CYBIZ LAB TEAM

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INTRODUCTION

Community Supported Agriculture (CSA) is a type of farm production system that allows farmers to maximize income and reduce risk. It provides the farmer with up-front income to cover at least the variable expenses of producing the crops.

A CSA addresses the concern that the average distance that food travels from farm to consumer in the United States is approximately 1,300 miles. Another advantage of obtaining food locally is that the money stays within the local community.

CSAs began to develop on the East Coast of the United States in the mid-1980s. Today, it is estimated that between 30,000 and 50,000 U.S. consumers belong to a CSA. Examples of CSAs range from smaller operations with three to twenty members to larger CSAs with hundreds of members or subscribers.

In a CSA, customers usually pre-purchase a share of the season's crop. The farmer receives payment for the share before the season begins so he/she can cover startup costs, and promise farm goods to customers. CSA customers benefit by receiving farm-fresh food throughout the season as they share the risks and rewards of the harvest. CSAs originated on small, diversified organic vegetable farms growing vegetables, herbs, flowers, and fruit. Now, however, the concept has expanded to include other farm products, including meat, eggs, dairy products, and even baked goods in their shares.

Objective

The main objective of the project is to recommend the best practices for operating and marketing CSA programs to opportunities that expand their clientele into metro areas from the rural parts of the state. This final report was created as a handbook for CSAs to market themselves in the state of Iowa. The report includes citations, resources, recommendations, and best practices of other CSAs that are successful.

The research was compiled from mature CSAs on the East Coast, where CSA farm businesses have been successful. Marketing and pricing strategies for the Des Moines Area were compiled, as well as how CSAs could logistically succeed to minimize costs. Lastly, social media platforms were investigated to see how CSAs could capitalize on using these as a tool to educate, update, and communicate with customers.
BEST PRACTICES RESEARCH

Social Media
Due to the high impacts of social media, each CSA must produce compelling social media posts to raise awareness of their products and services. From market research, the team was able to collect information about social media best practices. Below are some sample posts:

Figure 1. CSA Brochure example  
Figure 2: Marketing Brochure

When using any social media outlet, photos of the business help make the post more attractive. However, including a video at least once a month encourages more engagement from the audience. Facebook has recently added a video ranking change that rewards creators that post videos that are longer than three minutes. Live videos are viewed three times longer than pre-recorded videos, which means the business will have three times the exposure if posting live videos (Karasarides, 2020). Although Facebook is a great platform, YouTube is another opportunity for businesses to share these videos.

The samples provided above are only two examples of potential posts that can be made to influence consumers to learn more about CSA’s or encourage current customers to order a new share package that has become available. Social media posts can be used to announce new products, sales, and more! It’s important to keep all forms of social media updated.
When looking at how to develop a business’s social media presence, it is crucial to create goal, make a plan, and follow-through. Looking at Figure 3, the team has put together a small Social Media 101 infographic that talks about how to develop a plan for the utilization of social media with a CSA. This infographic partnered with the information about how often to post will help CSA’s make the most of their social media efforts.
their social media. A mock monthly plan has been included below as well and can be seen in Figure 4, and is a combination of the infographic and the data collected about social media posts.

Figure 4: Example of a monthly social media plan that uses a data from above.

Figure 4 How often should businesses post on social media (Anthony, 2020).
East Coast CSA Research

The East Coast of the USA has led the charge in current successful CSA farm businesses. There are many factors impacting CSA successes, including marketing, customer service, and the culture of each East Coast CSA. The CyBIZ Team will highlight key business activities of successful CSAs.

CSA Board of Directors

Some of the most successful East Coast CSA’s have a management board. The management board most often consists of a farmer or farmers, and a few core CSA shareholders. The farmer(s) primarily handles farm-based decisions, and the core shareholders help the farmer with administrative management such as determining share prices, payment schedules, distribution strategies, special events, and other member involvement. Management boards are a great way to run CSAs by spreading workload and spurring idea generation. Member-initiated and farmer-initiated CSAs have the most success with a management board due to incentives involving spreading workload, and being at the forefront of knowing what products shareholders desire from the farmer.

Agritourism

Agritourism in East Coast CSAs has been a reasonably new business activity. An excellent way to think about agritourism are with activities like pumpkin patches, farm animal petting zoos, hayrides, and a corn maze. Besides core operations of farm product to shareholder delivery, agritourism acts as another revenue stream as well as grows a CSAs customer base. Farms can serve as venues for business activities involving local extension office, 4H clubs, and FFA chapters can be tied into an agritourism enterprise.

The Rodale Institute in Kutztown, Pennsylvania (PA) has a “Fall on the Farm” event. It is a two-day event consisting of a hayride based organic farm tour, apple orchard, pumpkin, sunflower, and sweet corn U-pick fields. The Institute also has its farm store open with produce, local honey, and other goods. You can see how this example of agritourism can be attractive to the public. Agritourism is an educational and enjoyment-based enterprise. It acts as a hook to expand a customer base and increase sales on days when events are happening. At its core, agritourism gives the public something to see, something to do, and something to buy. (Penn State Extension).

Activities are seasonal. Some examples of spring, summer, and fall activities are as follows:

- Spring activities such as flower picking with cool-season vegetables available for sale may be attractive. Farmers that have spring lambs for sale, or available for zoo like viewing appeals to families with young children. Educational workshops on how to care for cool-season vegetable crops, as well as work share activities to prepare for summer plantings, is another option.
  - Bernard’s Orchard & Greenhouses in Chester County, PA, capitalizes on flowers grown in greenhouses to meet member demand for planting flowers. Bernards sells lettuce, kale, radishes, and scallions in the spring as well.
• Summer activities are plentiful because of warm weather, sunny days, and the availability of products. Activities and operations include fee fishing, bird watching, horse-back riding, picnic areas, roadside produce stands, and farm festivals. Food sampling and having meals available for purchase should be a central theme of events. This is also a peak time for vegetable and fruit production sales.

• Fall activities revolve around Halloween. Pumpkin patches, apple orchards, hayrides, and corn mazes. Bates Motel & Haunted Hayride in Glen Mills, PA, created a haunted house business in one parcel from their farmland. They have been named “The Best Haunted House in America” by CNN Travel.

Risk management and liabilities with agritourism need to be considered. Planning activities and employing staff for agritourism are possible disadvantages. Having people on the farm for things other than farm pickup of CSA products is a liability. Waivers and other forms to protect the CSA must be provided to visitors. Estimating costs of providing agritourism, and what to charge visitors needs to be done right, and methods of payment should be thought through. Will it be cash only? Is card payment available? Tracking which activities attracted the most visitors, as well as which products had the most demand, will aid in future pricing improvements. If livestock animals are available for petting or viewing, biosecurity needs to be taken into consideration. The possibility of disease to livestock or humans is extremely risky. Biosecurity implementation steps are to prevent the introduction of infectious agents into a herd or flock, the spread of these agents through the herd, and out of the herd to other herds or flocks. The CyBIZ team recommends reaching out to local extension for more information regarding biosecurity risk assessment.

“At its core, agritourism gives the public something to see, something to do, and something to buy.” - Penn State University Extension

Newsletters

Another noticeable practice East Coast CSAs seemed to do was send out newsletters. The newsletters are from the farmer(s) to members and sent out biweekly during busy business cycles and monthly during slower business cycles. CSA Members who want a newsletter decide on receiving the newsletter digitally through email or hardcopy by mail. An example newsletter can be found in the Appendix.

From a high level, newsletters should include the following:

• Provide a list of what to expect in the next harvest
• Supply update and availability of current products
• Information on how to wash, store and preserve produce
• Calendar of share delivery dates and times
• Calendar of arm activities and events
• Recipes
• Nutritional info
• Farm operations updates
• Highlight what one member is doing with their share
• Where to follow the CSA on social media
• Ask for feedback on shares, activities, and other desires

A newsletter is one personal way East Coast CSAs stay connected with their members, especially those who may not be involved on social media. Newsletters also act as a reminder that the CSA is working for members during late fall and winter when the interaction between farmers and members is expected to be lowest.

**Retaining Members, Pricing and Delivery**

Most CSAs fail because of low prices per share or small member numbers. Retaining members is key because they are walking advertisers for the CSA. Word of mouth advertising is the best thing for a business. Primarily, East Coast CSAs setup a transparent pricing system that makes members and farmers content. Secondarily, successful CSAs communicate frequently with members regarding the amount of farm product in each member’s share. Most members quit CSAs because the share is too expensive, and most of it is going to waste (receiving too much). More information on pricing can be found underpricing in the marketing section. Once members and farmers meet in agreement regarding cost per share and the amount of product per share, then figuring out how to get shares to customers is tackled. On-farm pickup, home delivery, and pickup sites are the most common. Detailed analysis of the delivery method can be found in the logistics and risk management section. Most successful CSAs have delivery systems in place that reduce costs, capture large profit margins, and are appealing to members. Lastly, retention of members is achieved by forming relationships with members. The agritourism and newsletter sections note some pivotal ways how to be involved with members. End of year surveys to see how a CSA can improve is another characteristic of successful CSAs on the East Coast. They do not settle for mediocre business activity.

**Partnerships - Multi-farm CSAs**

The idea of forming a partnership with other farmers to spread risk, form stability, spur idea creation, and diversify products has been a characteristic of most successful East Coast CSAs. It builds off of one farm specializing in producing good X while another specializing in producing good Y, as well as delivery styles and pricing methods. Some notes on how they are practiced can be seen below:

• Peer based learning programs
  o Farmers in the network share experiences and growing tips
  o FairShare CSA Coalition Wisconsin Madison provides its members access to specific legal and accounting help particular to CSAs

• When building your farm base ask farmers “What can you grow for us”
  o Think strategically – you don’t want 20 farms all growing cabbage
If you are buying any of your produce from other farmers make sure you are buying it at a price where both farmers can be profitable.
The more partnerships, the more stability you can have greater product offerings.
In multi-farm operations, individual farm’s brands are not promoted, but the “umbrella” brand is – positive for some people, negative for others.

DES MOINES MARKETING RECOMMENDATIONS

Marketing

Marketing is an essential business activity that every CSA needs to actively participate in to help attract and retain customers. Your farm can have the best produce, but if no one knows about your CSA, your farm may not last. While advertising is an integral part of marketing, it is not the only marketing activity. Other parts of marketing include but are not limited to branding, customer acquisition, customer retention, and customer relationships. All marketing activities are related to making your customers happy and demanding more product.

Branding a CSA can be one of the most challenging tasks a farm has to work through, but it is worth the work. When you think about what your brand is and what you want it to be, think about famous companies. What comes to mind when someone talks about Nike or Apple? Both of these companies have a brand of luxury and high effectiveness. When you start developing your CSA’s brand, think bigger. If you currently sell produce in other markets (such as farmer’s markets or directly to restaurants), promote your CSA under that name. Creating a logo for your farm can be a great way to start your branding. This logo gives your customers an easy way to recognize the farm, and the brand behind the logo invokes an emotion about the farm. Walmart stores have a greeter at every entrance to welcome customers. This is part of their brand; this small welcoming action invokes feelings of goodness and joy. Developing a brand is never complete; it is continuously being maintained, and it is much easier for a brand to develop a negative reputation than a positive one.

“All marketing activities are related to making your customers happy and demanding more product.”

To help your brand develop a farmer can put the farm’s name and logo on everything. If your CSA offers produce besides raw produce, include your logo or farm name on the packaging. When designing ingredient labels for products (jam, jelly, bread, or any other good), you can also include where you purchased those ingredients to promote their farms. For example, if you sell strawberry jam, include the strawberry farm on the packaging. In exchange for promoting their strawberries, they can promote your farm. Include your farm name and contact information on your packaging. By providing contact information, there are no questions about where the farm is located and how a
customer can reorder. In multi-farm CSAs or Co-ops promote the overarching name and brand while including farm-specific information elsewhere on the label.

When first starting a CSA, we recommend finding the top ten to twelve most popular fruits and vegetables in your area and starting by solely growing them. The advantage of using this method is that you know a large number of consumers in your area are looking for and buying this produce already. Try talking to at least five local farmers and grocery stores to identify your top produce. Another strategy is to find ways to extend the growing season of the top produce. By having produce that is available for longer, your CSA can be more marketable to customers. Because the CSA has the produce customers want for longer, the CSA’s brand will improve. Once a farmer becomes more experienced, they may want to expand and sell additional produce.

We recommend that CSA offer five to twelve types of produce each week. There is a delicate balance of having a few produce options in high quantities and offering many types of produce at low quantities. A common reason people leave CSAs is that they receive too much food, and they do not know how to use it. One solution is to give shareholders weekly recipes on how to use that week's share. Using the Value of One Share document (found in the Appendix), you can see what value (in dollars) you are offering to shareholders. Using this document, you can compare what you are charging per item to what your competition is charging. For example, if a farm charges $450 for their CSA than (using the example), you are saving your shareholders approximately $10 that they would otherwise have paid if they would have shopped elsewhere. Using this information, you can market your CSA accordingly. Other customer insights can be gained through surveys and regular customer communication (both online and in-person).

Customers want to know who is growing their food. The "Know Your Farmer Know Your Food" movement has been growing for years across America. Farmers can use this movement to not only market who you are but how they grow their food and raise their animals. Implementing tours and agritourism components into your farm is the first step in this marketing effort, see East Coast Research for more information and ideas on how to better connect with your customers.

Survey and Results

The team put together a small survey to better understand the Des Moines area consumer. This survey consisted of 19 questions and was focused on consumer demographic, social media use, and prices. The survey was created through Qualtrics and was sent out using Facebook Des Moines area groups. Around 50 people between the ages of 19-70+ took the survey, the results are included below as well as in the Appendix of the report.
Looking at Figure 6, this chart demonstrates the lack of recognition of a CSA within the Des Moines area. With the utilization of social media, CSA’s should work to increase the understanding of their business.

During the survey, the team asked consumers whether they would prefer CSA products to be received through delivery or pickup. Figure 7 shows that majority of consumers would appreciate a delivery service from a CSA. The six individuals who selected other options suggested drop sites, farmers’ markets, and interchanging options.
In order to meet Des Moines consumer needs, the team thought it would be viable to understand what products most consumers would be interested in. Figure 8 shows the spread of the main products of interest based on consumer input.

**Figure 8: Question 12 What type of “share” or box would you be most interested in?**

Pricing
One of the most common reasons CSAs go out of business is because they are not making enough money to cover expenses and earn a fair wage. "A study conducted in 2002 showed that the majority (50-70%) of CSAs were not able to make a fair wage.” (Chase) When analyzing these CSAs, it is clear that if they raised prices, they would make enough to cover expenses and earn a fair wage. There are various pricing models that your farm can choose from and ways you can add additional products to your CSA to add value.

When thinking about pricing, it is important to first start by thinking about value. Value is a difficult metric to measure because everyone has a different interpretation of value. Some people are willing to pay more for organic produce because they feel that it is a different quality than non-organic produce. Other people do not see any added value of organic produce, so they are unwilling to pay more for it. In this example, customers are determining value by the perceived benefits the different types of produce have and are willing to pay more or less according to those benefits (or lack thereof). Determining the value of a product is one of the most challenging parts of a business. One thing that companies can do to help measure value is to talk to potential customers and perform customer discovery. The customer discovery process involves talking to as many people as possible to identify who is interested in your product and what they might pay for it. In these conversations, you can also identify what products customers would be interested in having at a CSA. Another tool that can help
CSAs with determining value is using the "Value of One Share" document found in the Appendix. Using this tool, you can compare what you are planning to charge compared to what competitors are charging in your area. It is also essential to determine what produce is not being sold and determine if it is because of a lack of interest or if pricing is set too high. Determining value is an ongoing process that may change as your farm expands.

The value does not have to be something customers must pay extra for (organic versus non-organic); it can be intangible. If your CSA delivers share boxes to your customer's house, it will add value for some customers. However, other customers may like to come to your farm and see your animals and gain value from that. Other intangibles could be the farm brand, cooking tips, or community involvement. See the Marketing section for information on branding. Cooking tips are one of the most popular valued-added activity that CSA use. By promoting a weekly recipe centered around that week's produce, it gives less experienced cooks an idea on how to use all the produce decreasing food waste. Some CSAs have created entire cookbooks they sell or hand out to customers. It is common business practice to support local events in return to publicity. Another option to increase community involvement is to donate a portion of food to a local homeless shelter. Some consumers are more likely to shop at a business that supports local events or non-profits. However, this strategy is not precise or always effective.

“When thinking about pricing, it is important to first start by thinking about value.”

There are several pricing models that CSAs can implement to ensure that they are charging enough to cover farm expenses and earn a fair wage for the farmer. The main pricing models that we recommend using are cost-based, competition-based, customer-based, and volume pricing. While a CSA can use a different model (or a hybrid of several models), the most successful CSA's use these types, remember only to include expenses (or the percent of expenses) that are related to the CSA. Make sure to figure paying for expenses even when the CSA is not in session. If the CSA is only open for twelve weeks in the fall, farmers still need to pay for utilities and any administrative work throughout the year.

The cost-based pricing model (or the cost approach) evaluates a CSA's total yearly expenses then uses that number as the break-even point, or the minimum amount shares a CSA must sell. This model has had the most nationwide success. An example of a simple cost-based model can be found in the Appendix. In this example, the farm’s yearly CSA expenses are listed in the left column and the amount each expense costs listed in the right column. The most common point of undervaluation when using this model is charging enough for labor (many farmers do not pay themselves enough). This model can be especially challenging for a new CSA. Once you have your total yearly expenses, divide that number by how much you plan to charge for each CSA share. This equals the number of shares the CSA must sell to cover all expenses. Next, decide how much profit the CSA to generate. Add the desired profit to total expenses then divide by what one share costs; the result will be how many shares the CSA must sell to earn the desired profit.
Using the competition-based pricing model is more straightforward than the cost-based model. In this model, look at what your competition is charging (other CSAs, grocery stores, and farmers markets primarily) and use that range to determine your price. If CSAs in your area are charging $350, consider charging less or more depending on what value your CSA has compared to them. Consider talking with other CSAs shareholders and find what they like and dislike about the CSA. If these customers are saying the price is too high, consider offering a lower price to entice them to buy from you instead. However, if customers are happy with the price, consider charging at the same rate. This model works best when CSAs are offering the same or similar produce. If one CSA can grow different produce or higher quality produce, that CSA might charge more than what other CSAs charge.

The customer-based model is more complex and has limited success; however, it can make marketing easier and budgeting simpler. The goal of this pricing model is to select a fixed number of shareholders and set the per-share price at whatever amount the farm will cover expenses, and the farmer will make a profit. The difficulty in using this model comes from the initial trial and error of determining a price that shareholders are willing to pay that will cover all expenses. The benefit of this model is that the farmer has a set number of customers they need to recruit, and once they reach that number, the farmer does not have to worry about advertising the CSA as much. Additionally, if the farmer will always have the same amount of land underproduction and the expenses will be easier to budget because the CSA stays the same size.

The final pricing model is the volume-based model. This pricing model involves allowing discounts for bulk purchases. CSAs run into problems during peak production when they have extra produce, they cannot sell, and it spoils. Volume-based pricing can mitigate on-farm spoilage and prevent giving away produce for free. Volume-based pricing can be seen in Table 1.

<table>
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<tr>
<th>Product &amp; Quantity</th>
<th>Product Price</th>
</tr>
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<tr>
<td>Apples: 1 bushel</td>
<td>$50</td>
</tr>
<tr>
<td>Apples: 2 bushels</td>
<td>$40</td>
</tr>
<tr>
<td>Apples: 3 bushels</td>
<td>$30</td>
</tr>
</tbody>
</table>

Table 1: Volume Based Pricing

The main advantage of this type of pricing is that it is easy for members and farmers to quantify. It is also easy to implement while bookkeeping. The main disadvantage is lower average unit price and margin on each different quantity compared to other pricing methods.

An important aspect to consider in all pricing models is if a CSA’s customers share value is equal to the CSA’s share price. If customers do not perceive the value, the CSA shares provide consider lowering the price. Alternatively, if a CSA is attracting more customers than what it can support, consider raising prices or expanding the farm. This is a demonstration of the economic principle of supply and demand. The customers that value your CSA more will be to pay the higher price while the customers who value the CSA less will find a cheaper option. However, whenever a CSA changes the share price remember to recalculate the break-even and desired profit points.
One of the most common complaints with CSAs is that shareholders get too much food. To increase customer satisfaction after receiving this complaint, consider allocating less produce per share in future years, and reevaluate customer satisfaction. This change enables CSAs to increase the number of shares they offer.

Half share options can be a good alternative for some customers. Half shares help to decrease food waste for customers who want to be a part of a CSA but do not eat enough or are not able to pay for a full share. There are several ways to set up half shares, and no one method is noticeable better than the others. Most half shares cost slightly more than a full share. This increased cost is to compensate the farmer for having to create a second size of the share box and gives a quantity discount to the full share customers.

Many CSAs find themselves growing more food than what their shareholders want, and then they can sell elsewhere. To generate a return on this produce, CSA can implement an ‘a la cart’ option for its shareholders. This option can be added anytime during the CSA season and can be located at the CSA’s pickup location. Any produce not allocated for shareholders can be sold here; if your farm sells at other locations, extra produce can also be sold here. Half shareholders can also take advantage of this option to purchase extra produce. Additional uses of this option are to test new produce, market your CSA, and to experiment with partnerships. By growing a small number of test produce varieties, a farmer can measure the interest level of shareholders based on how much they sell. If a particular variety does very well, consider adding it to your CSA in a future year. Consider advertising the ‘a la cart’ produce to the public. When they come to your pick up location, they can experience what a CSA is all about and possibly partake in some agritourism activities. This may attract more people to purchase CSA shares in future years. If another farmer would like to join your CSA, you can test their products using this option, similar to testing new produce. A disadvantage of an ‘a la cart’ option is that someone needs to staff the distribution and payment, increasing labor expenses. Overall ‘a la cart’ option add value for both the farmer and the shareholders.

Another potential use for leftover produce that otherwise would not sell is to make a new product with the old food. The Elmwood farm in Kentucky uses their leftover tomatoes and any tomatoes that fall on the ground (still good only have slight bruising) and make ketchup and marinara sauce. They then sell these new products at their farm store (‘a la cart’) and put them in winter shares. Other farms make jams, jellies, or canned goods. This decreases food waste and allows farmers to earn a profit from the otherwise unprofitable produce.

A growing CSA model are work-share CSAs. This CSA model has lower subscription prices but requires shareholders to help on the farm for several hours each week. This model attracts low-income customers, college students, and people who want to work on a farm. Research shows that CSAs that target low-income customers have lower turnover rates and can sometimes get payment through the Supplemental Nutrition Assistance Program (SNAP). SNAP helps to provide nutritious food to low-income residences. For more detailed information on how to use this program, contact The Iowa Department of Human Services.
Many farmers enjoy CSAs because it allows them to receive cash at the start of the year. However, some families may want to be part of a CSA but cannot afford the upfront cost. To attract these customers, some CSAs have implemented payment plans. The terms of the plan can look different, but commonly instead of one large payment at the start of the year, there might be six smaller payments throughout the year, which adds up to the total cost of the share. While establishing payment plans does add risk, it can increase your customer base.

Because customer retention is such a significant issue in many CSAs, it is important to sell CSA shares as soon as possible. To assist with this, some CSAs offer early sign-up discounts. These discounts help to entice clients to renew their subscription and pay the farmer sooner. Most discounts are less than 15 percent off of the share price, and as the CSA season gets closer to starting, the discounts decrease.

No matter what kind of CSA a farmer runs, they should have every shareholder sign a membership contract. This contract should lay out what the farmer expects from the shareholder (payment) and what the shareholder expects from the farmer (duration of CSA and times and location of pickup). The contact can also layout that the farmer is not liable if they have a crop failure, and in the event of a crop failure, what percentage (if any) of the CSA payment will be refunded to the shareholders.
LOGISTICS

Logistics
Having a reliable logistics set up can help all companies save money and increase profits. CSAs have a number of different options to pursue when it comes to the distribution of their goods. Each of these options has a set of strengths and weaknesses that CSAs should evaluate fully before any logistics decision should be made. CSA’s all have different needs. Choosing a model that best fits their needs the most is important to ensure they continue to move forward and meet their goals.

CSA’s also have the opportunity, especially in Iowa, to use drones as a main form of delivery. Iowa State University is working closely with the Supply Chain Forum in Iowa to develop the first drone distribution network. These drones are capable of carrying a payload of 500lbs and can fly up to 300 miles.

Best Models:

- Farm Delivers to Consumer
  - Having a farm deliver their goods directly to customers adds a lot of work and moving parts for a CSA. They must acquire vehicles for distribution such as vans, trucks or semis and employees to drive and maintain these machines.
    - Pros: Customers love the delivery, Can possibly charge a delivery premium
    - Cons: High costs, Customers being spread out can make delivery a long process

- Consumer Picks Up
  - Consumers picking up from the farm is a great way to get your customers to see the great process your farms take to produce the goods they are purchasing. CSAs can develop a better relationship with their customers, all while minimizing logistics costs.
    - Pros: Low logistics cost, Customer Relationship, Opportunity to have paid tour
    - Cons: Potential/Existing customers may be too far for pick up

- Farm To Pick Up Location
  - CSA’s across the nation have found success in having one single community pick up point in a centralized location. Farmers are only responsible for getting the food to one place. This centralized place makes it easy for customers to pick goods up. Pick up points normally consist of farmers’ markets, but some CSA have gotten contracts with local stores for them to stock their packages for consumers to pick up.
    - Pros: low transportation cost to one place, customer easy access, quick delivery
    - Cons: customers don’t see the farm, possibly less recognition for farm, possible fee for storage in pick up point.
Drones

- Drones can be used for any form of delivery. This is a futuristic way to think about distribution, but the state of Iowa could see its first drone delivery testing this summer. These drones are relatively cheap and could help CSA’s save a lot of money.
  - Pros: fast, efficient, environmentally friendly, cost savings everywhere.
  - Cons: Not ready for industry use yet.

Risk Mitigation
Research has shown that CSA’s all face the same core risks. Note that the risks and mitigations listed below do not represent all risks that a CSA may encounter.

**Risk**: Bad Crop

- This is a problem that any CSA can face at any time. This could be caused by bad weather, bugs etc.

**Mitigation**: Diverse Products Base

- Having more products growing and ready to sell to consumers will help reduce the risk of an entire loss of sales.
- Greenhouses can grow a lot of products that are protected from weather and bugs

**Risk**: Logistics Break down

- This is a problem when part of your delivery to consumers breaks down. This could result in loss of product and sale.
- Bad weather prevents distribution/pickup

**Mitigation**: Have Back up plans

- Multiple distribution vehicles
- Deliver early if bad weather is coming
RECOMMENDATIONS

In conclusion, the CyBIZ Team recommends the following best practices regarding the main operations of successful CSA’s. Social media posting under a CSA business model should involve three to five posts daily via Twitter; one to two posts daily via Instagram; one post daily via LinkedIn, and to five posts per month via Facebook. An attractive website including online ordering capabilities is recommended as well. Pricing models should focus on creating value, and act as an addition to the base pricing model. For example, cost-based pricing was found to be the best model for a CSA business. Logistics and delivery can make or break a CSA. Choose a delivery model that the farmer and members are happy with all while keeping costs low and profit margins high. Paying attention to the future of delivery to encompass efficiency in your delivery system is important. Lastly, study East Coast CSAs. They are blazing the path to success for CSAs with business activities involving a board of directors, agritourism, partnerships, newsletters, and retaining members.
WORKS CITED

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APPENDIX

Des Moines Consumer Survey

Q1: What is your age?

![Age Distribution Chart]

Q2: What is your gender?

![Gender Distribution Chart]

Q3: How many people (including yourself) live in your household?
Q4: Have you heard of Community Supported Agriculture (CSA) before?

Questions 5-10 are for those only who answered “Yes” or “Maybe” in Question 4.

Q5: How did you hear about the CSA you are currently purchasing from?
Q6: What is the company you currently purchase products from?

Q7: Have you ever bought or utilized a CSA product?
Q8: If yes, what type of CSA products do you typically purchase?

Q9: How long have you been purchasing CSA products?
Q10: How do you typically receive a CSA package now? - Selected Choice

Q10a: How do you typically receive a CSA package now? - Other
Q11: What would be your preference to receive a CSA product package?

Other options included both farmers market and/or a drop site.

Q12: What type of "share" or box would you be most interested in?
Q13: If you went to order a CSA share, what type of forum would you prefer to use?

Q14: How much would you be willing to spend on a box with vegetables?
Q15: How much would you be willing to spend on a box with meat products?

Q16: How much would you be willing to spend on a box with dairy products?
Q17: How much would you be willing to spend on a box with a mix of the product mentioned above?

Q18: Would you be more likely to buy a CSA share/box if recipes were included?
Q19: Would you be more likely to buy a CSA share/box if recipes were included?

![Graph showing responses to Q19](image)

Q19: Would you be more likely to buy a CSA share/box if a surprise product/gift was included?

![Graph showing responses to Q19](image)
Example newsletter.

(Date) (Imagine this as being the first newsletter of a new year)

Dear members of X Farm CSA,

Greetings from X farm CSA. We hope you are breaking in the New Year with family, friends, and resolutions to achieve.

This is X farm CSA’s first newsletter of 2020. Expect the newsletter to be informative, exciting, and arrive periodically. We operate on transparency and service orientation.

VEGETABLES:

Last year we sold our organic produce for the first time and it was a success. To expand this enterprise in 2020 we will be offering cabbages, peppers, and squash on top of the original offerings of tomatoes, potatoes, carrots, sweet corn, string beans, watermelon, lettuce, and pumpkins. We will update you with supply concerns as we are at will of what Mother Nature throws at us, but we are confident promising this array of produce as they usually do well for us. We are ordering organic seedlings at the end of January to grow sets in our greenhouses for later transplanting. We need to know how many of these vegetables you think you might want over the course of the growing season. Prices will match what supermarkets are charging at the time. Cabbages, lettuce, and carrots will be ready sometimes between May 1 and June 30. Peppers and squash should be available from July 1 until frost. The remaining produce will be ready June 1 until frost.

EGGS

Our laying hens are on full feed and in full production. We have plenty of eggs. Free ranges portable henhouses make our birds happy. The eggs will keep up to three months I refrigeration because of their richness. Come on out and get 20 dozen. This year we will also have some stewing hens that have lost the skip in their step in the henhouses. The old standby for these birds is chicken and dumplings. We like to cook several together and pick off the meat, then freeze it for quick addition to casseroles or chicken pot pie. The meat is richer in flavor, but tougher than the young birds.

POULTRY:

Because of the tremendous response to the 100 organic broilers we raised last year, we are looking at this closely for 2020. We are looking at processing changes including price and manhours. We discovered supermarket fluctuating prices of 60-90 cents per pound and our 50 manhours worth of processing for netting 50 cents per bird. Honestly, this is not enough for our staff. We need to find a way to net more profit or we cannot justify the time. We are examining other processing options to reduce the time, and convinced to charge 85 cents per pound to make it worthwhile. We enjoy our work to deliver you a quality product, and promise to keep our quality high moving forward. If you would be willing to pay that price, please call us.
Right now, we are unsure if we will be raising them, but need to decide shortly—before the next newsletter. Again, please let us know if you are interested. Call us at XXX-XXX-XXXX. Although we fear boring you with these details, we would rather level with you about our problems rather than raise the price or refuse to raise the birds without an explanation.

**BEEF**

We have five animals ready to process on June 1st. Since our sales went well last year, some procedures are changing. We will offer front quarters, hind quarters, and halves at three different prices to conform meat trade. Beef commodity analysts disagree on what will happen this year so we are not quoting prices yet. All we promise is our prices for better beef will be lower than grocery store prices for smaller quantities.

Several of you reached out concerned that your beef isn’t lasting like you thought it would. That is understandable with tender, organic, lean beef. If you would like to get another quarter in June to tide you over until October, when we hope to offer beef again, please call us at XXX-XXX-XXXX. We will be glad to answer questions too.

We regret that because of a problem we had last fall, we must request a $25 down payment on all beef orders. It is illegal for us to sell it after processing and this will, we believe, help to insure our orders.

So far, we have heard nothing but praise about the beef. If you have not been satisfied, please call us. Sometimes a cooking technique can make a world of difference. You who are satisfied, we appreciate your encouragement. If you are happy enough with the product please mention us to your friends and neighbors. We hope that we will not have to send any more of our special animals through wholesale-packer-supermarket channels.

**FIREWOOD**

We will also have plenty of firewood available during the summer and fall. We are cutting now and stockpiling it near the barn. For heating or romance, wood fires are hard to beat. It’s regenerative and doesn’t produce the harmful particulates of other fuels. We cut it and pile it here at the barn for you to haul at $25 per pickup load. Call us if you want it delivered.

Before now, we have marketed our items by telephone and thereby received an immediate response. But we have an expanding customer and product list which preclude using telephone exclusively. Truthfully, we fear everyone setting this newsletter aside and forgetting about it. Please don’t.

As we close, we again extend heartfelt appreciation in our pursuit of farming to feed a local community. If you have never been here to see firsthand what we do to produce food, please arrange a tour. If you have any questions about any of these items, or if you have suggestions, and certainly if you have orders, we are as close to your telephone or mailbox.

Expectantly yours,

Farmer X of X Farm CSA
Example of a cost-based pricing model

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Accountant</td>
<td>$2,000</td>
</tr>
<tr>
<td>Animal Feed</td>
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<tr>
<td>Equipment</td>
<td>$1,000</td>
</tr>
<tr>
<td>Gas/Utilities</td>
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<td>Insurance</td>
<td>$400</td>
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<td>Interest</td>
<td>$200</td>
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<td>Labor</td>
<td>$5,000</td>
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<td>Marketing</td>
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<td>Miscellaneous</td>
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<tr>
<td>Rent</td>
<td>$0</td>
</tr>
<tr>
<td>Repairs</td>
<td>$600</td>
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<tr>
<td>Seeds</td>
<td>$775</td>
</tr>
<tr>
<td>Supplies</td>
<td>$325</td>
</tr>
<tr>
<td>Taxes/Payroll</td>
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</tr>
<tr>
<td><strong>Break Even Point</strong></td>
<td><strong>$20,000</strong></td>
</tr>
</tbody>
</table>

| Share Price        | $350 |
| Shares Needed to Break Even | 57   |

<table>
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<tr>
<th>Desired Profit</th>
<th>Shares Needed</th>
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<tr>
<td>$10,000</td>
<td>86</td>
</tr>
<tr>
<td>$20,000</td>
<td>114</td>
</tr>
<tr>
<td>$30,000</td>
<td>143</td>
</tr>
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</table>

Calculations:

Shares need to break even = Break Even Point ÷ Share Price
Shares needed to earn desired profit = (Break Even Point + Desired Profit) ÷ Share Price

The above chart an example of how to set up a cost-based pricing model. Farm expenses will vary depending on production levels and delivery distribution. See the Pricing section above for more information on this chart.
Example Value of One Share chart

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
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<tr>
<td>Asparagus</td>
<td>3.5</td>
<td>lb</td>
<td>$1.99</td>
<td>$6.97</td>
<td>$2.49</td>
<td>125.00%</td>
<td>$8.71</td>
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<tr>
<td>Basil</td>
<td>6</td>
<td>oz</td>
<td>$2.99</td>
<td>$17.94</td>
<td>$2.99</td>
<td>100.00%</td>
<td>$8.97</td>
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<tr>
<td>Beans</td>
<td>10</td>
<td>lb</td>
<td>$1.28</td>
<td>$12.80</td>
<td>$1.60</td>
<td>125.00%</td>
<td>$16.00</td>
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<tr>
<td>Beets</td>
<td>5</td>
<td>lb</td>
<td>$1.79</td>
<td>$8.95</td>
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<td>167.04%</td>
<td>$14.95</td>
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<tr>
<td>Broccoli</td>
<td>7</td>
<td>hd</td>
<td>$2.99</td>
<td>$20.93</td>
<td>$3.29</td>
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<tr>
<td>Cabbage</td>
<td>5</td>
<td>lb</td>
<td>$0.99</td>
<td>$4.95</td>
<td>$1.49</td>
<td>150.51%</td>
<td>$7.45</td>
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<tr>
<td>Carrots</td>
<td>5</td>
<td>fruit</td>
<td>$0.99</td>
<td>$4.95</td>
<td>$2.49</td>
<td>251.52%</td>
<td>$12.45</td>
</tr>
<tr>
<td>Cucumbers</td>
<td>16</td>
<td>fruit</td>
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<td>$15.84</td>
<td>$0.99</td>
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<tr>
<td>Eggplant</td>
<td>8</td>
<td>lb</td>
<td>$5.41</td>
<td>$43.26</td>
<td>$6.76</td>
<td>125.00%</td>
<td>$54.08</td>
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<td>Garlic</td>
<td>4</td>
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<td>$0.70</td>
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<td>$0.88</td>
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<td>Greens</td>
<td>15</td>
<td>lb</td>
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<td>$22.35</td>
<td>$4.99</td>
<td>334.90%</td>
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</tr>
<tr>
<td>Melons</td>
<td>7</td>
<td>lb</td>
<td>$2.50</td>
<td>$17.50</td>
<td>$3.90</td>
<td>156.00%</td>
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<tr>
<td>Onions</td>
<td>6</td>
<td>lb</td>
<td>$1.47</td>
<td>$8.82</td>
<td>$3.99</td>
<td>271.43%</td>
<td>$7.98</td>
</tr>
<tr>
<td>Peas</td>
<td>4</td>
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<td>$3.49</td>
<td>$13.96</td>
<td>$4.79</td>
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<td>Peppers</td>
<td>35</td>
<td>fruit</td>
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<td>134.34%</td>
<td>$37.24</td>
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<td>Radishes</td>
<td>5</td>
<td>bunch</td>
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<td>Rhubarb</td>
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</tr>
<tr>
<td>Squash</td>
<td>18</td>
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<td>$1.49</td>
<td>$26.82</td>
<td>$1.90</td>
<td>127.52%</td>
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</tr>
<tr>
<td>Strawberries</td>
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<td>qt</td>
<td>$3.99</td>
<td>$15.96</td>
<td>$4.99</td>
<td>125.00%</td>
<td>$19.95</td>
</tr>
<tr>
<td>Sweet Corn</td>
<td>24</td>
<td>ears</td>
<td>$0.50</td>
<td>$12.00</td>
<td>$0.63</td>
<td>125.00%</td>
<td>$15.00</td>
</tr>
<tr>
<td>Sweet Potatoes</td>
<td>10</td>
<td>lb</td>
<td>$1.47</td>
<td>$14.70</td>
<td>$2.49</td>
<td>169.39%</td>
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<td>Tomatoes</td>
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<td>lb</td>
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<td>$101.66</td>
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<td>116.72%</td>
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<tr>
<td>Eggs</td>
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<td>dz</td>
<td>$2.89</td>
<td>$28.90</td>
<td>$4.99</td>
<td>172.66%</td>
<td>$49.90</td>
</tr>
<tr>
<td>Ground Chicken</td>
<td>5</td>
<td>lb</td>
<td>$5.99</td>
<td>$29.95</td>
<td>$6.99</td>
<td>116.69%</td>
<td>$34.94</td>
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<tr>
<td>Ground Beef</td>
<td>5</td>
<td>lb</td>
<td>$5.49</td>
<td>$27.45</td>
<td>$6.70</td>
<td>122.04%</td>
<td>$33.50</td>
</tr>
</tbody>
</table>

Value of one share: $460.43

Share Value in Non-Organic Price = Non-Organic Price x Amount in Share
Organic Versus Non-Organic = (Organic Price ÷ Non-Organic Price) x 100
Share Value in Organic Price = Organic Price x Amount in Share

Calculations:

The above chart can be used to calculate the value of one share for the whole duration of the CSA. Produce and Amount in Share columns are subject to change depending on the CSA. The value of one share line is the total of the Share Value in Grocery or Organic Price, and Organic Versus Grocery is the average percent difference between the non-organic and organic pricing. For more information on this chart see the Marketing and Pricing sections.