

ARE YOU READY TO START A CSA?

Marketing Your CSA and Making Your Customers Happy

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INTRODUCTION

The number of farms marketing products through Community Supported Agriculture operations (CSAs) in Tennessee increased 6 percent (15 farms) between 2007 and 2012, according to the Census of Agriculture. As shown in Table 1, the number of CSAs decreased significantly in several southern states. In the United States overall, the number of CSAs increased by 1 percent (68 operations).

Marketing is vital to the potential success of a direct marketing enterprise, including that of CSAs. Marketing is inherent to many drivers of profitability including managing costs, production quality and efficiency, pricing for profit, achieving some minimum level of sales volume, building repeat customers, and managing risk.

Customer turnover is one of the challenges faced by CSAs necessitating constant marketing efforts to recruit new members and maintain a loyal customer base. A 2004 study of CSAs in California and Washington reported customer retention rates of 63 percent; 37 percent of customers did not return year to year.¹

This publication introduces important marketing concepts for CSA operators with special emphasis on promotional strategies and customer service. It provides tips for promoting a CSA, discusses ideas for keeping customers happy, and lists additional marketing and customer service resources. In addition, Ron and Christine Arnold of Herb and Plow Farm share their insights into marketing a CSA and keeping customers happy.

INTRODUCTION TO MARKETING CSAs

When thinking of marketing, people often consider a single aspect or two, typically advertising or sales. Marketing is actually much broader than these two activities and includes:

- An analysis of the market.
- Identification of target audience(s).
- Development and implementation of market strategies.
- Estimation of a marketing budget.
- Development of evaluation methods.

To be most effective, you should develop a thorough written marketing plan. Additional resources for market planning are listed at the end of the publication.

Table 1. Number and Percent Change of CSAs for Selected Southern States and the United States, 2007 and 2012

Selected Southern States & United States	Farms		
	2007	2012	Change
Alabama	260	184	-29%
Arkansas	187	115	-39%
Georgia	339	261	-23%
Kentucky	544	361	-34%
Mississippi	191	137	-28%
Missouri	450	291	-35%
North Carolina	413	579	40%
South Carolina	193	152	-21%
Tennessee	251	266	6%
Virginia	335	386	15%
United States	12,549	12,617	1%

Source: United States Census of Agriculture.

One key to effective marketing is identifying and understanding target customers and their values and then developing marketing strategies to reach them and meet their needs. Your target customers are those customers with:

1. A need or desire you can fulfill.
2. A willingness to purchase the product.
3. The ability to purchase the product.

Try to identify characteristics of these specific target customers including demographics and any relevant tastes and preferences or shopping behaviors. It is also important to identify if there are enough target customers willing to purchase enough product to make the enterprise viable.

If or when a viable target market is identified, learn about what those customers value related to the product. Specifically, try to identify what consumers desire related to the four customer Cs:

1. **Customer benefit** — What customers want from the product.
2. **Customer cost** — What customers are willing to pay for the product.
3. **Convenience** — Where they are likely to purchase products and other needs.
4. **Communication** — How customers learn about products and make purchase decisions.

¹Strohlic, Ron and Crispin Shelley. 2004. "Community Supported Agriculture in California, Oregon and Washington: Challenges and Opportunities." California Institute for Rural Studies. Accessed online June 10, 2015 at <http://www.cirsinc.org/publications/category/9-food-systems>.

CONSUMER INSIGHTS

A University of Kentucky publication describes two general categories of CSA customers:

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

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.

SOURCE: Ernst, Matt. *Community Supported Agriculture. Center for Crop Diversification Marketing Profile.* University of Kentucky. Accessed online January 19, 2016 at <http://www.uky.edu/Ag/CCD/marketing/csa.pdf>.

The Hartman Group provides some insight into customers interested in local foods. “Local is no longer merely a bridge between organic and natural; it now speaks to consumer desires for a food system with integrity. ‘Local’ offers a compelling narrative that resonates with many salient food trends and customer concerns.” Customers who value local foods perceive these products as fresh, unique, authentic, good tasting and nutritious. Consumers who value local foods perceive local producers as trustworthy and transparent. For these consumers, purchasing local foods from local producers in essence supports small farms, supports the local farm economy and supports environmentally friendly practices.

SOURCE: Buy Local Trend Infographic. Hartman Group. December 11, 2014. Accessed online January 19, 2016 at <http://hartbeat.hartman-group.com/acumen-infographic/85/Buy-local-trend>.

You should begin to develop marketing strategies only once you understand your target customers and their values. Sometimes called the marketing mix, marketing strategies include plans for **six Ps of marketing—product, positioning, price, place, promotion and people**. The details of each of these marketing strategies should be developed by focusing on target customers and their values as well as the mission and goals of the business.

Product, in the case of a CSA, would include the CSA subscription; each individual crop/product included in the CSA shares; the packaging of the individual products and the shares; and any special benefits of the CSA, such as newsletters, recipes or farm events. **Positioning** refers to the message or image you want to portray to potential customers in marketing efforts. **Price** relates to the price of the share but may include strategies for payment types accepted or payment plans offered. **Place** refers to the market channel, CSA in this case, and also anywhere customers may pick up shares or participate in an event. **Promotion** is how you will try to attract new customers and maintain relationships with existing customers. Promotional strategies often include advertising, direct communications with customers, publicity, public relations, sampling, word of mouth and special offers. **People** considers the service needs, desires and expectations of customers, including internal customers — employees or volunteers.

Also, as part of a thorough marketing plan, you should develop a marketing budget, marketing evaluation methods, and a marketing plan checklist with a timeline of marketing activities and person responsible for completing each activity identified. Once a plan is developed, the work is just beginning. You must implement the plan, evaluate its effectiveness, and adjust



the plan as needed. You will also need to continually analyze the market as customers and their needs and values change over time. Target audiences may come and go, and marketing strategies may need to be revised as customer values evolve.

Additional resources on fundamental marketing concepts, developing written marketing plans and developing marketing strategies are provided at the end of this publication. The remainder of this publication focuses on specific tips for promoting CSAs and keeping CSA customers happy.

TIPS FOR PROMOTING CSAs

Develop promotional strategies as part of your written marketing plan considering your target customers and your farm's mission and goals. Some options for promoting CSAs to recruit new members include informing current customers of your other market channels about the CSA, encouraging current customers to recommend your products to others, taking advantage of free local food listings, developing and maintaining a website and social media accounts, and fostering partnerships. As described in the Consumer Insights section, one-on-one conversation or personal touches may be the most effective means of promotion for CSAs.

A 2009 survey of 205 CSA operators in nine states (Illinois, Indiana, Ohio, Michigan, Pennsylvania, West Virginia, Kentucky, Missouri and Tennessee) explored the effectiveness of various strategies used to recruit new members. Word of mouth was considered the most effective strategy. Websites and blogs, including the farm's own websites and other websites such as LocalHarvest.org, were the next most effective strategies. Continuing in order of effectiveness from highest to lowest, farmers markets, email, mass media, advertisements, on-farm signs and direct mail followed.²

The study also found 87 percent of the producers surveyed marketed products through another market channel such as farmers markets, on-farm retail, pick-your-own, restaurant sales, etc. Customers from other market channels provide an opportunity to conduct market research and promote a CSA. Market research may be as simple as asking existing customers a few questions at the farmers market, observing shopping behaviors or emailing a link to a brief online survey. You may send promotional information directly to customer contact lists via email or mail, post on existing social media sites, incorporate signage at the other market channel locations, or provide a brochure to customers about your CSA program.

You may also encourage current customers, whether they are CSA subscribers or not, to help promote the CSA program. It can be helpful to ask customers to share information about the CSA with others, and you may choose to offer referral bonuses or a special gift to customers referring friends who purchase a CSA share.

Developing a new website or adding a page about your CSA to an existing website can be a helpful marketing tool. Websites can provide details of CSA share options, and pictures may help tell the farm story and illustrate the products and benefits of the CSA subscription. It is often helpful to include testimonials from satisfied customers on websites or in other marketing materials. Direct potential customers to the website for more information either in conversation or through any of your other promotional materials.

There are several opportunities for you to obtain a free listing for your CSA online. Potential sites may include:

- Pick Tennessee Products — picktnproducts.org
- USDA National Community Supported Agriculture (CSA) Directory — search.ams.usda.gov/csa
- Robyn Van En Center at Wilson College — www.wilson.edu/csa-farm-registration
- LocalHarvest — www.localharvest.org

You may also obtain free listings in online or hard copy local food publications including:

- Local Table (Middle Tennessee) — localtable.net
- Edible Nashville — ediblenashville.ediblefeast.com
- Edible Memphis — ediblememphis.com
- Taste Buds (Chattanooga) — growchattanooga.org/foodguide
- Nourish Knoxville — nourishknoxville.org/local-food-guide
- Appalachian Sustainable Agriculture Project (ASAP) Local Food Guide — www.buyappalachian.org

It is very important to keep listings up to date to give customers the best information available. If you decide to no longer offer products or go out of business, be sure to remove your listing. Customers may become frustrated if information provided is inaccurate.

Social media may be helpful in building and maintaining relationships with current customers. In addition, social media may be helpful in generating and encouraging word-of-mouth referrals. You may develop your own farm or CSA social media presence and participate on other sites where your customers are connected. For example, communities or groups with similar interests may have social media pages, and you can join to learn more about those involved and share information about your farm and products, when appropriate. Social media sites have also evolved to include opportunities to purchase advertisements or pay to increase visibility of posts.

Creating partnerships with other farms, businesses or organizations important to the CSA's target audience may also be beneficial. For example, you could approach a local fitness center, day care center, business or organization about offering members or employees the opportunity to purchase a CSA share with pick up at that location. Be sure to link to or connect your websites and social media sites to any partner websites and social media. This includes the programs and publications offering free listings.

You could offer a special event on the farm to help familiarize potential customers with the farm and perhaps generate some publicity. Open houses, farm tours, classes or demonstrations

²Woods, Timothy, Matt Ernst, Stan Ernst and Nick Wright. 2009 Survey of Community Supported Agriculture Producers. Agricultural Economics Extension Series 2009-11. University of Kentucky Cooperative Extension Service, Center for Crop Diversification. July 2009. Accessed online June 10, 2015 at <http://www.uky.edu/Ag/NewCrops/csareport.pdf>.

are all opportunities to introduce potential customers to the farm or CSA. These experiences may help in developing stronger relationships with customers. Issue a special invitation to existing customers and ask them to invite some friends. Send a news release to local media outlets to invite the public to attend. Special invitations could be made to local media to cover the event. Before planning an event, consider the liability risks associated with inviting the public to the farm, and visit with your insurance agent to see if additional event insurance is needed. Learn more in the UT Extension publication “Liability and Agritourism: Implications of Tennessee’s 2009 Legislation” at extension.tennessee.edu/publications/Documents/PB1787.pdf.

Be sure to consider your target customer values when developing content for marketing materials. Tell your story, show how you can provide the benefits your customers are looking for, and demonstrate how you make a difference in the world. For example, customers seeking local foods often value environmental sustainability and waste reduction. Share information about how you make compost to prevent waste on the farm or donate surplus produce to local food banks via farm websites or social media, signage at the farm, or market locations and news releases.

Look for additional resources listed at the end of this publication related to promotional strategies for buying advertising, marketing on the Web, creating effective signage, and other promotional strategies.

TIPS FOR KEEPING CSA CUSTOMERS HAPPY

CSA member retention is important to the success of the venture. Customers quit businesses for many reasons; however, the largest share of customers quit because of a poor customer service experience. Survey results indicate 89 percent of customers began doing business with a competitor after experiencing poor customer service, and 86 percent of customers would pay more for a better service experience.³ Like many businesses, however, CSA operators may not know why a customer leaves their CSA, as, in general, an estimated 96 percent of unsatisfied customers will not complain or provide a reason — they just do not come back. You can work to keep customers happy by requesting and responding to customer feedback, clearly communicating, and handling problems effectively.

In order to keep customers happy, you need to know what customers like or dislike about products and services. Producers may solicit feedback from customers in a variety of ways. Just listening to and checking in with customers when they are picking up their shares may be beneficial. Ask simple questions like “What was your favorite product from

last week?” or “Was there anything you did not like or did not know how to use?” Issue invitations on your websites and in electronic communications for customers to email you with questions, suggestions or comments. An end-of-season customer survey could provide more detailed information as you plan for the future. Show care and concern for customers when you invite feedback and act to improve products and services based on customer input.

A 2002 study of CSA operators⁴ reported causes of customer dissatisfaction included receiving too much produce, too much food preparation time needed, and lack of product choice. Producers may be able to help with these issues by offering smaller share options, providing food preparation advice and providing options for consumers to trade products they do not like. For example, some CSAs have a “Yum-Yuck” box where producers provide some extra product and CSA customers can choose to trade something in their share for a product in the box.

An ounce of prevention really is worth a pound of cure. Clear communication can solve a lot of problems before they start and help customers form realistic perceptions and expectations. A written contract or agreement can spell out the specific details of a CSA to customers so they know what to expect before the season begins. An electronic newsletter or social media can help keep customers up-to-date on what is happening on the farm and inform them of any production news that may impact what they will be receiving in their upcoming share. If customers will receive an abundant supply of a particular crop, communicate ways they can use or preserve the product. If poor weather has dampened production of a favorite product, educate customers about what is happening and help head off a potential disappointment.

These steps may help you effectively handle customer problems when they do occur:

1. Listen and observe carefully. Try to identify the root of the problem and what the customer really needs or wants.
2. Try to verify you are understanding the problem correctly. For example, repeat a complaint back in your own terms and ask the customer to acknowledge you heard or are understanding the problem accurately.
3. Apologize that the customer is upset. (This is not an admission that you did anything wrong — unless you did — but to recognize that the customer is distressed.)
4. Acknowledge the customer’s feelings, for example, if he or she is angry, frustrated or disappointed.
5. Explain what action you will take to correct the problem.
6. Thank the customer for bringing the problem to your attention.
7. Take action to correct the problem.
8. Follow up with the customer to make sure the problem was solved to his or her satisfaction.

³2011 Customer Experience Impact Report. Oracle. <http://www.oracle.com/us/products/applications/cust-exp-impact-report-epss-1560493.pdf>. Accessed November 13, 2015.

⁴Tegtmeier, Erin and Michael Duffy. Community Supported Agriculture in the Midwest United States: A Regional Characterization. Leopold Center for Sustainable Agriculture, Iowa State University. January 2005. Accessed online June 10, 2015 at <http://www.leopold.iastate.edu/pubs-and-papers/2005-01-community-supported-agriculture>.

INSIGHTS FROM HERB AND PLOW FARM CSA OWNERS

Owners Ron and Christine Arnold have been farming for more than 30 years and currently raise more than 50 varieties of fruits and vegetables. They market their produce through a CSA and on-site sales from their farm in Fentress County, Tennessee. The Arnolds currently deliver CSA shares to Knoxville, Oak Ridge, Maryville, Nashville and Gallatin. Ron and Christine generously shared these insights into their perceived advantages of a CSA to farmers, the types of shares they offer and their marketing techniques.

Advantages of a CSA to the Farmer

- CSAs can eliminate waste. Since you know how many customers you will have, you can plant accordingly.
- CSAs allow you to harvest as needed. Customers generally will not mind getting some things multiple times. For example, when our Swiss chard is in pristine condition, we want to move it quickly, so customers may receive Swiss chard in their boxes for two weeks in a row. We do this with crops that are prone to go "over the hill" quickly.
- CSAs can promote customer loyalty. We have about a 75-80 percent customer return.

Types of Shares

- We would like to offer a one-size box, something in between a small and a large; however, our customers protested and wanted the two choices that we had offered in the past, which were a small and a large.
- Our small is for one to two persons and is \$20 per week. The large box is for two to four persons and is \$30. The small generally has about six to eight varieties and the large has eight to 10. Our CSA lasts for 24 weeks with weekly deliveries. Products are seasonal. We always try to have some type of raw food, juicing or salad materials (lettuce, beets, carrots and/or greens), an entree or side dish (potatoes, beans, broccoli, cauliflower, etc.), and some type of fruit (strawberries, blackberries, blueberries, melons or apples). We do have some gaps in between fruit.
- We studied the prices of other CSAs and found our share prices to be average; however, our produce prices are lower than most, so they seem to get more in their boxes. For example, in 2015, our peppers were \$3 per pound. Most peppers at the farmers market were \$4. Our beans were \$3 per pound; farmers market prices were \$4. Our strawberries were \$5 per quart, while others were selling theirs by the pint for \$4.
- The biggest complaint from our customers was that there was too much food in their boxes. We feel teaching our customers how to use and preserve the food in their shares is the answer to that problem. We do this through our newsletters and our group blogs. Recipes are very important to our customers.

Marketing Techniques

- Social media (Instagram, Facebook, Twitter and Pinterest) is an effective marketing technique. Post farm happenings (plantings, harvests, garden pictures, etc.) with pictures once a week.
- Localharvest.org is also an excellent site to advertise your CSA, and we have added groups through respondents from this site.
- We found marketing to groups to be very successful. Marketing to groups you are familiar with helps. We marketed to home-school groups (we home-schooled our four kids) by sending out mass email advertisements to large home-school groups in Nashville, Knoxville, Oak Ridge and Crossville. We also marketed to businesses. Through this effort, we encouraged interested respondents to recruit members for us and host a drop off point. In return they would get either a 50 percent discount on their share, or, if they would blog in addition to their other responsibilities, they would get a free share. As a result, we have two large church drop-offs, one in Oak Ridge and one in Knoxville. Four home-school moms host a drop off in Nashville and Knoxville and one business hosts a drop off in Crossville. Our CSA has 77 members, and our hosts recruited around 70 percent of the members for us. Our hosts are typically stay-at-home moms.
- Our customers vary. We serve stay-at-home moms, teachers, lawyers, doctors, chiropractors, business professionals and young families.
- We offer flexible payment plans such as paid in full, installments, and pay as you go. The pay-as-you-go plan has allowed young families (ages 20s-30s) to join the CSA. To pay in full \$480 or \$720 is intimidating to some families, but they feel comfortable paying \$20 to \$30 once a week.
- We also offer 10 percent discounts in early spring to early sign-up members.
- In addition to our personal CSAs, we furnish about 75 shares for an organic meat and dairy farm in our area. This involves two deliveries of eight varieties of fruits and veggies twice a week to their farm.
- Our local customers who come to the farm have doubled this year. This increase has occurred mostly through word of mouth. Our early tomatoes have been a great marketing tool.

The Arnolds use Farmigo, an ecommerce platform for direct farm marketers, to manage customer orders, vacation holds and payment. Learn more about Herb and Plow Farm and their CSA program at herbandplow.com.

ADDITIONAL RESOURCES

Additional resources are available on the topics discussed in this publication. Several resources are available from the Center for Profitable Agriculture at ag.tennessee.edu/cpa. Publications with the most relevance to CSAs may include:

- A Farmer's Guide to Marketing through Community Supported Agriculture (CSAs) (PB 1797)
- Choosing Direct Marketing Channels for Agricultural Products (PB 1796)
- Marketing for the Value-Added Agricultural Enterprise (PB 1699)
- Seeds for Successful Marketing: Take a Market Driven Approach (CPA Info 236)
- Buying Advertising: Guidance to Specialty Crop Growers Direct Marketing to Consumers (PB 1824)
- An Introduction to Marketing Opportunities on the Web for Specialty Crop Growers (PB 1823)
- Six Point Advertising Strategy Worksheet (CPA Info 237)
- How to Handle Complaints and Poor Reviews on Social Media: Direct Marketing Tips for Specialty Crop Growers (D13)
- Creating Signage that Sells: Guidance for Specialty Crop Growers Direct Marketing to Consumers (SP 766)
- A General Guide to Pricing for Direct Farm Marketers and Value-Added Agricultural Entrepreneurs (PB 1803)
- Making the Most of the Market: Merchandising Considerations for Direct Farm Marketers (PB1794)
- Sales Tax in Tennessee on the Purchase and Sale of Farm Products (PB 1806)
- Liability and Agritourism: Implications of Tennessee's 2009 Legislation (PB 1787)
- Value-Added Agriculture in Tennessee: A Summary of 2012 Census Results (SP 769)

More additional resources include:

- Joining a Center for Profitable Agriculture e-news list to learn about new resources and educational programs by emailing your request to cpa@utk.edu.
- Seeking out farmer networks on social media (e.g., [facebook.com/groups/csafarmers](https://www.facebook.com/groups/csafarmers)).

SUMMARY

Marketing is a vital ingredient to enterprise success, including the potential success of CSAs. It is important for all producers direct marketing products to consumers to understand fundamental marketing concepts and to develop thorough written marketing plans. One key to effective marketing is identifying and understanding target customers and their values and then developing marketing strategies to reach them and meet their needs. Promotional strategies to recruit new CSA members may include informing current customers of other market channels about the CSA, encouraging current customers to recommend your CSA to others, participating in free local food listings, developing and maintaining a website and social media presence, and fostering partnerships. Providing excellent customer service is important to develop longstanding relationships with customers, while poor service can quickly reduce customer retention.

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