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**Community Supported Agriculture  
Pricing and Promotion Strategies:  
Lessons from Two Ithaca, NY  
Area Farms**

**David S. Conner, Ph.D.**

**Department of Applied Economics and Management  
College of Agriculture and Life Sciences  
Cornell University  
Ithaca, NY 14853-7801**

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# **Community Supported Agriculture Pricing and Promotion Strategies: Lessons from Two Ithaca NY Area Farms**

**David S. Conner, Ph.D.**

## **Introduction**

Surveyed members of two Community Supported Agriculture (CSA) farms in the Ithaca (Tompkins County) NY area state that the qualities they value most in their CSA share are freshness, organically grown and local. These members place the least amount of importance on the price, season length, and sense of community. In addition, the price paid for a share in each CSA was less than a consumer would have to pay for the same bundle of goods at three local retail outlets, especially if the consumer took advantage of “pick your own” specials on the farm.

CSA (sometimes called “subscription farming”) is an arrangement under which members pay a fee at or near the beginning of the season to cover farm expenses, in return for a share of the farm’s harvest throughout the season. At least 80 CSA farms are active in New York State, according to the Robyn VanEn Center for CSA Resources. At least ten serve the Tompkins County area alone (Cornell Cooperative Extension - Tompkins County). Members share the risks of crop failure and provide working capital to the growers and in some cases are required to contribute labor (sometimes in exchange for a lower price), but gain the satisfaction of connecting with the land and growers, knowing where the food comes from and participating in the production of their food (DeMuth). Members and producers often share basic ideologies (Lass et al.).

CSAs offer other benefits to consumers, producers and society as a whole. They can build bridges between farmers and non-farmers on the urban/rural fringe (Sharp et



al.). They educate people about the food system (Lass et al.; Sharp et al.) and have a larger role in community building in rural areas (Sharp et al.). CSAs have little or no food spoilage, compared to up to 25% on conventional farms (Lass et al.). CSAs are also believed to play a role in stabilizing food security, protecting the environment and preserving small scale family farms (Stagl and O'Hara).

The goals of this study were twofold: (1) to compare prices of CSA shares from two Ithaca area farms with equivalent prices for the same produce items from local retail outlets; and (2), to measure members' attitudes about and satisfaction with CSA membership. Results will guide promotional and pricing strategies for these and other CSA farms, as well as other farms involved in direct marketing. Price and promotion are identified as two vital components of the marketing strategy for products (like CSA shares) in the introductory or growth phases of the product life cycle (Kotler).

### **Member Survey Responses**

The two farms were chosen, in part, due to their differences. One farm is more well-established and has a higher membership (170 members). The other sold 155 shares. Members of these CSA farms were surveyed at the weekly on-farm share pickup location late in the season, in the fall of 2002, and asked to measure both how important given traits were to their decision to join a CSA and how satisfied they were with their current CSA share. A five point scale was used to measure both importance (1=not important, 2=slightly important, 3= important, 4=very important, 5=extremely important) and satisfaction (1=very unsatisfied, 2=unsatisfied, 3=neutral, 4=satisfied, 5=very satisfied) of various traits salient to CSA member shares.

A total of 78 members (about 27% of the total number of shares) from the two farms participated in the survey. Surveys were left at the pickup site over several weeks, with signs prompting members to fill them out. Farmers were also urged to encourage participation in the survey. The sampling was in no way random; more enthusiastic members may have been more likely to participate, possibly biasing responses upward (i.e., more favorable responses).

When asked which traits were most important, the traits with the highest mean response were freshness (4.65), locally grown (4.57) and organically grown (4.37). Each of these three responses had a median and mode of five, the highest rating (i.e., more than half of respondents rated these qualities at five, or “very satisfied”). The least important traits to these consumers were connection to farm/growers, familiarity with farm operations (mean 3.45), price (3.49) and sense of community (3.51). See Table 1.

<b>Table 1. Descriptive Statistics for Trait’s Importance to CSA Members</b>			
<i>Trait</i>	<i>Mean</i>	<i>Median</i>	<i>Std Deviation</i>
Price	3.49	3.00	.955
Freshness	4.65	5.00	.577
Variety	3.94	4.00	.843
Size of Share	3.71	4.00	.830
Ease of Pickup/Delivery	3.56	4.00	.896
Connection to Farm/Community	3.45	3.50	1.040
Season Length	3.51	4.00	.879
Sense of Community	3.46	3.00	1.002
Organic	4.37	5.00	.913
Local	4.57	5.00	.733

Respondents were asked also open-ended questions about their “top three” reasons for joining a CSA. Responses not mentioned above include the farm’s beautiful

setting, meeting new people, exposing one’s families to farming and where and how food is produced, less packaging and transport, local control, getting outdoors, supporting alternatives to agribusiness and sustainable living, incentive to eat more vegetables, being in tune with the seasons and the ability to work for a discount.

When asked how satisfied they are with various characteristics of their share, members were most satisfied with freshness (4.81), followed by season length (4.43) and connection to the farm (4.34). They were least satisfied with size of the share (4.22), price (4.28) and ease of pickup or delivery (4.28). (Share sizes varied throughout the season). Since both farms grow organically and serve local customers, “satisfaction” in these traits is irrelevant. See Table 2.

<b>Table 2. Descriptive Statistics for Members’ Satisfaction with Traits</b>			
<i>Trait</i>	<i>Mean</i>	<i>Median</i>	<i>Std Deviation</i>
Price	4.28	4.00	.733
Freshness	4.81	5.00	.428
Variety	4.33	4.00	.733
Size of Share	4.22	4.00	.732
Ease of Pickup/Delivery	4.28	5.00	.866
Connection to Farm/Community	4.34	5.00	.788
Season Length	4.43	5.00	.696
Sense of Community	4.32	4.00	.768

A series of cross-tabulations were conducted to see how well importance of each trait matched its satisfaction. Variables were recoded such that those who gave the highest ranking (5) for the importance or satisfaction of a given trait were separated from those who gave a lower response (between one and four, inclusively). For example, of those who rated price highest in importance, 58% had the highest satisfaction with price,

while 42% rated their satisfaction 4 or lower. Of those who rated variability of items in the share most important, 61% gave their CSA the highest rating while 39% gave a lower rating. Satisfaction with size had the lowest cross-rating. Of those who rated size of share as most important, only 36% gave their satisfaction with the size of their share the highest rating. In contrast, freshness, connection to the farm and season length all rated high satisfaction with those who rated those respective traits most highly. 95, 85 and 86% of those who rated freshness, connection and season length as most important, respectively, gave their CSA the highest rating in satisfaction with those traits.

### **Price Comparison Results**

Each week, the price for each item in the share was calculated for the same organic items at Ithaca Farmers' Market, Green Start Cooperative Market (a local cooperative health food store) and Wegman's, a mainstream grocery store with a large organic produce section. From these prices, the lowest price bundle from all markets was calculated, assuming a shopper would visit each location and buy the lowest priced item available. In many cases, the CSA offered consumers a choice in which items they could take each week (e.g., pick three of the following: cabbage, kale, swiss chard, collards, broccoli; or, take five pounds total of onions, potatoes, parsnips, carrots, radishes). In these instances, the combination of vegetables that cost the least was used as the lowest cost bundle; for example, if potatoes cost less than the other roots offered (in the second example), the low cost bundle was calculated assuming five pounds of potatoes were bought.

The first CSA (the larger, more established one) offered shares to consumers for \$310 for the whole season, plus requires two hours of donated labor during the season;

labor was assigned an opportunity cost of \$10/hour, making the total cost \$330. The share offered members produce for 24 weeks, from May to November. Consumers would have to pay \$380.95 for the same bundle of produce they received in the CSA share. In addition, they offered the option to “pick your own” throughout the season (at no extra charge). The value of these items ranged from \$0 if the consumer chose never to pick, up to \$75 if all such opportunities were taken. If the opportunity cost of labor is included in the share price, consumers would save about 13% if no “pick your own” produce was taken and about 27% if all was taken.

The second CSA relied much more on member labor for both production and harvest. This CSA charged \$395 for a share, plus eight hours of labor, for a total of \$475. The share season lasted 21 weeks, from June to November. Members were offered a “basic share” for items in the barn, plus the opportunity to pick “pick your own” (PYO) vegetables and herbs, plus flowers, at no extra cost. The following price comparisons include the following options: basic share, (no PYO, no flowers), basic share plus PYO; basic share plus PYO plus flowers. Buying the same items offered in the basic share only (at least cost at the three retail outlets, as described above) would cost \$298.28. The basic share plus PYO (no flowers) is worth \$430.54. If all “pick your own” opportunities (including flowers) are taken, the value of the share is \$502.54. With the opportunity cost of labor included, consumers pay 59% more if neither pick your own or flowers are taken, 10% more if pick your own is taken, but not flowers. Consumers save about 7% if both flowers and pick your own are taken.

The mean responses for satisfaction with price and size of share, respectively, were both higher for at the first farm (4.40 and 4.08) than the second (4.30 and 4.05).

These responses correspond to the “better value” of the first farm’s share compared to the second’s (expressed in percent saving versus least cost bundle from retail outlets for each farm).

Several additional considerations must be mentioned. First, the 2002 season was marked by a severe drought in late summer, undoubtedly decreasing yields of many summer and fall crops and therefore the size of the share. (Irrigation, especially on the second farm was limited). Better rainfall would certainly have increased the volume of vegetables in the share and therefore its retail value. Second, the calculation of the lowest cost bundle assumed that the consumer had perfect foreknowledge of prices at each establishment (or visited each one before deciding what and where to buy). A third consideration is the variety of items available in a CSA. On one hand, it is not certain that consumers would choose the exact same selection of produce in the retail outlet as they received in the share. On the other hand, in a situation mentioned above (pick five pounds total of onions, potatoes...), the low cost bundle was calculated assuming the consumer bought five pounds of the cheapest item(s) from the cheapest location. Fourth, these consumers placed a great deal of value on freshness and locally grown. Locally grown items were often not available, especially at Wegman’s; rarely could they be assumed to have been picked earlier that day, as most CSA items were. The price comparisons were based on organic produce, regardless of origin; slight differences in grade (size, color, pest damage) between CSA and retail outlet produce were not considered. Therefore, it is safe to assume that the quality of produce available from a CSA, on the basis of variety, freshness and “local”, would be higher than that bought at Wegman’s (which usually offered the lowest prices of the three and whose prices therefore heavily influences the

least cost bundle); on the other hand CSA members may be more tolerant of pest damage than grocery store produce managers. Finally, the relative costs of driving to the farm to acquire the weekly share, plus pick your own times, versus the costs of shopping at all three retail outlets, were not considered.

Cooley and Lass, studying three CSAs in Massachusetts, found savings of 60-150% on retail purchases of organic and conventional purchases of the CSA market basket. Members of these CSAs mentioned quality of produce and support for local farming as important reasons for joining.

### **Conclusions and Implications**

These CSAs provided the food with desirable traits for their members desired at a reasonable price, along with a broader educational, aesthetic and social experience. Expansion of this market channel would have direct benefits to producers and consumers, as well as indirect benefits society. Articulation of these benefits through promotion is vital to achieving this end.

The results of this study point to several promotional strategies for CSA farmers in communicating with potential members. Promotional materials should emphasize the value, variety, freshness of produce and support of local and organic agriculture that consumers gain by joining a CSA, as well as indirect benefits such as ability to enjoy the landscape, familiarize family members with farming, etc. Perhaps sponsoring on-farm open house or field day events would inspire people to join. Additional studies could measure members' attitudes about qualities of CSA membership given in response to the "top three" open-ended questions other than those measured in this study.

CSA producers may also wish to increase the size of share (perhaps by producing more or having fewer members), trading off a higher share price. Members can also accomplish this themselves by purchasing more than one share (possibly splitting additional shares with other members).

Extension of the results of this survey must be done with caution, given that the selection of CSAs for this study was not random, the proportion of those members choosing to complete surveys likely contains selection bias and the survey was conducted in a limited geographical area. This study does, however, begin to examine the motives and values of CSA members. CSA is a vital marketing channel for small and medium farms and a unique opportunity to create community and appreciation for agriculture in New York State.



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