

Research Reviews

Maximizing Shareholder Retention in Southern CSAs

Retaining shareholders is a difficult problem for many farmers operating Community Supported Agriculture (CSA) programs, and the time and energy spent recruiting new shareholders can be a strain, especially in regions where the CSA "tradition" is not well established and understood among potential subscribers. Deborah Kane's research on shareholders' pre-subscription expectations and post-subscription appraisal of their experiences is a valuable tool for evaluating and improving upon this unique farmer/consumer relationship.

By Deborah Kane

The success of Community Supported Agriculture projects depends to a large degree on the existence of a committed group of shareholders. When shareholder turnover is high, demands on farmers' time can be overwhelming. Recognizing this challenge, researchers at the University of Georgia (UGA) teamed up with seven Southeastern farmers to try to determine which factors seem to most influence shareholder satisfaction. Our research suggests that the variety of produce offered at CSAs plays a key role in overall satisfaction, and that people's expectations concerning variety are simultaneously complex and contradictory.

Our initial hypothesis was that unrealistic expectations held by new shareholders might contribute to high rates of turnover. We defined new shareholders as people who were joining the CSA for the first time and had never been members of another CSA. Telephone interviews with new shareholders were

conducted in the early spring of 1996, before any shares had been distributed. The timing of this phone call enabled us to identify shareholders' expectations well before they had been influenced by actual experience with the CSA.

First, we asked people how they had heard of Community Supported Agriculture. Did they learn about CSA directly from the farmer or from a friend? Did they know other people who had ever been members of a CSA?

Next, we discussed people's primary motivations for joining the CSA. What did they hope to gain from the experience? Which aspect of participation was most appealing to them? We asked shareholders to describe their understanding of the agriculture aspect of CSA. Did they know what kinds of fruits and vegetables to expect, did they understand the concept of risk, and were they aware of how seasonality affected availability?

We also asked shareholders to describe their expectations regarding the community aspect of CSA. Did they anticipate attending farm activities, helping with distribution, or socializing with other shareholders in general?

During the spring phone interviews we also attempted to quantify people's perception of the value of the experience they were about to have. We did this by asking questions about the share price. For example, if a shareholder had paid \$400 for his/her share, the telephone conversation would have proceeded as follows: "You paid \$400 for your

share. Given the expectations you have just discussed with me, would you have been willing to pay \$440 for the same share?" Essentially, we continued re-asking the question, adding 10% to the original cost of the share, until we arrived at the upper limit the shareholder would have been willing to pay. By this method, we were able to quantify, in terms familiar to each shareholder (i.e. money), how each new shareholder perceived the value of the experience they were about to have.

At the end of the growing season, we called new shareholders back and reminded them what they had said in the spring. The second phone call allowed us

to determine whether expectations, as expressed in the spring, had been met. The price question was also revisited, this time as follows: "In the spring you told me you paid \$400 for your share. Now that you have gone through the experience and know what being a shareholder entails, would you be willing to pay \$400 again?" This time 10 percent was either added to or subtracted from the original share price until we reached the amount the shareholder would be willing to pay.

Summary Results

When asked about their specific expectations in the first interview, people indicated that they were generally excited about the upcoming CSA experience and looking forward to it with anticipation. With regard to the agriculture aspect of CSA, some were awaiting what they believed would possibly be the best fruits and vegetables they were likely to eat in their entire lives. Others spoke of childhood memories regarding fresh tomatoes from grandma's garden. The majority of shareholders did not convey an exact knowledge of which items they

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could expect to receive, nor when to expect certain items. Overall, however, they did possess a fairly accurate general impression of the agriculture aspect of CSA.

As for the community aspect of CSA, new shareholders were split fairly evenly between those interested in community and those not interested. Fifty-two percent of the new shareholders interviewed in the spring indicated that they didn't have any expectations whatsoever. They didn't want to go out to visit the farm, they didn't want to meet new people, and they didn't have time to volunteer or help out with distribution. Of those that did care about the community aspect, a minority expressed any sense of deep commitment to the concept.

During the fall phone interview, the people who had previously indicated a desire to get involved in the farm were asked whether they had been able to fulfill this desire. Despite the best of intentions, most never made it out to the farm, or didn't make it out as frequently as they thought they would.

In addition, the tone of the fall conversations was considerably more subdued than the previous spring, and also, noticeably shorter. Reality (and one too many eggplants in their shares) had changed people's perception of the CSA experience. Nowhere is this more evident than with the question concerning price.

As illustrated in Table 1, 66 percent of the new shareholders interviewed in the spring were willing to pay an amount above the price they originally paid for their share. By the fall, the number of people willing to pay an amount above the original share price dropped to 39 percent. Between spring and fall, the perceived value of the CSA experience, as measured monetarily, dropped for the majority (64 percent) of the new shareholders we spoke with.

Problems associated with expectations concerning variety were consistently offered by new shareholders to explain their decline in perceived value. In the spring, new shareholders expressed an apparent willingness and desire to try different vegetables; that is, vegetables other than the ones they were used to eating. Yet it is precisely the variety aspect of the CSA experience that posed the most problems for new shareholders. Consider the contrast between remarks

made in the spring, and those made in the fall:

Members' Own Words About CSA

Spring. "I'm looking forward to working with new vegetables that I've never had before. They put out a list of vegetables that we would be receiving, and there were so many that I didn't even know the names of. We were kind of in a rut with regard to the vegetables we eat. So besides looking for a great source of clean vegetables, I was also looking to force my hand to work with other vegetables and learn to cook with them."

"I wanted to expand the number of vegetables we eat. I'm not familiar with some of the things he grows. My children are not real good vegetable eaters. I thought if he could give us something that was tastier than what you get in the grocery store they might be more interested. I pass a lot of these things up in the grocery store because I don't know what they are or what to do with them. I thought this would be a good opportunity to learn."

"The variety was appealing. He actually has things we're not even familiar with. He gave us a little cookbook to introduce us to some stuff. I thought it was great."

"I expect to get a variety of organic produce. I am assuming that these will be pretty much the only vegetables I buy. I don't want to have to buy too much more [fresh produce] at the grocery store. That's the way I've budgeted for this."

Fall. "The only drawback we found with it was there were things that you just don't use...things that I'd just as soon not have. I don't feel that we got a whole lot of squash and tomatoes and corn. Overall the produce has been really good, but there has been stuff we've thrown away because we just don't eat it."

"Freshness was definitely there, but when I said I wanted variety I really meant within the things I was used to eating."

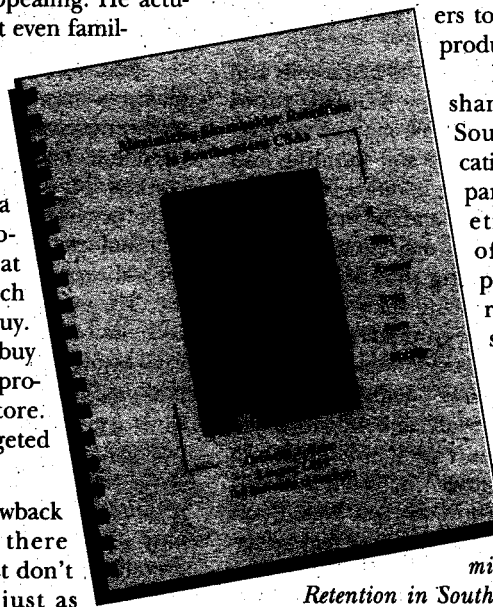
"We got some unusual different types of vegetables that we wouldn't have

bought in the store, but then we kept getting them week after week and we didn't really know what to do with them. They weren't necessarily our favorite things. We thought we wouldn't have to supplement the vegetables at all, but it ended up being such odd kinds of stuff that we really did have to buy more."

"I never got a wide enough variety to really keep me from having to go to the grocery store. We didn't really have enough to keep us going all week. The quality was good, but there just wasn't that much variety. I thought the share in the CSA would take care of my fruit and vegetable purchases for the whole season. In other words, I didn't think I would have to buy more fruits and vegetables from the supermarket as long as I was getting CSA shares. Unfortunately, I consistently supplemented the share with additional purchases at the store."

Again, despite the stated willingness and desire of new shareholders to try different vegetables, it is precisely the variety aspect of the CSA experience that posed the most problems for new shareholders. It is both necessary and appropriate to introduce shareholders to new varieties of produce.

Nonetheless, shareholders in the Southeast are indicating, for the most part, that new varieties should be offered as complements to, rather than substitutes for, the usual "garden varieties." 🐸



Deborah's full report, "Maximizing Shareholder

Retention in Southern CSAs: A Step Toward Long-Term Stability," co-authored with Luanne Lohr, includes specific recommendations for increasing shareholder satisfaction and the summary results from surveys mailed to 259 CSA shareholders. Copies may be obtained from OFRF. 32 pp. A \$2.00 donation is requested to contribute to copying and postage costs.

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