



Enhancing Direct Marketing Opportunities for Local Foods

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Introduction

The concept of Community Supported Agriculture (CSA) programs or Subscription Farming first originated in Japan in 1960s and was later introduced to the U.S. in the 1980s (DeMuth, 1993). The goal of CSAs is to facilitate partnerships between food-quality-concerned consumers and farmers seeking a sustainable market for their products. CSA programs advocate affordable, high-quality foods for consumers, ecological improvements used by participating farms, and enhanced of farming networks (Van En, 1992). There are currently over 4,000 CSA farms listed with Local Harvest in the U.S. (Local Harvest, 2012).

This publication provides an overview of CSAs as a marketing model. Using survey results from a CSA consumers study, we provide some best practices in a CSA program by defining what works well, how to retain customers and how to increase opportunities for CSA programs. The marketing mix strategy, including product, price, place, and promotion, is employed in order to utilize and explore opportunities for local farmers. Survey results show that quality, taste, freshness and small basket size are priority concerns for consumers. Even though CSA members are well educated with relatively high incomes, they may discontinue CSA membership if CSA produce is more expensive than similar products available at farmers' markets. It was revealed that while CSA pick up locations are conveniently located, the pick-up timing schedule can be problematic. Word-of-mouth is the most

common strategy for linking consumers to CSA programs.

Marketing Mix Strategy

A strong marketing plan may help farmers achieve a strong, profitable farm business using direct marketing methods. Understanding CSA member preferences and attitudes can help farmers to understand customer expectations regarding local produce. The members' opinions presented in this publication may guide farmers in preparing and developing their product quality, pricing strategy, distribution (place) networks, and promotional techniques (The 4Ps of marketing). This publication will use survey data of CSA members to explore each component of the marketing mix.

The CSA member survey was conducted in Nevada, Idaho, and Utah in the Fall of 2011. The data included 175 CSA program member responses across the three states. The majority of survey respondents were female (84.9%), 44 years old on average, and married (81.6%). Twenty-eight percent of respondents had an annual household income of more than \$105,000 and 20% in the range of \$80,000 - \$105,000. Fifty-two percent of respondents had a graduate degree or higher and were employed fulltime (54.7%). Most of the respondents identified themselves as the household's primary food purchaser (90.4%). Respondents subscribed to a CSA program in 2011 (93%), and seventy-two percent of them also regularly attend farmers' markets.



Product

The quality of produce was an important factor for respondents (78.5%). The top two purchasing motivations for CSA member survey respondents were locally-produced and freshness. Packaging and labeling of the product provided valuable information to buyers. Results showed that 38.4% of respondents preferred food products which were visibly labeled as produced in their state, 32.2% preferred products with a U.S. origin, and 24.8% preferred organic products regardless of origin. Moreover, a small basket size serving fewer than three people was most preferred (one to two people was 32.1% and two to three people was 30.4%).

Jam, salsa, and pickles were the top three processed items that respondents wanted to receive in their baskets. Figure 1 provides the results of value-added products survey respondents preferred. According to survey open-ended questions, CSA members expressed an interest in seeing the following items in their baskets:

- More fruits, such as berries and nuts
- Meat and eggs
- More variety of vegetables, such as beans, summer squash, and bell peppers
- Herbs such as garlic, basil, and mint

Survey respondents were asked to rank produce attributes on a scale of 1-5 (1 = not important, 2 = somewhat important, 3 = important, 4 = very important, and 5 = extremely important). The average ranking for each answer is illustrated in Table 1. Interestingly, product pricing and appearance were ranked low. Other studies examining consumer preferences for local produce have found similar results for appearance, but pricing is usually ranked higher, such as in the top 5 (Curtis, 2011). Variety also ranked rather low (7 or 10). This result is common for CSA members, but not for farmers' market shoppers who prefer variety

and tend to purchase only familiar items (Curtis, 2011).

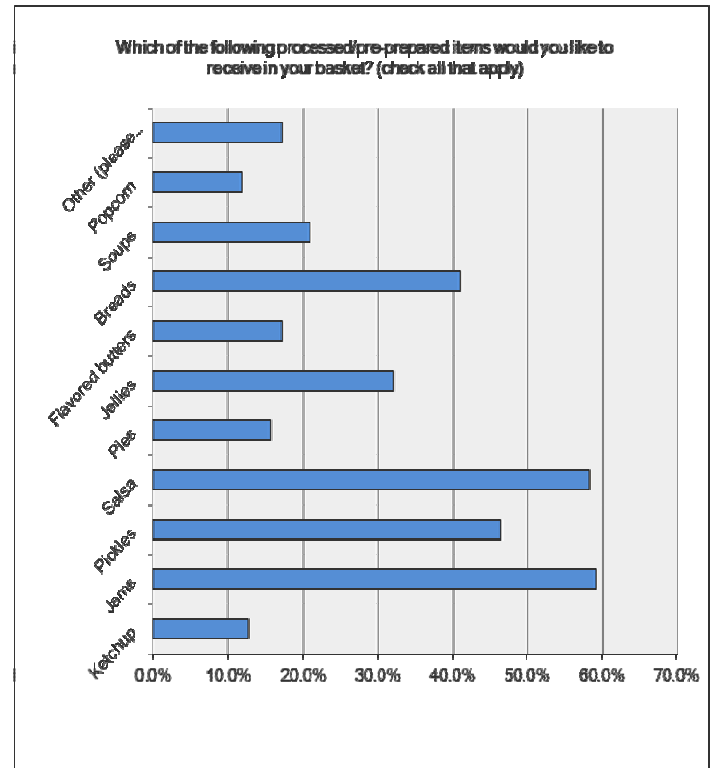


Figure 1: Preferred Value-Added Products

Table 1: Produce Product Attribute Ranking

Ranking	Product Feature
1	Quality
2	Taste
3	Freshness
4	Produced locally (in your state)
5	Value
6	Organic product
7	Variety
8	Product pricing
9	Product appearance
10	Know grower/farmer

Price

In establishing a pricing strategy, producers should not only consider their production, marketing, and promotional costs, but also the prevailing market price (DiGiacomo, King, and Norquist, 2010), and which attributes appeal to customers. The CSA study suggests that the respondents spend on average \$25.99 per week for CSA baskets. Locally grown was more important than certified organic to respondents. However, respondents suggested that they may not continue the membership if CSA prices increase at a higher rate than those at the farmers' market.

Place

The distribution strategy involves the elements of location and identifying how best to move products from farms to consumers. CSA members expressed an interest in having a convenient channel for the distribution of farm products, such as a direct marketing strategy available through CSA programs. In a CSA distribution system, all members agree on a weekly pick-up point for weekly CSA shares. The survey results showed that the pick-up location was not a concern for the sample in this study (0%), but, 10% of respondents had difficulty with the pick-up timing. Respondents mentioned that specific pick-up days and timing make basket retrieval difficult. Additional pick up days or a fee-based home delivery service may be an option for CSA program.

Promotion

Effective promotion is essential for successful marketing. There are many potential ways to inform customers about products, such as newspaper, radio, Internet, point of purchase displays, and traditional word-of-mouth (DiGiacomo, King, and Norquist, 2010). Effective promotion can be enhanced with an understanding of how best farmers can communicate to CSA's members. Respondents were asked to provide information on how they learned about their CSA program. The most common communication medium was "word-of-mouth" (57.7%) followed by "Internet/email" (28.9%). Additionally, respondents



requested more information on recipes (68.2%) and canning/preserving ideas (53%) which could be included in weekly newsletters. Good recipe ideas that promote the use of basket produce items may stimulate word-of-mouth promotion and bring new members into the program, as members may

forward recipes, as well as joining and gardening ideas to friends and relatives by email.

Summary

Using a direct marketing strategy, such as a CSA program, increases the opportunities for farm businesses to grow. One of the many helpful approaches is to learn from consumers' attitudes and opinions about products, price, place, and promotion strategies. Alternately, an effective marketing plan is also needed when considering establishing a CSA program.

This publication emphasized the importance of using a marketing mix strategy when developing a CSA program. In particular, freshness and locally-produced attributes are important to consumers. CSA basket or share prices must remain competitive with farmers' market prices and pick up times should be expanded in order to retain customers. Finally, word-of-mouth and Internet/email were shown to be the most effective forms of promotion for CSAs.

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