat seasonally
- Added labor of packaging and delivery
- Weather challenges
- What to grow/varieties - you like “big” sizes but customers want “small”
- Must be a “people” person

Comments from the statewide survey concerning the greatest challenges a CSA marketing model offers farmers included:

- Getting people to understand what it is about
- Recruiting new members
- Shareholder understanding of farm risks. Items that are available during parts of the year. In Western Maryland, the challenge can be the farm location and weather. For example, a CSA near Frostburg is at least 2 weeks behind a vegetable grower that farms in the Potomac River Valley and sells at the farmers’ market and they are 4 weeks behind growers near Hagerstown.
- Weather, economy and getting people to understand the concept. Seasonality is lost on people and it takes the first season or two to get people educated. Strawberries aren’t available in August, etc. They have total misconception of what they are getting and when. It doesn’t matter how much you try to explain, they don’t get it until they experience it.
- Steady production and taking on too many shares
- Always having fresh, locally grown vegetables.
- Getting help and having enough time to get it all done.
- A major limiting factor for our CSA is lack of farm labor. There is more demand than we can fill without additional help. Using interns who

want to live and work on a farm for the summer ends up bogged down in MD Labor regulations which normally apply to migrant farm labor.

- I have heard a lot of customers who have tried CSA and are disappointed in their share. We have to work to define what makes us different from other farms. Do not get involved with CSA until you are sure that you can deliver on your promises.
- Regulations and restrictions regarding value-added products, eggs, dairy products, etc. For us, its climate - we're in the mountains, and getting a full share each week is a challenge in the early season. We plan as well as we can, but sometimes things fail. That's why we trade with two other CSAs in the area - we only do it a couple times per year, but it does make our shares fuller and with more variety.
- Other farms that see CSA as a market share stealer at farmers' markets. Farmers will try to block CSA pick-up at a market in hopes of preserving their own business.
- Following through with what you promised. Don't get in over your head have a backup plan of partnering with other farms to help you if you can't provide enough for the weekly share. Don't just blame the weather, labor, etc.

## Steps for Starting a CSA

If you think the CSA marketing model is a good fit for your operation, here are the steps you need to take to get started. Like all marketing models, remember to evaluate your marketing efforts on a regular basis, offer great customer service and make changes to the content or your shares or delivery system as dictated by your customers.

- **Step 1**

Learn as much as you can about Community Supported Agriculture (CSA) through websites such as ATTRA and LocalHarvest (see resources below). Find farms near you and talk with local producers to find out more about local food sources. Often, there is more demand than supply and other growers will be happy to help you get started.

- **Step 2**

Evaluate whether you are ready and able to produce enough food to support a customer base. You can decide how many shares to offer and stay small at first. However, it may be best to spend a couple growing seasons practicing and selling at farmers' markets before launching a CSA.

- **Step 3**

Decide what your CSA will offer. Will you limit your CSA to fresh fruits and vegetables? Will you include chicken eggs and meat (grass-fed beef, free-range chickens)? Once you know how to start a CSA, you need to focus on the food your shareholders will receive.

- **Step 4**

Draw up a contract and payment schedule for your CSA members. Other CSA farms may have sample contracts you can look at.

- **Step 5**

Publicize your new CSA. Hand out cards at the farmers' market, get listed at LocalHarvest and Maryland's Best and post your information at local health food stores, fitness centers, libraries, churches and community centers.

- **Step 6**

Maintain a close connection with your members throughout the season. Encourage feedback from them to help you plan for the following year. You may consider publishing a monthly newsletter containing farm news, crop and farm pictures, recipes or tips on canning and preserving. Consider having a farm work-day, an open house or potluck dinner at your farm.

An excellent resource for those farmers interested in starting a CSA arrangement is the book, *Sharing the Harvest: A Guide to Community Supported Agriculture* by Elizabeth Henderson with Robin Van En.

## **Additional Resources:**

### **CSA Periodicals**

**Growing for Market:** News and Ideas for Market Gardeners, Features regular stories on CSA issues. Available from Fairplain Publications, PO Box 3747, Lawrence, KS 66046. Website: [www.growingformarket.com](http://www.growingformarket.com)

**The Community Farm and Table.** Practical information on community supported agriculture. The Community Farm and Table, 340 Hicks Hollow Road, Kingsport, TN 37600-6752. Ned Johnson, editor. \$15/year e-mail subscription; \$20/year hardcopy subscription. 423-288-4117, [csafarms.org/csaresources.asp](http://csafarms.org/csaresources.asp)

**Biodynamics:** A Bimonthly Magazine Centered on Health and Wholeness, Classifieds offer lists of positions for CSA growers, etc. 6 issues \$35. Biodynamic Farming and Gardening Association, Inc., 25844 Butler Road, Junction City, OR 97448, (888)516-7797, (541)998-0105, fax: (541)998-0106 Website: [www.biodynamics.com](http://www.biodynamics.com) E-mail: [biodynamic@aol.com](mailto:biodynamic@aol.com)

### **On the Web**

**CSA Across the Nation: Findings from the 1999 CSA Survey.** (2003) Center for Integrated Agricultural Systems (CIAS), College of Agricultural and Life Sciences, University of Wisconsin-Madison. Provides the first comprehensive portrait of the CSA movement in the US. Findings from a 1999 national "census" survey show commonalities and diversity among CSA farms. <http://www.cias.wisc.edu/pdf/csaacross.pdf>

**CSA Resources for Farmers.** (updated 2006) U.S. Department of Agriculture, AFSIC. List of selected books, articles, videos and web links focusing on the business of CSA farming. <http://www.nal.usda.gov/afsic/pubs/csa/csafarmer.shtml>

**Robyn Van En Center.** The Robyn Van En Center provides a national resource center about Community Supported Agriculture (CSA) for people across the nation and around the world. The Robyn Van En Center also offers outreach and works to gain publicity about CSA farms in order to benefit community farmers and consumers everywhere. <http://www.csa.org>

### Other Reference

Available at: <http://edis.ifas.ufl.edu/CD019>  
Provident Organic Farm Project. Provident Farm CSA, Bivalve, MD. [www.providentfarm.org](http://www.providentfarm.org) Swisher, M.E., Rose Koenig, Jennifer Gove and James Sterns. What is Community Supported Agriculture? University of Florida IFAS Extension

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To request a print copy, contact:

Ginger S. Myers  
University of Maryland Extension  
Western Maryland Research and Education Center  
18330 Keedysville Road  
Keedysville, Maryland 21756

Telephone: (301) 432-2767  
Fax: (301) 432-4089  
E-mail: [gsmyers@umd.edu](mailto:gsmyers@umd.edu)

## Ginger S. Myers

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