Emerging Marketing and Business Strategies

Tim Woods
Matt Ernst
University of Kentucky

This presentation is part of a USDA-Ag Marketing Service study:
“National Survey of CSAs: Emerging Marketing and Business Strategies”
Funded through Cooperative Agreement 12-25-A- 5660
Elmwood Stock Farm
Central Kentucky

• Evolution of traditional single farm CSA
• Complement to farm market and local branding
• Value added products – farm estate branding
• Sustainable food customer base
• Difficult to compete with local suppliers to restaurants and schools
• Competition from local food aggregators also emerging – also from local university
Elmwood Stock Farm
Central Kentucky

• Risks of shared CSA markets
  – Shareholder relations
  – Product quality
  – Mission creep
  – Farm branding limits

• Demand for season extension
  – 18 to 22 weeks, fall shares
  – High tunnels, meats
Farmer Dave’s/Many Hands Organic Farm

• Partnering with urban community development agencies to reach lower income and inner-city shareholders
  – Harvard Medical School
  – Boston Housing Authority
  – Madison Park Development Corporation
  – East Boston Neighborhood Health Center
  – NOFA

• Seafood CSA: Community Supported Fishery – extending the distribution model to a host of products
Farmer Dave’s/Many Hands Organic Farm

- Shareholder recruitment
- SNAP and other subsidy facilitation
- Peer shareholder leadership
- Cooking classes, expanded community health programs
- Food consumption behavioral studies
- Shared missional fit with community food systems

Elizabeth Gonzalez Suarez
Trinity Property Management
Connecting to Low Income Urban Shareholders

$6-8 weekly subsidy per share through food income assistance programs
Taking the CSA Beyond the Traditional Shareholder Base

Ginger Turner
CSA Manager for Farmer Daves
(Dave Demaresq)
Fair Prices for Farmers

• Many Hands Organic Farm
  – Medium Vegetable Share: $16.25/week, $325/season

• Farmer Dave
  – Fruit Share, $19.25/week, $250/season (13 weeks)
  – Small Vegetable: $21.50/week, $430/season
  – Regular Vegetable: $29.25/week, $585/season

Source: Drew Love, Northeast Organic Farmers Assoc.
CSA SNAPSHOT: PENNS CORNER FARM ALLIANCE (Pittsburgh, PA)

Timeline:
1999   Formed marketing co-op to restaurants, $16,000 in sales
2003   Started CSA; 10 grower members
2007   Hires Neil Stauffer as GM
2008-11 +20% sales growth annually
2012   Add flower, winter CSA program; start processing tomatoes

Four full-time staff
Acquired 3800 sq. ft. Pittsburgh warehouse, office, cooler space

Size: 36 farms, including a 12-farm Amish/Mennonite cooperative (Clarion River Organics)

CSA Members: ~700
2012: 509 spring shares, 630 harvest shares, 237 biweekly winter shares; 15 flower shares; ~30 egg shares

Other Outlets: Direct-to-restaurant, online ordering “Farm Stand”

Sales: $1.4 million in 2012; about 20% annual sales growth 2008-11

Future Plans: Continuing CSA; expand Farm Stand online ordering; dabbling in providing locally sourced foods to universities, private schools; developing Gift Basket line; encouraging high-end cheesemaking in the region.
Downtown warehouse location
• Rapid expansion of e-commerce
• Small Farm Central
• CSA, farm stand, restaurant/wholesale
FairShare
Madison, Wisconsin

• Association of organic CSAs
• Health Insurance Rebate program
  – Physician’s Plus
• Cookbook sales funding substantial cooperative programming
• Coalition support from Extension, medical community, strong local foods culture
• Coalition able to provide
  – specialized CSA training for members
  – Shareholder recruitment
  – Community and fundraising benefits
# FairShare Health Rebate Program Growth

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated total rebates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>issued</td>
<td>96</td>
<td>972</td>
<td>1282</td>
<td>3550</td>
<td>6100</td>
<td>6800</td>
<td>7300</td>
<td>7200</td>
</tr>
<tr>
<td>Approximate # of shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>available via FS farms</td>
<td>2000</td>
<td>2800</td>
<td>3500</td>
<td>4500</td>
<td>6950</td>
<td>8650</td>
<td>8733</td>
<td>9700</td>
</tr>
</tbody>
</table>
Denver Area CSAs

• CSA community post-Grant Farms
• Urban CSAs – links with Denver Housing Authority
• CSA as a connection to city planning
• Strong local foods and sustainable ag community in region
Star Acre Farms

Local, sustainable, organic veggies!

Community Supported Agriculture (CSA) memberships now available! Veggies, herbs, flowers and eggs grown in Arvada!

Star Acre Farms
www.staraacre farms.com
Contrast Multi-Farm CSAs

• **Fair Shares CCSA** (Combined Community Supported Agriculture)
  – St. Louis-based 450 share multi-farm CSA network
  – Around 40 farms, meat, produce, coffee, bread, pasta, cheese
  – Private venture

• **Grasshoppers** Kentucky-based food hub/CSA/specialty foods distributor
  – 40-50 KY and IN farms
  – Wide diversity of fresh and processed products
  – CSA a shrinking share of the business
  – Significant public investment from state
CSA Shareholders

Strategic reach
Grocer
Specialty wholesaler
Peapod

Value Proposition
More price sensitive
Less price sensitive

Periphery

Mid-Level

Core

Food hubs
Local food aggregators
Multi-farm CSAs

Traditional single farm CSA

Value Proposition
More price sensitive
Less price sensitive
Wider Definitions of Local by Retailers

Boston Area Whole Foods
What we are learning

• CSA agency and community partnerships that bridge entry barriers – helping with logistics, education, retention.

• Scale economies still important in distribution and promotion. Tension between “authentic” farmer and community relationship objectives and subscription delivery model (Peapod and others)/ other scale efforts
What we are learning

- E-commerce a core part of CSA business with growing applications for management
- Rapid expansion in new products marketed through the CSA model