

## Case Study 2

### **Community Supported Agriculture**

*Ben Larson's Old Trail Market, Moorhead, MN*

Case study by

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#### *Abstract*

The number of farmers in Northern Plains states are decreasing, as are the prices they receive (currently) for their products. Farmers typically obtain operating loans in the spring and receive payment for their crops after harvest, much of which is used to service their loans. However, one idea that is an alternative to this pattern is community supported agriculture (CSA). A CSA is a way to directly link farmers with the consumers of their products. A CSA is a type of business in which customers purchase a membership to support the farmer's operating costs. In exchange for taking the risk of investing money with the farmer, the customer receives produce from the farmer during the season. Risk is incurred both by the farmer and the customer in that poor growing seasons may result in less produce for the customer. Customers benefit by receiving high-quality, fresh produce each week. And farmers benefit by the certainty of income early in the season. Ben Larson's Old Trail Market of Moorhead, MN is an example of a CSA. Ben began by re-opened the Old Trail Market that had belonged to the Probstfield family in the late 1800s. He has a successful CSA, and is helping to retain farm income in the community.

#### **Introduction**

Community Supported Agriculture (CSA) is a connection between a local farmer and the consumers who eat the food that farmer produces. There is a mutual commitment in this relationship in which the farm feeds the customers, and the customers support the farm by sharing in its risks and benefits. This type of relationship is becoming more common throughout the world, and is growing in popularity throughout the U.S. CSA began in Switzerland about 25 years ago, then spread into Japan, and more recently to the U.S. There were only two CSAs in the U.S. in 1986, but grew to 200 by 1992. Today, there is about 600 CSAs across the U.S.

Various methods were used to study the Old Trail Market CSA. An interview was conducted with its owner, Ben Larson, in December 1999. He provided a tour of the farm, roadside stand, and greenhouses. We photographed Ben, the fields, equipment, buildings, and greenhouses. Ben Larson provided various printed materials such as application forms, pamphlets, and newspaper clippings (see Appendix). Additionally, he gave the names of two of his customers for us to contact. We wanted to gain their perspective on the CSA. Prior to these interviews, questionnaires were designed so that the interviews were structured and to make sure that the information needed was not forgotten during the time of the interview (available from the authors).

The Old Trail Market has a rich history in the Fargo-Moorhead area. In 1869, Randolph Probstfield (now spelled Probstfield) took over the abandoned farm in Clay County. Probstfield was a well-educated German immigrant. He married Catherine Goodman in 1861 and settled in Clay County where they had 11 children. Probstfield's dream was to make the farm a self-sustaining operation, growing his own vegetables, flowers, and even tobacco. He hauled

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vegetables to the little towns of Moorhead and Fargo in the early 1870s by oxcart. After Probstfield died in 1911, his children continued to operate the farm. His grandson, Ray Gesell, opened the Old Trail Market in 1931, which was very popular until it closed in 1972. The Old Trail Market remained closed for about 25 years until Ben Larson re-opened it in 1997 as part of the Probstfield Living History Farm Foundation's restoration effort. It is here on this farmstead that two people are achieving their goals — Randolph Probstfield wanted his farmstead to flourish, and Ben Larson is operating his own CSA.

There were various reasons for starting the Old Trail Market. Ray Gesell opened the stand as a way to keep his grandfather's dream alive, which was to have a self-sustaining operation. Ben Larson re-opened the stand to continue that dream and to fulfill his love of gardening and farming. He grew up in Fargo but always loved the idea of working with the land. He majored in Environmental Studies in college. Ben said that he "sees agriculture as a non-boring, changing profession where I am my own boss."

### **Description of the Old Trail Market CSA**

Ben started his CSA in 1997 with two to three acres and 25 subscribers. By 1999, he had five acres in production and about 45 subscribers. One-third had full subscriptions (at a cost of \$350/season), and the remainder had half subscriptions (at a cost of \$200/season). Customers with full subscriptions receive one full bushel of produce every week during the season (about 17 weeks) from June to the beginning of October. Customer with half subscriptions receives a half bushel of produce each week. Customers who pay their subscriptions before April 1st receive a discount. Most of the customers pick up the vegetables at the farm, although a few pick them up at the farmers market in Fargo.

Ben's business is divided into three main areas: one-third is the CSA; one-third is the farmer's market; and one-third is the roadside stand (Old Trail Market) on the property. Ben grows a variety of produce for the customers — raspberries, strawberries, salad mix (young lettuce greens), eggplants, tomatoes, carrots, beans, beets, and flowers, to name a few.

### **Relations with Customers**

Ben describes his relationship with his customers as very strong. He stated that relationships in the CSA are mainly built on trust. The customers must trust the farmer in whom they are investing their money, and the farmer must trust that the customers will pay their subscriptions on time.

Ben surveys his customers each year to determine which produce they disliked, liked, wanted more of, wanted less of, or new items they wanted added next season. Customers also are asked to comment during the season to determine their preferences.

### **Relationship with Suppliers**

Ben relies on a variety of input suppliers. He looks to California, Maine, and the Twin Cities for organic inputs; most of his seed is from Maine. He uses local businesses and people for equipment. The Internet is used for ideas on the right variety of seeds. He reads many newsletters from around the country for new ideas about gardening and marketing.

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### **Guiding Principles**

Although many farmers across the country have certain principles that guide their actions, Ben says that he really doesn't have a particular philosophy or principle that guides his CSA. He noted that some CSA operators see CSAs as "a way to change or save the world." Whereas this philosophy may work in large cities or urban areas, it doesn't work in the Fargo-Moorhead area. Rather, his CSA is good for people who want fresh produce and for someone who wants to farm on a small scale (like himself).

Nevertheless, there are some principles common among Ben and the customers who contribute to his business. He said that about half of the customers want organic products and the other half wants good, fresh food. According to Ben, his CSA members "are educated, enjoy cooking, and approach life optimistically." He also acknowledged that trust is an important issue because of the possible risk his customers take with the business. The customers must desire to support a small farmer.

### **Advertising**

CSAs serve a niche market, and therefore mass marketing is not effective. Ben finds that networks, or "community marketing," have the best results for him. "Community marketing" involves tapping into existing networks of relationships, such as church groups or study clubs where people "tell their friends, and they in turn tell their friends."

Ben said advertised on television and the response was almost immediate. People were at the farm within minutes of the advertisement. He put a couple of advertisements in the newspaper, however word-of-mouth advertising seems to work the best. He finds that those who are the most interested in what he is actually doing are the most willing to support the CSA. Ben has a customer comment box and gives out surveys in order to make sure that he is producing what the customers prefer. Thus, both he and the customers are happy, which makes their relationship even stronger.

### **Marketing**

Currently, Ben is pursuing sales to grocery stores in the Fargo-Moorhead region, for which he received a USDA grant. The relationship with grocery store outlets has not been simple. Although some grocery stores are interested in selling Ben's products, others are not. Their distribution is controlled through contracts and warehouses. Hornbachers and Cashwise in Fargo-Moorhead have cooperated with Ben to sell some of his produce. To their surprise, the stores have sold more organic produce than they had originally suspected.

Ben had intended to sell produce at the Fargo Farmers Market, however it was difficult to "break in" with its operators. Therefore, he and a few other organic farmers in the region formed a second farmers market in south Fargo that is open Wednesday afternoons and Saturday mornings during the summer and fall months. The same group formed an informal marketing alliance to sell organic produce to Hornbachers and Cashwise. Various of their members grow different produce and agree to specified delivery dates. Ben said that they haven't formalized or incorporated the alliance, and it is still based on trust. He notes that sales to these grocery stores

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has been based on good-will because it is easier for a grocery store to purchase through one distributor than from multiple local growers.

### **Farm Finances**

Although Ben did not have a farming or business background, the farm crisis of the 1980s taught him a very important lesson — stay out of debt. In 1999, Ben's gross income from the CSA totaled \$25,000. About one-third to one-half of the gross income was used for operating expenses, and about \$8,000 was reinvested as maintenance or capital improvements. For example, he needed to dig a six inch well and purchase various equipment for the business in 1999. Ben is different from some CSA farmers in that he has a rent-free agreement to use the land for eight years. He lives in the house on the farm, and must maintain and improve the property in lieu of rent. He reports a very stable, trusting relationship with the land owners.

### **On Starting a CSA**

Farming practices vary among CSAs. However, Ben suggests that there are some practices that may help farmers just starting a CSA. First, it is important to start on a small scale. If one starts too large, the task may be too overwhelming to continue or be successful. Second, CSAs are labor intensive. One needs to plan for hard work and possibly some hired labor. Third, one needs to be “ecologically smart to have a successful CSA.” Being ecologically smart benefits the land, and is synonymous with what most people want from a farmer. This may mean using fewer pesticides or other chemical sprays. Ben believes CSA farmers should not look at the operation as several small farm fields, but rather as one large garden. Fourth, CSA farmers must market the garden and sell for profit. Fifth, each farmer must take time to test different gardening techniques and decide which will work the best and which will be made efficient enough to make money. While there are high per acre input costs, CSAs can be profitable because of the high value of the produce grown. For instance, greenhouse tomatoes require expensive inputs, but are a high value product.

### **Future of the CSA**

Ben was asked during the interview what he foresees as the future of the CSA. His intent is to remain small (approximately 10 acres or less). He wants to continue his CSA and keep the Old Trail Market stand open. He plans to increase his crop yields and increase the variety of produce based on customer preferences. However, he does not intend a large diversification. He stated that he may consider adding a few hogs to eat produce scraps, then butcher them in the fall.

### **Challenges to CSA Farming**

Ben confesses that farming a CSA is not for everyone because there are many difficult challenges facing this type of business. The main challenge is mixing the different types of marketing. A person must mentally establish prices for products to sell in a farmers market. He needs to have a sales pitch ready. There is difficulty in trying to combine different marketing approaches or to streamline marketing.

Time is a second challenge to CSAs. The amount of time spent selling subscriptions is time that could be spent in the field or in making marketing decisions. Farmers are pressed for

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time during summer harvest. Employees are needed to help with fieldwork. But it is also the time when people want lots of vegetables. Ben is constantly trying to find the most efficient way to move the highest volume of produce possible.

Income consistency is a third challenge. CSA farmers know they will receive one payment and the customer will show up about 20 times during the season. CSA income averages about \$15 to \$20 per customer per week. However, the farmer's market income is unpredictable. Farmers don't know if customers will show up regularly each week or not. They don't know if they will purchase \$5 of produce or \$10 of produce. Thus, the CSA is so important to Ben's operation because he can establish a one-to-one relationship with the customers. He can determine what the customer wants and know that the customer will return every week.

### **Benefits to CSA Farming**

Ben noted that CSA farmers can be "their own boss." Farmers can make the majority of their decisions. Second, they can profit from their own hard work, rather than allowing large companies to receive the profits. Third, CSAs are beneficial to the community. A sense of cooperation forms between CSA members and the farmer as they form a type of marketing co-op. The community is happy to be in on using the land in a good way. Fourth, customers receive fresh quality products rather than products that have been shipped, sprayed, processed, and possibly bruised by the time they reach the grocery stores.

### **Lessons Learned**

Ben was asked if he were to start over, what would he do differently. He said that he started his first year with three acres, and increased to eight acres the second year. Because of excess rain that second year, his yields were the same as he had on three acres the first year despite considerably more work and expense. As a result, he cut back to five acres the third year, which he says is working much better.

Second, despite the fact that fresh vegetables are high-value crops, CSA income may not be sufficient to meet business and household expenses. Ben noted that he should have sought part-time, off-farm employment earlier. Now, in his third year, he has a part-time job in addition to the CSA.

Third, much research is needed beforehand to find out what will work best for a person considering a CSA. Ben also recommends that they start small and build slowly. Ben says, "A big problem today is that some people think bigger is better. In many cases (and in his case), bigger is actually not better. Being bigger causes more problems than it does rewards. Therefore, start small and build slowly."

### **Customer Responses**

Steve. Customers are a very important part of a CSA therefore, it is important to see how their needs are being met by the business. Steve, a customer of Ben Larson's Old Trail Market and CSA, heard about Ben's CSA from an organic beef and mutton producer. Steve is committed to organic, locally grown produce. He has had a half-subscription for two years, and what he does not receive from the CSA, he supplements from the farmers' market. Steve says he

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enjoys the better quality and service he receives from the CSA and farmers' market products. He is a firm believer in supporting organic, locally grown products and in being a good steward of the land. He believes CSAs are one way of contributing to his belief. Steve does not trust the corporate system, and is not satisfied with the quality of their products. He thinks that large companies often use unnecessary sprays on their products. Ben, on the other hand, does not use those harmful chemicals on his products.

Steve says that he is very satisfied with Ben Larson's CSA and the Old Trail Market. He says that one of the most important aspects is the good quality of products that he receives from Ben. The produce that Steve receives from the local grocery stores does not compare to the good quality from the CSA. However, he has a couple of dislikes with the operation. It is inconvenient to drive to the farm to pick up the half bushel of produce every week. He has a very busy household and the summer is a particularly busy time for a drive to the country to pick up vegetables. Occasionally there are items he dislikes, however there is good variety to compensate for those items.

A suggestion Steve offers is to add organic meat to the list of items that customers can receive. Although he admits that this would be more difficult, but receiving the organic meat once a month would even be sufficient. Steve commented on the importance of informing the community about the CSA. He says that CSAs have definite benefits since they market locally and provide fair prices to farmers. He would like to see the Extension Service agents play a larger role in improving and/or increasing the production of organic products in North Dakota and in the surrounding areas.

The top food purchasing concern for Steve is to find organically produced items. His family spends between \$300 and \$400 per month for food. Other food purchasing concerns include nutritional value, freshness, location of production, and variety. Price was Steve's least important food purchasing concern.

Tracey. Tracy, a three-year subscriber of the CSA, originally heard about it from Ben's family. She joined mainly to support Ben and his new business, however, she prefers homegrown, organic, fresh produce over what she receives from the grocery store.

Although Tracey hasn't calculated the difference between what she spends in the grocery store and in the CSA, she is very satisfied with the CSA. She says Ben is doing a wonderful job of being aware of his customers' desires, and is doing his best to accommodate their needs. She enjoys the gamble of being a member. Some years a member receives an abundance of produce and other years when the season is not so good, the produce is a little less. This past summer there were many salad greens, which she enjoyed.

Tracey suggests that the CSA could start a delivery service. One summer, Tracey's produce was delivered each week, and Tracey found that very convenient. She realizes that her suggestion may cause additional problems for Ben.

For Tracey, freshness, organic production, nutritional value, appearance, and price were

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the most important factors in her food purchasing decisions. However, location of production is the least important. She commented on the importance of a wide variety of produce. Salad greens, raspberries, strawberries, peppers, eggplants, and different potato varieties were a few of the produce items she received last summer from the CSA. The variety offers opportunity for cooking experiments that she may not otherwise have with the smaller variety found in grocery stores.

Tracey will continue her subscription next year, and has already recommended the CSA to some of her acquaintances. She likes to encourage the CSA because it supports a commitment to good eating in the Fargo-Moorhead area. Tracey would like to see more young people stay or return to the community, which was one of her reasons to join the CSA — to support Ben.

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**Photograph 1. Ben Larson Collecting Flower Bulbs, Moorhead, MN, Fall 1999**

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### **Photograph 2. Ben Larson in Tomato Greenhouse, Moorhead, MN, Fall 1999**



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**Photograph 3. Ben Larson and the Old Trail Market, Moorhead, MN, Fall 1999**



**Photograph 4. Tracey, a Community Supported Agriculture Customer,  
Moorhead, MN, Fall 1999**

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