General Crop Marketing and Business Strategies at New Leaf Farm

New Leaf Farm markets its produce to six restaurants, two natural food stores, and through an adapted form of Community Supported Agriculture (CSA) as described below. Sales in 2002-2003 were split among several markets:

- Restaurants: 50 to 55%
- Natural food stores: 35 to 40%,
- CSA sales: 7%
- Other: 3% (mainly meat)

The Colsons are adherents of the “relationship marketing,” a concept introduced to agriculture by economist, John Ikerd, at the University of Missouri. People are searching for personal relationships and a sense of community and these values are motivators in their economic activity. Over the years, the close connections the Colsons have developed with locally owned stores, restaurants, their CSA members and the Waldorf school, have created a large degree of customer appreciation and loyalty. Even though their accounts buy from other sources over the winter the farmers are eagerly welcomed back as suppliers each spring.

The Colsons keep in touch with their accounts over the winter to gather feedback and adjust their variety selection for the next season accordingly. They are strong believers in local marketing and seek to provide a consistently high quality supply of fresh produce to compete with the national organic brands. Twice a week during the season, the day before each harvest, Chris contacts each of the restaurant and specialty store accounts, getting exact orders that minimize over-harvesting and crop waste. In the event that demand for their produce is greater than what the farm can provide, Chris decides which accounts receive what produce and is able to communicate this to their customers in advance. Such customized service keeps their accounts coming back for more.

The farm’s 40-member CSA is based on a somewhat different model than the standard arrangement, where all members pay up front and get a fixed share of the farm produce. Instead, the Colsons have helped to organize Buyers Clubs that allow the members to sign up for the produce deliveries for whatever weeks during the season desired (and to skip the weeks when the member is away on vacation). The Colsons truck the bulk produce starting mid May and then every 2 weeks through Thanksgiving to the four club sites where the members break the food down into shares and handle the distribution. Each member pays $20 per delivery. The Colsons are considering changing this
arrangement, because up-front payment would help with their early season cash flow.

Even though they have successfully maintained their local markets through high quality and good community relationships, Dave and Chris are concerned about the long-term economic future of New Leaf Farm. They profited from the popularity of salad mixes as a fresh, local, organic product, introducing the mixes to local chefs in the early 90’s. But, national trends in organic marketing raise questions about whether they will continue to be able to sell salad mix at a profitable price in the long run. Organic salad mix has become an industrial agricultural product, with ingredients grown on a large scale for as little as $0.85 per pound, packaged and sold wholesale for $3-4 per pound, and sold retail across the country at $6-9 per pound.

At the same time, local stores with which the Colsons have long-standing relationships have also been threatened by competition by national health food chains. A Wild Oats chain grocery store moved directly next to a locally owned health food store (the Whole Grocer) in Portland, a customer of the Colsons. At the time, there was concern that the local store would be put out of business, but it has survived.

Given these concerns and their strong focus on planning, the Colsons are trying to anticipate the direction of the organic market and adjust their crop mix, and maybe even the need for off-farm income, to make sure the farm will remain economically viable.