

# Community Supported Agriculture

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## Overview

Community Supported Agriculture (CSA) is a direct farm marketing model built around several common characteristics: emphasis on community and/or local produce, shares or subscriptions sold prior to the season's beginning, and weekly deliveries to members or subscribers.

CSA is relatively new to the United States. It began in Massachusetts in 1986 and grew to 60 CSA farms nationally by 1990. The model expanded substantially 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 through CSA, with total sales of \$226 million. In Kentucky, nearly 60 CSAs were listed in the Kentucky Department of Agriculture CSA directory in 2016.

Researchers at the University of Kentucky completed both a 2009 regional survey and a 2014 national survey documenting CSA farm characteristics and business models. More than 300 farms in Kentucky, Illinois, Indiana, Missouri, Michigan, Ohio, Pennsylvania, Tennessee, and West Virginia responded to the 2009 survey. This publication draws from findings in both studies.



## Related Resource

### **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 innovative business and marketing practices for CSAs.

## Definition of a CSA

A CSA may be defined as a producer-consumer local production and marketing partnership involving a subscription-based contract for the delivery of seasonal products from the farm. This working definition has evolved somewhat from the original USDA description of CSA as a community of individuals who pledge support to a farm operation so that the farmland becomes, either legally or vicariously, the community's farm.



Under the classic model, members or shareholders pledge in advance to cover anticipated farm costs, including the farmer's salary. In return, members receive shares of the farm's production throughout the season and also share in the risks of production, such as poor harvests caused by weather or pests.

Many farms still operate with this original emphasis on shared risk, but the CSA concept has diversified into a wider range of subscription-based marketing arrangements. Many farms and customers now use CSA primarily as a way to deliver fresh, high-quality, locally grown products while maintaining a direct connection between farm and consumer.

## Characteristics of CSAs

### Community

Early CSA operators aimed to strengthen the connection between local farms and local residents. Some early CSAs exchanged local organic produce for a fee plus labor contributed by subscribers. Although many modern CSAs no longer require member labor, most still retain a strong community-building emphasis.

Many CSA farms distribute newsletters with weekly deliveries, sharing harvest news, recipes, produce-use ideas, and updates from the farm. This helps members feel connected to both the food and its production.

Internet communication has been important to CSA development. In the 2009 survey, more than 85 percent of respondents reported that direct email and email newsletters were effective for their CSA, and more than half found website postings or blogs effective. The 2014 national survey found that more than 57 percent of farms had increased CSA member communications by “some” or “a lot.” Social media, especially Facebook, has become a widely used tool for member communication.

Even so, the publication emphasizes that technology does not replace the personal touch. Getting to know CSA members in person, and allowing members to know one another, helps build the kind of food-centered community many members value.



## Shares/Subscriptions

Originally, a “share” described a weekly box of produce intended to meet the needs of a family of four. Traditionally, CSA customers invested in the farm before the season began, providing operating capital needed to start production. Through that investment, members shared in the risks and rhythms of the season.

Today, a share is better understood as a subscription commitment by the member to receive a certain amount of product over a certain period of time, usually through prepayment. In the 2014 national survey, the average share size was 145 shares per farm, although the median was fewer than 60 shares.

The composition of the share has diversified substantially. More than 70 percent of farms in the 2014 survey had increased, by “some” or “a lot,” the scale and variety of products offered. About half offered shares that included processed products, and 60 percent of those farms had increased processed offerings at least somewhat.

Many CSAs now offer members more options to customize their shares. Fewer farms offer “work shares” than in the past, suggesting that the share now represents less of an equity commitment and more of a market commitment from the member. Some farms emphasize on-farm pickup or host field days and member-only events to preserve the connection between members and the land where their food is grown.



## Delivery

A major part of CSA’s appeal is the convenience of receiving farm-fresh produce at a location convenient to the member. Most shares are distributed from a central pickup point, such as a

farmers market or church. Some farms distribute from the farm, while others deliver directly to members' homes.

Delivery convenience is important to many members, and some farms now compete with other food delivery services for this portion of the consumer's food budget. In the 2014 survey, farms serving more urban customer bases identified home food delivery services as a significant source of competition, especially in the western United States.

## Pricing Shares

Selling shares before the produce season begins provides an important business advantage: it allows inventory to be sold before production and gives the farm access to capital for planting and other early-season expenses. This can reduce the need for borrowed operating capital and makes CSA an attractive option for newer farmers or those without extensive financial resources.

CSA shares in the United States are typically priced between \$400 and \$1,000 per season. Farms often offer alternatives such as half-shares or add-on options tailored to member interests. Some Kentucky CSAs have long offered egg shares or meat shares, and the 2014 national survey found that farms were adding cheese, fish, flowers, wine, sauces, and other custom-processed or co-packed products to increase member interest.

In the 2009 UK survey, producers rated “overhead and fixed costs of production” as the most important factor in setting CSA share price. This suggests that many farms use share income to cover production costs, while some farms that also market through other channels use CSA share sales to cover their up-front expenses for the broader farm operation.

## Recommended Method for Pricing CSA Shares

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

Whether a farm sets share prices to cover total costs or only variable costs, understanding these costs helps the operator serve customers more efficiently and grow the CSA in a financially sustainable way.

## Pricing a CSA Share — An Example

Sally Sustainy is starting a CSA. She previously sold vegetables from one-half acre at a farmers market. This year, she will expand to three-quarters of an acre, primarily for a small CSA. She has 20 members signed up for a 15-week share and estimates about 1,000 miles of total delivery travel and 350 hours of labor, including delivery time.

<b>Cost Category</b>	<b>Amount</b>
Seeds and plants	\$800
Tractor fuel and oil	\$100
Fertilizer	\$350
Pest control	\$400
Labor (\$12.50/hr x 350 hrs)	\$4,375
Mileage for share delivery	\$550
<b>Total</b>	<b>\$6,575</b>

If Sally wants to cover these costs, she must charge \$330 per share (\$6,575 divided by 20 shares), or about \$22 per week. The publication notes that this example assumes only a minimal charge for labor and does not include fixed costs such as land, equipment depreciation, and other annual overhead items. Her actual financially sustainable share price would likely need to be higher.



## Pricing According to Nearby CSAs

Startup CSAs in Kentucky and nearby states reported that they often looked at nearby CSA prices before setting their own share price. Competitive pricing matters, but farms still need to know their own true per-share costs. Consumers may be willing to pay more for higher quality or more unique products, but farms must explain those differences effectively if they want to justify a higher price.

## Contracts and Payment Plans

There are both legal and practical reasons to ask customers to sign a simple contract. Contracts can help the producer plan for the length of production, include language that manages food safety liability in cases where customers mishandle products, and specify payment terms.

Survey results indicated that beginning CSA operators were more likely than existing operators to use membership contracts. Slightly less than half of the farms surveyed in 2009 required members to sign a membership contract. Farms using contracts were generally those just starting production or those with fewer than 25 members.

Over time, relationship-based businesses like CSAs may move away from formal contracts as they build a base of repeat customers. At the same time, payment plans have increased in popularity. In the 2014 national survey, 48 percent of farms reported that flexible payment options had increased since they started their CSA. Farms also reported that flexible payment plans were important for diversifying membership and attracting some lower-income customers. The most common approach was to allow members to pay in two or more installments over the season.

If offering a payment plan, the publication recommends making sure initial payments provide the desired early-season working capital and having contingency plans for members who may not complete installment payments.

## Waiting Lists

Waiting lists can help CSA operators manage membership and cash flow, especially when using monthly or weekly membership structures. A waiting list is simply a list of prospective members maintained by the operator. Even farms with strong production and service may not retain every member from one season to the next. Waiting lists can also create a sense of exclusivity that may increase interest in the CSA. In the 2009 survey, reported waiting-list lengths ranged from a few days to two years.

## Consistency

Because CSA farms deliver produce every week to the same customers, consistent product quality is extremely important. This can be especially challenging for beginning growers, because a CSA must also provide enough variety over time to fit into a family's normal diet. The publication notes that typical families do not consume large amounts of crops such as radishes or kale, even if those crops are relatively easy to produce.

Working with a production expert or local Extension agent can help growers develop a production plan. It is also essential to communicate with customers about weather and other production conditions that affect the weekly share.



The publication advises new growers to gain experience producing a continuous supply of crops before jumping into CSA production. Many successful CSAs first learned about variety selection, season extension, and customer concerns through other direct market channels such as farmers markets and roadside stands.

Season extension is one of the most common ways to grow a CSA. Both the 2009 regional survey and the 2014 national survey found that tools such as high tunnels, hoop houses, row covers, and different varieties were common strategies for expanding season length and improving consistency. Before adding new products, however, producers should first determine whether members actually want a longer season and whether the added production costs can be covered.

Many producers also add non-produce items to extend the season or increase customer satisfaction. Eggs were the most popular added product, followed by meat products, honey, and dairy items. Flowers, soaps, and fall ornamentals were also identified as relatively easy products to add, although producers must comply with all applicable laws and regulations.

The publication also notes that almost 60 percent of CSAs in the 2014 national survey had increased product sourcing from other producers. Multi-farm sourcing, collaboration, and partnerships can help offer greater diversity and improve customer satisfaction.

## Communication

Good communication is a hallmark of successful CSA farms. Many CSAs include recipe ideas with weekly deliveries, especially early or late in the season when customers may receive cool-season crops such as beets, turnips, or kale. Newsletters can also share farm facts, explain how the season is progressing, and preview upcoming crops.

Internet presence is important for reaching likely CSA customers. The 2009 survey found that more than 85 percent of responding farms rated electronic communication as important or very important for their CSA. Websites such as Local Harvest allow operators to maintain a web presence at low or no cost, and USDA also maintains CSA listing resources.

CSAs, like other direct marketers, often use Facebook, Twitter, Pinterest, and other social media tools to communicate with current and prospective customers. The publication cautions, however, that strong social media communication takes time and should be focused on the channels most likely to be used by a farm's customers.

Another effective strategy is to invite customers onto the farm. Forty percent of CSA farms responding to the national survey said they had increased on-farm activities since starting the CSA. Word-of-mouth was identified as the best advertising by 2009 survey respondents, but good websites and email communication were also important. Farms also advertised through farmers markets, libraries, government offices, co-ops, health food stores, and churches.

## CSA Consumer Characteristics

Like any marketing mechanism, CSA production requires identifying the target market first. Producers must determine whether they can effectively market to the kinds of consumers most likely to purchase CSA shares. The publication groups likely CSA consumers into two broad categories: upper-middle-class consumers with above-average incomes and an interest in higher quality or local food, and consumers who value the local food concept enough to commit substantial money to it for the whole season.

CSA farms may be especially well positioned in larger population centers and college towns in Kentucky. They are also frequently used by certified organic growers, whose customers may already be more familiar with the CSA concept.

Research also suggests that CSA members are not all alike. Some are highly interested in farming methods and the farm itself, while others are primarily motivated by product quality, diversity, and freshness. Newsletters, websites, emails, and especially one-on-one conversations help operators understand what their members value most.

## Competition for Consumers

Producers should identify other CSA farms operating in their area. Because the CSA model is based partly on community, two or more farms may choose to cooperate to supply weekly shares. For example, a vegetable farm may collaborate with a nearby berry farm or orchard to increase diversity. This kind of collaborative CSA can be attractive to some consumers.

The publication also notes that CSA demand remains relatively limited and concentrated among certain kinds of consumers. Farmers markets may compete directly with CSAs because both channels appeal to similar customers. In the Iowa study cited in the publication, the three main reasons customers stopped participating in a cooperative CSA were that they were not in town enough to make participation worthwhile, there was too little produce, or they had found a more suitable way to meet their produce needs through a farmers market.

Prospective CSA consumers are also likely to value organic production. Producers need to consider this characteristic and, if necessary, plan accordingly as they evaluate competing sources of local and organic produce. The national study also identified numerous innovations in the CSA model, including efforts to include lower-income households, collaborations with health and community agencies, economic development projects, partnerships with low-income support programs, and CSA shares linked to workplace wellness programs.

## Legal Issues

CSA operators should be aware of legal questions such as whether members who assist on the farm are considered employees, what regulations apply to including processed food in shares, and what storage or refrigeration requirements may apply at drop-off sites. These questions should be addressed by consulting the appropriate local regulatory agencies and officers.

Another important issue is the structuring and wording of the membership agreement. The publication recommends putting agreements in writing and notes that a sample membership agreement is available through Illinois Direct Farm Business. It also recommends following published guidance and having the agreement reviewed by an attorney familiar with agriculture.

If operating a CSA as a substantial part of household or farm income, the publication suggests investigating business structures beyond sole proprietorship. Partnerships, limited liability

companies, and limited liability partnerships are among the structures CSAs have used to support their business operations.

## Selected Resources

### CSA Research at UK

- *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.wyomingextension.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.directfarmbusiness.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/ncrcrd/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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## Suggested Citation

Ernst, M. (2017). *Community Supported Agriculture*. CCD-MP-1. Lexington, KY: Center for Crop Diversification, University of Kentucky College of Agriculture, Food and Environment. Available: <http://www.uky.edu/ccd/sites/www.uky.edu.ccd/files/csa.pdf>

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