



Community Supported Agriculture

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Introduction

Community Supported Agriculture (CSA) is a term that has come to describe a variety of direct farm marketing practices with certain common characteristics, including:

- Emphasis on community and/or local produce
- Shares/subscriptions that are sold prior to the season's beginning
- Weekly deliveries to members/subscribers

CSA is relatively new to the United States, beginning in Massachusetts in 1986 and growing to 60 CSA farms in the U.S. in 1990.¹ The CSA structure grew significantly in popularity among both producers and consumers during the 2000s; by 2009, as many as 6,000 farms were operating a CSA. The 2015 USDA Local Food Marketing Practices Survey reported 7,398 farms nationally selling by CSA for a sales value of \$226 million. There were nearly 60 CSAs listed for Kentucky, in 2016, in the Kentucky Department of Agriculture CSA directory. The CSA marketing channel continues to increase in popularity, moving to new demographics besides the original core affluent urban consumer.

UK CSA Surveys

Researchers at the University of Kentucky have completed regional and national studies documenting characteristics and business models of community supported agriculture farms. In 2009, the University of Kentucky/Kentucky Horticulture Council and the Center for Crop Diversification sponsored a direct mail survey of CSA farms and farms using the CSA concept. More than 300 farms in Kentucky, Illinois, Indiana, Missouri, Michigan, Ohio, Pennsylvania, Tennessee, and West Virginia responded to that survey. A national survey of CSA farms was then completed in 2014, under a cooperative agreement with the USDA Agricultural Marketing Service. This



marketing profile will reference findings from both surveys. Full survey reports are available through the [Center for Crop Diversification](#) website.

Community Supported Agriculture – New Models for Changing Markets

U.S. Department of Agriculture,
Agricultural Marketing Service, 2017

This resource provides data and case studies of many innovative business and marketing practices for CSAs:

<https://www.ams.usda.gov/publications/content/community-supported-agriculture-new-models-changing-markets>

Definition of a CSA

A CSA may be defined as a producer-consumer local production and marketing partnership that involves a subscription-based contract for the delivery of seasonal products from the farm. This working definition has evolved somewhat from CSA as originally defined by the USDA: a community of individuals who pledge support to a



¹Matt Ernst is an independent contractor with the Center for Crop Diversification.

farm operation so that the farmland becomes, either legally or vicariously, the community's farm. This "classic" description of CSA, given in a 1993 USDA document, focuses on growers and consumers partnering together to share the risks and benefits of food production.²



Members (or shareholders) of the farm or garden pledge in advance to cover the anticipated costs of the farm operation, including the farmer's salary. In return, members receive shares in the farm's bounty throughout the growing season, plus the satisfaction gained from reconnecting to the land. Members also share in the risks, such as poor harvest due to unfavorable weather or pests.

Many farms operating as CSAs still match this "original" definition of Community Supported Agriculture. However, the CSA concept has diversified into subscription-based marketing channels that may not first emphasize the concept of shared risk between farm and member. Many farms (and customers) have found the CSA a beneficial means to directly deliver fresh, high quality, locally grown produce to local customers while maintaining a more direct connection from farm to consumer.

Characteristics of CSAs

COMMUNITY

Early CSA operators wished to enhance the community connection between local farms and local residents. Many of the first CSA farms offered local organic produce in exchange for a small fee and the subscriber's labor at harvest. Some CSA farms still operate with their members physically participating in the crop's production; however, many more now operate solely on a subscription basis.

Most CSA farms still maintain the community-building distinctive of the CSA movement. The majority of CSA farms distribute newsletters with their weekly delivery, sharing news of the harvest, produce-usage ideas and recipes, as well as other news and opinions. This allows CSA members to feel connected to their food and its production.

CSA farms were quick to adopt the Internet as a means of building community among their members. In the 2009 survey, more than 85 percent of respondents indicated that direct email and email newsletters are effective for their CSA. More than half of the respondents indicated that they find website postings or blogs effective. Social media, especially

Facebook, is used widely to improve farm-member communications. The 2014 national survey found more than 57 percent of farms surveyed were increasing their CSA member communications by "some" or "a lot."

Although the Internet and social media have been vital to the growth of many CSAs, CSA operators also find that technology cannot substitute for the "personal touch" that is naturally created within the CSA context. Getting to know the CSA members in person, as well as members getting to know one another, builds a kind of community around food that members often enjoy and value.

SHARES/SUBSCRIPTIONS

A "share" was originally the term used to describe a box of produce that would supply the weekly needs of a family of four. Traditionally, CSA customers invested in the farm before the season began, providing the farmer with operating capital that was needed to begin production. Through that investment, members were subject to the risks and rhythms of the season; shares reflected production allowed by weather and growing conditions.

A share is currently better described as a sort of subscription, usually representing a commitment by the member/consumer to receive a certain amount of product over a certain course of time, usually through prepayment. The average share size in the 2014 national survey was 145 shares per CSA farm, although many are much smaller. Most CSAs have fewer than 60 shares (median). The composition of the share is also diversifying; more than 70 percent of the surveyed farms in 2014 had "increased some" or "increased a lot" the scale and variety of products offered. About half

the farms surveyed offered shares including processed products, and 60 percent of those farms had at least “increased some” the amount of processed offerings in shares.

CSAs now offer their members numerous options to customize their shares. As the market share has increased for eating locally grown and organic foods, a share has come to represent less of an equity commitment and more of a market commitment from the member. This is evidenced by fewer CSA farms offering a “work share” in which subscribers contribute labor as part of their share. Furthermore, members today may not even visit the farm where the food is grown, although there is anecdotal evidence some farms are more greatly emphasizing on-farm share pickup to manage transportation costs. Many CSA farms have special field days or other farm events that will still connect the member to the land where their food is grown. Some farms even have “member-only” days where U-pick and other farm products are offered exclusively to CSA members.

DELIVERY

Part of the marketing appeal of a CSA is being able to receive farm-fresh produce at a location convenient to the member. Most shares are distributed from a central location, such as a farmers market or church. Some farms, especially those located near their membership base, distribute shares right from the farm. Other CSA farms deliver straight to the member’s door.

Delivery, the convenience of receiving food from the farm, is important to many members. Farms may also compete with other food delivery services for this share of the consumer’s food dollar. In the 2014 survey, farms relying more heavily on an urban customer base rated home food delivery services as a significant source of CSA competition, especially among CSA farms in the western U.S.

Pricing Shares

Selling shares before the produce season begins is a compelling farm business reason to consider a CSA. Pre-selling allows inventory (in this case, produce) to be sold before production, giving the farm access to share sales for planting and other preharvest production expenses.



This can reduce the need for borrowed operating capital and makes the CSA an attractive marketing option for newer farmers or those without extensive financial resources.

CSA shares in the U.S. typically are priced between \$400 and \$1,000 per season. Farms often offer variations on this concept, such as “half-shares” or other alternatives crafted to member needs and desires. Some Kentucky CSAs have long offered an “egg share” or “meat share”

options for members interested in free-range eggs and local meats. The 2014 national survey found CSAs are adding cheese, fish, flowers, wine, sauces, and other custom-processed or co-packed products to increase member interest; such diversity seems to relate to shareholder retention.

Producers rated “overhead and fixed costs of production” as the most important factor in setting CSA share price in the 2009 UK survey. This indicated many producers use CSA share income to cover production costs; some producers that are also marketing through other channels (farmers markets and restaurants are the most common) set their share price to cover their “up-front” expenses for their entire crop.

A recommended method for pricing CSA shares is as follows:

- Estimate production expenses for the CSA season
- Estimate the number of operator or hired labor hours to produce for the CSA
- Estimate the hourly wage rate that you would like to earn from your CSA production

Whether you choose to set share prices to cover total



costs or simply the variable costs of producing CSA market baskets, knowing these costs will help you serve your customers more efficiently and facilitate the growth of the CSA. Setting share prices with all expenses in mind is crucial to ensure that the CSA is profitable.

PRICING A CSA SHARE — AN EXAMPLE

Sally Sustainy is starting a CSA this year. She sold various vegetables (½ acre) at the farmers market last summer. This year, she will expand her vegetable production to ¾ acre, primarily for a small CSA. She has 20 members signed up for a 15-week share. She estimates she will drive about 1,000 miles total to deliver the shares to central pickup locations. She estimates that she will put about 350 hours of labor into the ¾ acre, including the time for delivery. She lists her estimated costs for the ¾ acre as:

Seeds & Plants	\$ 800
Tractor Fuel & Oil	\$ 100
Fertilizer	\$ 350
Pest Control	\$ 400
Labor (\$12.50/hr x 350 hrs)	\$4,375
Mileage for Share Delivery	\$ 550
TOTAL	\$6,575

If Sally wants to cover these costs, she needs to charge her members \$330 (\$6,575 divided by 20 shares) per share, or \$22 per week.

This example assumes a minimal charge for Sally's labor. It also does not include the "fixed costs" of production (the cost of land, equipment depreciation, and other "paid for" items she uses each year). Accounting for her true cost of land, labor and management and marketing time will likely justify setting Sally's CSA share price well above \$22 per week to make it financially sustainable.

PRICING ACCORDING TO NEARBY CSAs

Startup CSAs in Kentucky and nearby states have indicated they determined what nearby CSAs were charging before setting their share price. While it is important to price shares competitively, a farm should still know how much it actually costs to grow the crops on a per-share basis. Often, CSA consumers may be willing to pay more for quality. Farms able to offer higher quality or unique products, compared to nearby farms, should realize that may justify a higher share price. Good marketing – clearly explaining the difference between a farm's products to other CSA farms – is necessary to justify a higher cost for a particular CSA share.

CONTRACTS AND PAYMENT PLANS

There are a variety of legal and practical reasons to ask customers to sign a simple contract. These can include (but are not limited to):

- Contracts help a producer plan for length of production
- Contracts may contain language that manages a farm's liability for food safety in cases of customers mishandling or misusing CSA products
- Contracts can specify a type of payment plan to be used

Surveys have indicated beginning CSA operators are more likely than existing operators to utilize customer contracts to help plan for their CSA's production. Slightly less than half of the CSAs surveyed in 2009 required their customer members to sign a membership contract. CSAs utilizing contracts were generally those just starting production or those with fewer than 25 members.

Businesses that are based on relationships, like a CSA, may move away from formal contracts over time after building a core base of repeat customers. Payment plans have increased in popularity, with 48 percent of farms in the 2014 national survey indicating that flexible payment options have increased since the start of the CSA. That study indicated that flexible payment options are also vital to diversifying CSA membership, with some CSA operators believing lower-income customers are more attracted to a weekly payment option. The most common form of CSA payment plan was simply to offer members the option to pay in two or more installments throughout the season. This differs from the original CSA concept, which often required members to pay up-front. Other CSAs offer members the option of making a deposit in the winter or early spring, then paying the balance by a certain date.

If choosing to offer a payment plan for your CSA, be sure to:

1. Have initial payments that will provide the desired early season working capital
2. Have contingency plans for people that may not complete their installment payments

Waiting Lists

One way CSAs, especially those offering "monthly" or "weekly" memberships, can manage their membership and cash flow is by offering waiting lists. The waiting list is simply a list of potential members maintained by the CSA operator. Even if your production and service are perfect, not everyone may return the next season. Wait-

ing lists help in recruiting more members. They may also create an air of exclusivity to your CSA — people may actually be more interested in the quality that you have to offer if they have to wait a short period before becoming members. CSA waiting lists of approximately 200 CSAs surveyed in 2009 ranged in length from a few days to two years.

Consistency

Since CSA farms deliver product every week to the same customers, the consistency of the produce quality is very important. This may present a challenge for beginning produce growers — a CSA has to also offer a variety of produce throughout the season that customers will be able to incorporate into their family’s diet. A typical family does not consume large amounts of radishes, kale and other crops that may be easier to produce! Working with a production expert or your local Extension agent can be helpful in developing a production plan. It is essential to communicate with customers regarding weather conditions and other related production concerns that affect the weekly share.

Because of the longer season and consistent production required to operate a successful CSA, new producers should gain experience in producing a continuous supply of crops before “jumping in” to CSA production. Many successful CSAs learned how to choose varieties, use season-extension, and address customer concerns by first successfully selling through other direct market channels, like farmers markets and roadside stands.

One way that CSA producers can enhance the consistency of their market basket is to expand the diversity of the products in that basket. One of the most common ways for growing a CSA, according to both the 2009 regional and 2014 national surveys, is season extension technologies like using high tunnels, hoop houses, row covers and different varieties. Learning from other growers, conducting your own research, and obtaining resources from local Extension service professionals can help in determining what techniques and varieties may work well to extend the CSA’s season.

Before investing in new products to offer a longer sea-

son, however, be sure that your membership wants a longer share. By talking with your existing membership, you will be able to determine what crops are in greatest demand and even how much more people would be willing to pay for fresh, locally grown produce a little earlier or later than customers are used to purchasing it. Remember: if the extra cash costs of production cannot be covered, it is usually not a good idea to add that new enterprise to the farm.

A significant number of producers also indicated that they added non-produce items to their market basket to extend the season. Eggs are at the top of the list of popular items to add to a CSA share, followed by meat products. Honey and dairy products have also been added by some growers. Be sure to follow any and all laws that may apply to selling these products.

Products that are relatively easy to add and are not likely subject to potential restrictions and liability include flowers, soaps and fall ornamentals. Many such products may be requested by the shareholders in greater quantities than

what may have already been included in their share, creating opportunities for additional sales.

One final word concerning “consistency” — your CSA may benefit from using products that you may not produce yourself. The national survey of 2014 showed almost 60 percent of CSAs had increased product sourcing from other producers. Multi-

farm sourcing, collaboration or partnerships may provide CSA members with greater product diversity and increase customer satisfaction by offering high quality, local products that complement CSA shares. Some CSAs may also offer additional items for sale at the location where members pick up their weekly shares.

Again, be sure that any new products added are worth the time and capital used to produce them. Some products are easily added — it is not hard to add leeks when already growing spring onions. But some appealing products, such as handcrafted herbal sachets or soaps, can be labor-intensive to create — especially for the grower that is focusing on produce quality. These products might be efficiently sourced from a local soap maker or herbalist.



Communication

Good communication is a hallmark of successful CSA farms. CSAs include recipe ideas with their weekly deliveries, especially early or late in the season when cool-season crops (beets, turnips, kale) are harvested. These crops could be unfamiliar to consumers, who may be waiting for more familiar later-season crops. Members will appreciate help with how to prepare the beets and turnips they receive early in the season.



It is common for CSA farms to issue a newsletter in each share. The newsletter can provide facts about the farm, update members on how the season is progressing, and provide updates regarding how the various crops are shaping up for harvest. Some farms offer colorful commentary on farming, community and even politics in their newsletter. Your customer base will determine what goes in your newsletter, but some form of communication is vitally important to the success of CSA marketing.

Maintaining a presence on the Internet is very important in connecting with the kinds of customers that are likely to be interested in CSAs. The 2009 survey revealed that more than 85 percent of the responding CSAs rated electronic communication as “important” or “very important” for their CSA. Websites (such as [Local Harvest](#)) allow operators to maintain a presence on the web for free or minimal costs. A list of websites offering CSA listings can be accessed through the [Community Supported Agriculture page](#) on the USDA website.

CSA farms, along with other direct farm marketers, often use social media tools to communicate with current and future customers. Facebook, Twitter and Pinterest are among the sites that will be frequented by some likely customers. While not all CSA customers will use, or want to use, these services, many consumers are using social media for information about food. CSAs that already produce a well-organized newsletter may choose to integrate that content into social media sites. CSA operators should be cautioned that excellent communication through social media does take time, and the communication should be targeted through the most likely social media channels that a farm’s customers will be using.

Another communicating strategy is to invite customers onto your farm. Forty percent of CSAs responding to the

national survey said they had increased on-farm activities since starting the CSA. While many CSAs do not follow the original CSA design of members providing labor for their products, many find it effective to offer on-farm events or privileges to their members.

Good communication also helps in connecting with potential new customers. The CSA operators surveyed in 2009 affirmed that their

best advertising was word-of-mouth; but good websites and email communication were also important. CSAs also find it beneficial to advertise at farmers markets, local community centers (such as libraries), government offices, co-ops, health food stores and churches.

CSA Consumer Characteristics

Like any other marketing mechanism, CSA producers need to first identify their market. They must then determine whether they have the capability to market to the consumer base most interested in purchasing from a CSA. Promotion and planning are critical to attract the necessary volume required to cover costs.

CSA consumers tend to fall into the following two general categories:

- Upper-middle class consumers with above-average incomes and some interest in buying higher quality or local food
- Consumers valuing the idea of local food enough to invest a substantial amount in it for the whole season

A farm considering becoming a CSA needs to identify where it might find these kinds of consumers. Larger population areas and towns with colleges may be two locations favorable to a CSA in Kentucky. In addition, CSA farms are frequently used by certified organic growers, whose clientele may be more familiar with the CSA concept.

Research has indicated that there are different kinds of CSA members. Some customers will be extremely interested in the farm and the way crops are grown. For other members, things like the end-quality, product diversity, and “freshness” of the produce will be the most important factors for their patronage. While newsletters, websites and email are all important ways to communicate with members, one-on-one conversations and other “personal touches” will likely help get the best idea of who your members are and what they are looking for.

Competition for Consumers

Identify other CSA farms that may be operating in the area. Since the CSA model is based on developing community, two or more farms may choose to cooperate to supply weekly shares. For example, a farm primarily producing vegetables may cooperate with a nearby berry farm or orchard, thus adding more diversity to the weekly share.

Some consumers may be attracted to a CSA where multiple farms cooperate to serve their membership base, referred to as a collaborative CSA. The North Central Regional Center for Rural Development (NCRCRD) has completed a project on this type of CSA model in Iowa and offers its insights in an online [publication](#).

Even if cooperating with other CSA farms, one must remember that the demand for CSA and subscription-based produce is still relatively limited and confined to a few specific kinds of consumers. Studies have shown that farmers markets may compete with the CSA farm since both can draw similar types of consumers. In the Iowa study mentioned above, the top three reasons that customers were likely to cease participation in a cooperative CSA were not being in town enough to make participation worthwhile, having too little produce, and having a more suitable way of meeting their produce needs from a farmers market.³

Prospective CSA consumers are also likely to value organic production. A potential CSA producer will need to consider this consumer characteristic and plan for appropriate production, if necessary. Alternative sources for organic produce should be considered during the CSA formation stage as the producer evaluates his or her competition.

Farms are constantly innovating around the CSA model. The national study of CSA business practices identified many innovations, including efforts to incorporate lower income households as CSA shareholders, collaborations with health and community agencies, economic development projects, partnerships with low-income support projects, and CSA shares as a part of workplace health and wellness programs.

Legal Issues

Legal issues that CSA operators should be aware of include: whether members who assist on the farm are considered employees, regulations about including processed food, and storage or refrigeration requirements at drop-off sites. These are all issues that should be addressed by consulting the appropriate local regulatory agencies or officers. Farm operators should always be sure to identify



the resources and regulations specific to their particular products, geographic location and customers.

Another important issue for CSA farms is the structuring and wording of a membership agreement. It is always a good idea to put agreements in writing, and a simple, properly worded CSA membership agreement is no exception. A sample membership agreement is available at <http://www.directfarmbusiness.org/model-csa-agreements/>. Following published guidelines for wording membership agreements, as well as having the agreement reviewed by an attorney familiar with agriculture, are wise and recommended management decisions.

If planning to operate a CSA as a substantial portion of your household or farm income, it may be advantageous to investigate a business structure outside of a sole proprietorship. This may especially be the case when relying on other farms or family members to produce some of your products. Partnerships, limited liability companies, and limited liability partnerships are some of the forms of business organization that CSAs have utilized to benefit their business.

¹Ron Strohlic and Crispin Shelley. Community Supported Agriculture in California, Oregon and Washington: Challenges and Opportunities. California Institute for Rural Studies, May 2004. Retrieved May 2017 from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.208.9442&rep=rep1&type=pdf>

²“Defining Community Supported Agriculture.” Community Supported Agriculture (CSA): An Annotated Bibliography and Resource Guide. 1993. National Agricultural Library. <https://pubs.nal.usda.gov/sites/pubs.nal.usda.gov/files/csadef.html>

³Bregendahl, Corry and Cornelia Butler Flora. 2006. *The Role of Collaborative Community Supported Agriculture: Lessons from Iowa*. Ames, IA: North Central Regional Center for Rural Development. <http://www.soc.iastate.edu/extension/ncrcrd/CSAReport-2006-LessonsFromIowa.pdf>

Selected Resources

CSA Research at UK

- Center for Crop Diversification CSA Research page <http://www.uky.edu/ccd/csa-research>
- Community Supported Agriculture – New Models for Changing Markets. Timothy Woods, Matthew Ernst, and Debra Tropp. (U.S. Department of Agriculture, Agricultural Marketing Service, 2017) <https://www.ams.usda.gov/publications/content/community-supported-agriculture-new-models-changing-markets>
- Survey of Community Supported Agriculture Producers (University of Kentucky, 2009) <http://www.uky.edu/ccd/sites/www.uky.edu/ccd/files/2009csasurvey.pdf>

CSA Business Planning Tools

- Community Supported Agriculture (CSA) (Kentucky Department of Agriculture) <http://www.kyagr.com/marketing/CSA.html>
- Are You Ready to Start a CSA? Marketing Your CSA and Making Your Customers Happy. (University of Tennessee, 2015) <https://extension.tennessee.edu/publications/Documents/SP787-A.pdf>
- Farmer's Guide to Marketing through Community Supported Agriculture (CSAs), PB-1797 (University of Tennessee, 2010) <https://utextension.tennessee.edu/publications/Documents/PB1797.pdf>
- Rural Guide to Community Supported Agriculture (University of Wyoming, 2013) <http://www.wyoextension.org/agpubs/pubs/B1251.pdf>
- Tips for Selling through CSAs — Community Supported Agriculture (ATTRA, 2013) <https://attra.ncat.org/attra-pub/summaries/summary.php?pub=440>
- Community Supported Agriculture (ATTRA, 2006) <https://attra.ncat.org/attra-pub/summaries/summary.php?pub=262>
- Local Harvest: A Multifarm CSA Handbook (SARE, 2010) <http://www.sare.org/Learning-Center/Project-Products/Northeast-SARE-Project-Products/Local-Harvest>

- Illinois Direct Farm Business <http://www.directfarm-business.org/model-csa-agreements/>
- Role of Collaborative Community Supported Agriculture (cCSA): Lessons from Iowa (North Central Regional Center for Rural Development, 2005) <http://www.soc.iastate.edu/extension/nrcrd/CSAReport-2006-LessonsFromIowa.pdf>

USDA surveys and resources

- Community Supported Agriculture (USDA) <https://www.nal.usda.gov/afsic/community-supported-agriculture>
- Local Food Directories: Community Supported Agriculture (CSA) Directory (USDA) <https://www.ams.usda.gov/local-food-directories/csas>

Other CSA Resources

- Season Extension Tools and Techniques (University of Kentucky, 2011) <http://www.uky.edu/ccd/sites/www.uky.edu/ccd/files/extension.pdf>
- Community Supported Agriculture Project (University of Kentucky) <http://sustainableag.ca.uky.edu/csa>
- Robyn Van En Center (Wilson College) <http://www.wilson.edu/robyn-van-en-center>
- Community Supported Agriculture (Local Harvest) <http://www.localharvest.org/csa/>

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