Organic Food Subscription Schemes in Emerging Organic Markets: TEI-KEI, CSA and Box-Schemes.

by Hanns-Michael Haldy, MBA

Introduction

In emerging organic food markets, dedicated producers and loyal consumers seek to establish a mutual trustful social and economic relationship to foster ecological production and consumption. The principle of organic food subscriptions schemes was the ideal means. It has manifested differently during the last 3 decades according to geography, culture, economy and development of techniques. The main principles are TEI-KEI, CSA and Box-Schemes. This paper aims to provide practitioners of Asian organic farming and of the organic food distribution industry an

(i) introduction into TEI-KEI, CSA and Box-Schemes
(ii) outline of stages of development of Box-Schemes
(iii) overview of issues of farm based Box-Schemes.

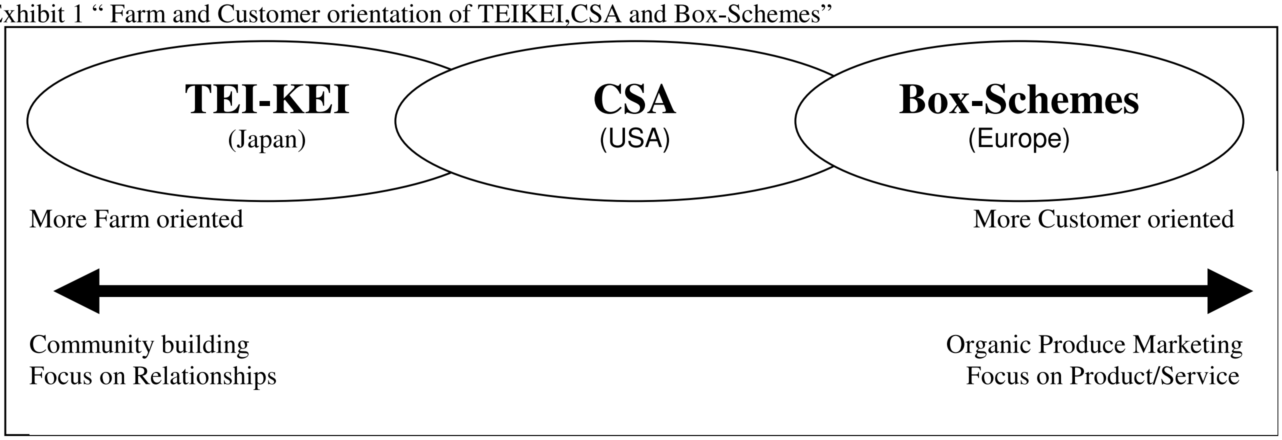
It is based on the authors' research on organic food subscription schemes in four European countries in 2004 and subsequent research on TEI-KEI and CSA (HALDY 2004). It focuses on an economical and customer oriented analysis, whilst the ecological and sociological (incl. cultural) issues are merely named, not analysed.

The author is aware that this is a western approach which is seen as critical in the Asian Organic Movement. It reflects the authors' cultural background and research. Therefore, the findings presented here aim to utilise an international and intercultural dialogue on the subject rather than to impose European Findings in an Asian situation.

For a deeper understanding of the main issues of TEI-KEI, CSA and Box-Schemes the cultural background has to be considered. CSA and Box-Schemes occur in the western culture which is dominated by individualisation and personal benefits, whilst TEI-KEI stems from the Asian culture which is more group and relationship orientated. Furthermore the three grass-root movements have evolved in Japan, the USA and Northern Europe respectively and thus reflect these national and subsequent regional cultures. Hence main system features, product features and service features and their relative importance to producers and consumers vary according to their socio-economical and socio-ecological context.

All three issues have developed in highly industrialised, free-market and democratic countries which in turn give way to generalisations according to customers living in these societies. They share in common the objective to overcome the shortfalls of industrial conventional agronomy by enhancing a trustful relationship between farmers and consumers. These three movements can be placed on a continuum scale according to their orientation from more farm or more customer orientated, as shown in exhibit 1:

Exhibit 1 " Farm and Customer orientation of TEIKEI,CSA and Box-Schemes"



Source: This paper

The TEI-KEI System

PRETTY (2001) summaries :

> *"[TEI-KEI is]…an agreement between farmers and consumers. […] Members of a TEI-KEI group pay a weekly fee for a box of fresh produce accepting whatever quality and quantity delivered. They know the farmer personally, help with the farm and can influence the choice of crops grown"*

The historical base of TEI-KEI has been the wide-spread food co-op system SEIKYO in Japan which has already served 14m households in the 60ties. Discontent with government policy was triggered by a food scandal in 1955. The TEI-KEI consumer-producer networks took off in the early 70ies in Japan, as a grass-root response to pollution of food and general discontent in the state's agro-policies. In 1973 a core group of women, motivated farmers of the Miyoshi Area to produce organic food for Tokyo villagers (MOEN 1997). According to FAO et al (2001) TEI-KEI was fostered by the Japan Organic Agriculture Association (JOAA) which formulated 10 basic principles in 1978 and by Nature Farming International Research Foundation (NFIRF). In the following years the TEI-KEI system supplied a not known number of households with local and organic food through 500 to 1000 TEI-KEI Groups with 10 to 5000 members each, resulting in 1m to 1,8m members (JOAA 1993). The ITC et al (1999) cites experts believing that there are over one million TEI-KEI customers, responsible for 55% of all organic food sales (FAO et al 2001) in Japan.

The author doubts these estimations, as the produce sold through the TEI-KEI system were not certified organic in 1999, figures of members were reported to be in steep decline (HENDERSON 2002?) and the distinction of TEI-KEI and the traditional Co-Ops (SEIKYO) is not clear. Figures based on research conducted in Japan were not available in English, which itself indicate a less important role of the TEI-KEI for the organic market at present.

The foremost issue of the TEI-KEI system was to establish a rich and trustful producer-consumer relationship, which in turn enabled (or conserved) a sustainable decentralised rural community culture and aimed to change the consumer's behaviour towards ecology. (JOAA 2004).
There are two trends identified:
Firstly, research by PRETTY (2001) indicates the difference in the organic produce delivery system away from the direct consumer-producer contact towards larger organisations.

> *" Many TEI-KEI groups have grown or merged to form larger delivery schemes. These can be divided into food buying co-ops and commercial food distribution schemes with up to 21m members"*

Secondly, HENDERSON (2002) describes an over aging and erosion of the customer base:

> *"…since 1971, the original 1000 members has dwindled to 100. The [TEI-KEI] group has divided into smaller groups and lost members who shop at supermarkets where cheaper organic food is available. Recruiting younger members is very difficult."*

Furthermore she describes an increasing complexity of administration, which in turn indicates rising customer expectations of the weekly box product and service features.

In summary, information and figures on TEI-KEI is difficult to gain for non Japanese speaking researchers. TEI-KEI laid the foundation for organic farming and served as the main distribution system for organic produce in Japan for more than 3 decades. With the maturing of the organic food market, customers in Japan become more demanding as availability of organic produce increased. This resulted in a reduction of the dedicated loyal TEI-KEI members, whilst other customers switching to more convenient shopping alternatives like supermarkets and commercial subscription schemes. The TEI-KEI movement is uncertain about how to adopt a more customer (member) oriented approach without compromising too much with mainstream agro-industrial industry behaviour.

It is therefore of interest to analyse the younger American CSA movement, which was srarted in the mid-80ties in the USA and has its roots in TEI-KEI.

The CSA Movement in the USA

The term Community Supported Agriculture (CSA) was coined in 1986 in the USA after the TEI-KEI impulse was tried in Switzerland and Germany (VAN EN 1995, GROH et al 1998).

CSA emphases a more formal involvement of the members and addresses the more individual benefits for the customer/member than the TEI-KEI system which is often used as a marketing tool. On the other hand CSA can be distinguished from organic food subscription schemes (OFSS) in Europe, by emphasising the community creating aspect, and not the commercial act of offering a sophisticated bundle of organic produce or service. Hence, the CSA farmer needs to provide the customer or CSA member with certain farm life encounters, and has to offer areas of member-participation.

According to DeMUTH (1993)

> *"CSA consists of a community of individuals who pledge support to a farm operation, so that the farmland becomes either legally or spiritually, the community's farm, with the growers and consumers providing mutual support and sharing risks and benefits of food production. Typically members or "share holders" of the farm pledge in advance to cover the anticipated costs of the farm operation and farmer's salary. In return, they receive shares in the farm's bounty throughout the growing season, as well as satisfaction gained from reconnecting to the land and participating directly in food production."*

Nevertheless, as the CSA is a grass-root operation with no traditional cultural links like the TEI-KEI towards Japanese CO-Ops, it offers a wide range of local adoptions. According to BAUERMEISTER (1997) CSAs can be clustered into 4 distinctive groups: (i) Assuming the majority of the CSAs are farmer or subscription driven, where the CSA members concentrate on the their weekly box (share) and have little influence on the farm. (ii) Shareholder or consumer driven CSA's are virtually managed by CSA members hiring a farmer to grow what they want. (iii) When farmers cooperate to supply a (subscription driven) CSA, they from a farmer cooperative. (iv) In cases where production resources are co-owned by farmers and consumers, CSA becomes a farmer-consumer cooperative.

Thus, the term CSA in practise sub summarises nearly all attempts in the USA to enhance direct and sustainable producer-consumer relationships in the organic food market. The main principle is to ensure that the organic farm can be economically sustained by financing its costs, for in turn the members receive the food.

In 1999 a quantitative research on CSA in the USA was conducted by LASS et al (2003). According to that research the 80% of the estimated 500-1000 CSA farms were concentrated in 16 northern regions. In 1999 there where about 6000 organic farmers, which indicates that 8% to 16% of the farms employ CSA. The typical CSA farm has 7,3 ha (18 acre) of which 2,8ha (7 acre) is cropland and has 29 full members (shares) and 23 half members (half shares) resulting in an annual turnover of 15.000 US$ (median). Furthermore 35% of the CSA farms utilise 90% of their cropland for CSA use, whilst 44% of the farm use less than 30% of their arable land. Thus, CSA is only one means of creating income to these farms. According to these figures, the total CSAs of the US have a annual turnover (retail level prices) in 1999 of 9.5m US$ resulting in a market share of 1,2/1000 as the total US organic food sales were estimated 7.7bn US$ (FAO/ITC/CTA 2001).

In summary CSA are more farm-oriented than OFSS, and more consumer product/service oriented than the classic TEI-KEI movement. CSA as a means to provide an sustainable economic basis for the whole farm has to be questioned and seems only to be realised in a small number of cases. Furthermore, the relative small number of members and the low percentage of arable land used for CSA indicate, that CSA is not fully utilised by farmers and consumers to create a sustainable management of an organic farm - which was the main intention of the initial CSA promoters. We now investigate the OFSS of Europe.

Organic Food Subscription Schemes in Europe

Even though the TEI-KEI impulse reached Europe in the 70ies and was exported to the USA in the 80ties where it became the CSA movement, it was not adopted. In northern Europe there was already a domestic culture of producer-consumer relationships. According to PRETTY (2001) there are various producer-consumer initiatives in Belgium, the Netherlands, Denmark and the three German speaking countries of Switzerland, Austria and Germany which have similarities to CSA, but are in general CO-OPs. Own research indicated that these local initiatives differ in many ways. They are in general emphasising more than only the personal consumer benefit of availability of organic produce, as the availability of cheap and high quality organic produce has risen significantly in the last decade. Their aim is to perform social, economic and ecologic sustainable behaviour in daily life. These attempts are fuelled by socio-political motives, religious beliefs and bio-dynamic initiatives. Thus the driver is neither the farm or farming (CSA, TEI-KEI), nor the consumer benefit or produce/service (OFSS) but the urge towards a sustainable future. Organic farming, and especially bio-dynamic farming has been mostly the starting point which has evolved in spin-offs and more complex organisations. Consequently, some of these organisations tend to integrate many different businesses and services - not only organic food.

The most TEI-KEI and CSA related phenomenon are the European Box- and Bag-schemes due to their distribution system, concentration on organic food and direct supply from farms. The latter have evolved from the beginning of the 90ties in Germany and in the Netherlands (HALDY 2004).

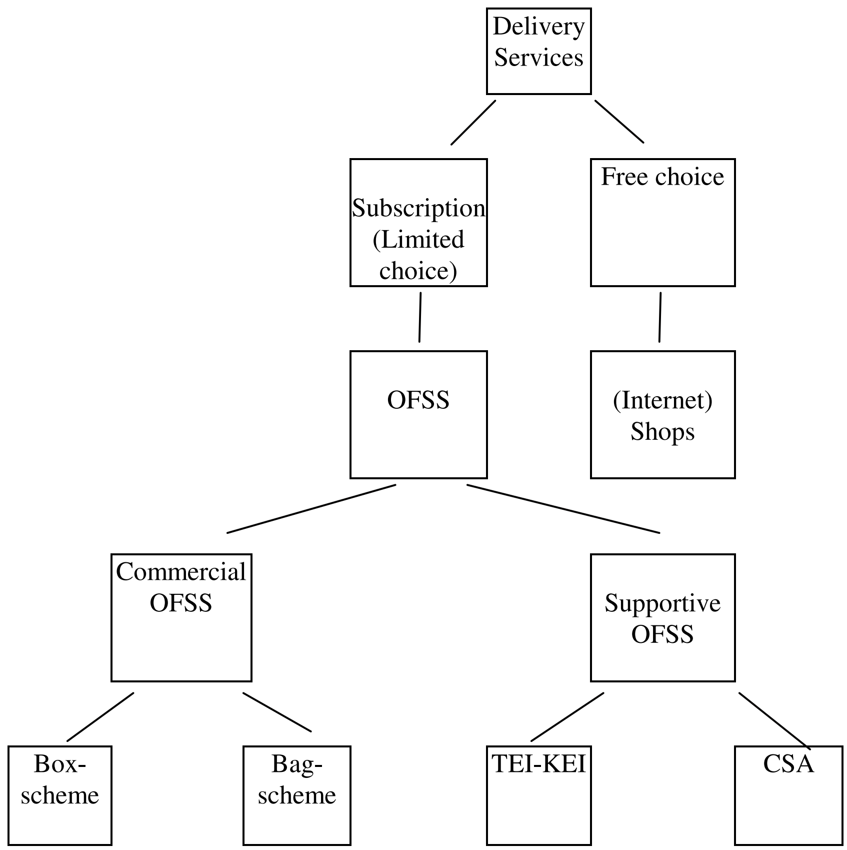
Definition of Organic Food Subscription Schemes

Typically an OFSS is:

"A composition of dominantly fresh organic produce, designed and packed into a box or bag by a farm or trading company, subscribed to by the end-customer on a regular basis, and delivered to a place the consumer has agreed on."

From the customers perspective, TEI-KEI, CSA and Box/Bag Schemes will be encountered as a delivery service with a limited choice of produce, frequency of shopping and quantity as the boxes/bags will be designed by the farmer, delivered on a regular day with a fixed size. Furthermore, the pricing of the boxes/bags is either done on market prices of the individual organic produce within the box (commercial OFSS) or by paying a share of the farm's production costs (supportive OFSS). It is assumed that the pricing within the TEI-KEI and the CSA systems vary, i.e. some farms tend to price the produce/service others use the cost-share principle according to the emphasis of more farm or more customer orientation (see exhibit 2 below).

Exhibit 2 " Definitions of OFSS according to Delivery Services"



Source: HALDY (2004)

Commercial OFSS can either be operated by a wholesaler (bag-scheme) or by a farm or retailer (Box-scheme).

A typical form of OFSS is an assortment of fresh organic vegetables and fruits, which is subscribed to on a weekly basis for a fixed price. It will be delivered in a box or bag to an agreed pick-up point (private or in shops) or directly to the consumer's home, as shown in picture 1.1. The commercial OFSS companies box portfolio consist of various box types in different box sizes. Thus portfolio = types x sizes.

A common Box-Scheme portfolio consists of three sizes of vegetable boxes (S,M,L) two sizes of fruit (S,M), combinations of both, and additional boxes tailored to special customer groups (Breast-feeding mothers or elderly people). The prices of the three standard vegetable boxes are around 7 -14,50-24 US$. According to HALDY (2004), the price of the produce within the boxes in German and Danish boxes is higher, in British and Dutch boxes about the same or even lower than in the supermarkets. The content of the box/bag is variable owing to season and owing to the number of customers who are allowed to influence it.

Some companies offer seasonal special boxes (e.g. Asparagus-Potatoes-Boxes, Salad-boxes) or full-meal boxes (e.g. Ratatouille-Boxes). Increasingly the companies offer the full range of fresh organic food produce like dairy (e.g. cheese and milk), meat & fish (frozen and fresh), bread, flowers and non-perishable food produce as well as cleaning products. This other produce can be ordered as an additional subscription, or as a subscription itself (e.g. cheese-box, bread-box).

OFSS in the different European Countries

Owing to size, the way of operation, and tax regulations, the farm based OFSS has the legal standing of a retailing or wholesale company. Because the OFSS stem from regional initiatives, their set-up differs regionally and country wide.

The four biggest OFSS companies in Europe are based in the UK, DK, and NL serving from 10.000 to 17.000 weekly customers/orders each. Germany has an estimated 300 companies of which about 145 use complex IT solutions for an estimated average of 400 to 2000 orders per week and per company. The importance for the organic food market is expressed in the following exhibit by the market share.

Exhibit 3 " OFSS – Estimations of Numbers of Companies and Market shares in 2003"

	Germany	**Denmark**	**The Netherlands**	**United Kingdom**
Number OFSS Companies	300	15	55	300
Orders per week in k orders	124	20	41	82
Turnover in m US$	444	13	20	50
National Turnover in bn US$	3,72	0,50	0,47	1,92
Market Share	8%-13%	2%-3%	3,5%-4,5%	2,5%-3%

Source: HALDY (2004)

The higher market share of OFSS in Germany in comparison to the other countries has the following reasons:

- the farmers are willing to sell not only their own produce but increasingly the whole range of organic fresh produce and storable organic foods
- OFSS software with PC-linked scales reduces waste and administers individualisation of boxes
- Box-Schemes are widely recognised in Germany, due to it's longer time on market
- Germany has a tradition of direct selling from farms (farm shops, farmer markets, Box-Schemes)
- Relatively low market share of supermarkets of 45%

In contrast to the small sized, and regional structure of the OFFS market within Germany, the other researched countries host one or two leading OFSS companies with market shares of 25-80% of all orders as exhibit 4 shows. These leading OFSS companies stem from a local background, but tend to serve the whole country and conduct a retailer management style.

Exhibit 4 " Figures on the Structure of the OFSS Market"

	Germany	**Denmark**	**The Netherlands**	**The United Kingdom**
Number of companies	300	15	55	300
Industry Structure by customers (Companies with their weekly orders/customers)				
	200 comp. x 250 orders	10 comp. x 200 orders	30 comp. x 250 orders	273 comp. x 180 orders
	90 comp. x 600 orders	4 comp. x 600 orders	23 comp. x 600 orders	25 comp. x 500 orders
	10 comp. x 2000 orders	1 comp. x 16000 orders	2 comp. x 9000 orders	2 comp. x 10000 orders
orders weekly per country	124.000	20.400	41.000	81.500

Source: HALDY (2004) All figures are estimations.

In Denmark and The United Kingdom the emerging of dominant companies is influenced by consumer discontent of supermarkets policies. In both countries, supermarkets sell 75%-85% of all organic produce, and thus acting in practise as a monopoly. The supermarkets are not able or willing to offer an interesting variety of fresh organic produce countrywide, but are concentrating on 8 to 15 core products like onions, potatoes, carrots and milk which are offered at low prices. Further criticism includes: perceived unfair treatment of domestic farmers, waste of energy and increased pollution through unnecessary food transportation and too much packaging.

In the Netherlands the development of the large scale OFSS companies was led by the structure of the distribution channels as well. When in the beginning of the 90ties farmer based OFSS took off, one organic wholesalers pioneered the Bag-System and delivered its Natural Food Shops with assorted fresh vegetable and fruit bags. In 1996 the Natural Food Shops could not offer fresh vegetables and fruit due to a lack of space, equipment and turnover. Thus the Bag-Scheme was ideal means for customers, shops and organic wholesalers. In 2001 the two Dutch wholesalers operating a Bag-Scheme were responsible for 78% of all OFSS orders in The Netherlands (35.000 of 45.000 bags/boxes per week) and the farm based Box-Schemes came to a halt. As the Natural Food Stores grew and the supermarkets entered the organic food market, the number of Bag-Schemes declined rapidly due to a rise in the availability of fresh organic produce. Now farmers in the Netherlands are making new attempts to attract customers via direct marketing.

Important Issues of farm based OFSS

Virtually all farm based OFSS in Europe employ Box-Schemes with an average of 150-500 orders per week. They differ significantly in the researched four countries due to the stage of market development. Among farm based systems German Box-Schemes seems to be most advanced in operations, optimising profit for the farm and quality of product and service for the customers.

Two factors contribute to the development of farm based Box-Schemes, as indicated by its product and service features:

(i) Firstly the state of the Organic Food Market (OFM), expressed in the availability of organic produce and level of consumer awareness and demand.
(ii) Secondly the farmers ability and willingness to serve the consumer by delivering high product and high service quality.

Development of Box-Schemes according to the Market Life Concept

Employing the Market Life Concept, which predicts a rise of sales after an introduction time followed by stagnation and literally a decline of turnover, Box Schemes in Europe developed according to five distinctive stages over time, as shown in exhibit 5 below:

Exhibit 5 "Farm based Box-Schemes Five Stages of Development"

	Stage 1	**Stage 2**	**Stage 3**	**Stage 4**	**Stage 5**
	One Type Box-System	**Multiple Box-System**	**Adapted Box-System**	**Individualized Box-System**	**Internet shop & Box-System**
Orders weekly	50-550	120-400	200-400	350-2000	350-2000
Operated by	farmers	farmers	mainly farmers	retailers, but farm based	retailers, but farm based
Portfolio	One standard box of vegetables in two sizes. Fixed price of Box	Three standard boxes of vegetables, fruit and a mixed box in two sizes each. Fixed price of Box	Three to six boxes (i.e. Extra box, Local Food box, mother-baby box) of 2-3 sizes (S,M,L) each. "Likes and Dislikes" possible. Fixed price of Box	10 to 15 boxes (i.e. Cheese-Box, Bread Box), in three sizes. Pricing through the individual produce of the Box.	Combination of Box-scheme and free choice home delivery service. Tendency to self-designed boxes or regular side orders by customers.

Source: HALDY (2004)

The five types are briefly described as follows:

1. One Type Box-System - Introduction phase of the OFM

In the early stages of the OFM when no distribution through retailers is established and thus organic produce is difficult to purchase, the few customers seek to buy organic produce from the nearest farm. The farm offers one standard type of box, usually vegetables in two sizes of own produce. Customers are enthusiastic about the newness of this system and accept relative low service/product features. The supportive aspect of the farm is an important issue. This system is to be found at the farm-based OFFS in Denmark.

2. Multiple Box-System - Introduction/early maturing stage of the OFM

In the marketplace the availability of organic produce in the OFM is rising, characterised as the introduction phase, but fresh produce are scarce or high priced. Supermarkets will not enter at that early stage, and specialised shops will not have the facilities to offer fresh vegetables and fruits daily. On the other hand, customers of the farm will have experienced the OFSS system for some time and are demanding improvements, suggesting fruit-boxes and other produce. The OFSS company enters the stage of becoming a retailer by buying in produce from the wholesaler and investing in smaller cooling facilities. This system is to be found mainly in the farm based OFSS in the Netherlands.

3. Adapted Box-System - Growth phase

Availability of fresh organic produce is still increasing. Likely entry of multiples at the marketplace, thus price competition with supermarkets. Availability is not the pre-dominant benefit for customers anymore. Issues of freshness, and service aspects become increasingly important. New customers, "the early adopter" will join and have higher expectations of the OFSS service and product features.
The farm reacts by inventing boxes, customised to different customer benefit, like "Local boxes" which does only offer produce from the region, or Mother-Baby boxes, which contain only vegetables which are recommended for babies and their breastfeeding mothers. This allows the farm to use its standard procedures of packing, ordering and distribution to grown without major investments or alternations. Profit margins will decline at that stage, due to increasing administration and packing costs. As the bought-in value increases typically at that stage to 60% and more, the waste of not sold produce from the wholesaler becomes an important cost factor.
The last step of this stage is the introduction of "likes" and "dislikes" by which customers can alter their weekly box. These customer information will be attached to the standard boxes. After packing the "dislikes" vegetables will be removed and replaced through "like" products. This leads to individual labelled boxes and the need to administer this information. This stage of OFSS is to be found in the United Kingdom.

4. Individualised Box System - Maturing Growth

The growth phase of the OFM is still ongoing, mainly determined by the policies of the supermarket and the national supportive programs which are the driving force in most of the researched European countries. Organic fresh produce are easy to buy either in supermarkets or specialised shops to lower prices than before. OFSS customers are more price sensitive and demand more information about the pricing of the box-content and more information about the OFSS company.
German OFFS companies faced this problem in the second half of the nineties and responded by the invention of PC-linked scales. The standard box, where the customer has only a limited possibly of influence will be replaced through individualised boxes. The OFFS company has to invest in cooling, handling and IT- logistics to secure reliability of fulfilment to the customer's demanding orders. The types of boxes has not necessarily increased in comparison to stage 3, but as each item of the box content will be traced by IT, the customer gains full transparency and full ability to exclude or include certain products from his subscription. At that stage OFSS companies increase their offerings of added products by catalogues, and start to sell fresh high value items like cheese and meat, as they can be weighted and operations speed up through IT. Each box will be traced individually, often via barcodes. This system is only to be found in Germany.

5. Internet shop & Box-System - Maturing phase

Sales of the OFM are growing slower, which is be seen as a sign of the mature phase. The OFSS companies are likely to enter into competition with each other, with internet/catalogue shops and home-delivery services on availability and service, and on price with the supermarkets. At that stage they have gained core competency in handling the whole range of fresh produce which gives them a competitive advantage on internet/catalogue shops with home-delivery services. OFSS companies are likely to emphasise freshness, service and "closeness to the farmer" as the main features and customer benefits in competition to supermarkets. As the subscription scheme is under threat to be replaced by free-choice orders. Thus the following stage would be the declining stage.

The author assumes that the development of Box-Schemes will pass these stages in any free-market economy where organic produce is sought as an alternative to industrialised conventional agronomy. A consumer benefit analysis together with these five stages lay the foundation of the Box-Scheme Development Model. In this model further characteristics of the operations and marketing of Box-Schemes are shown(HALDY 2004).

Threats to the development Box-Schemes

Farms, as Small and Medium Sized Enterprises in other industries, have very limited resources of time, finance and knowledge. Furthermore farms have a different cultural and social background which enhances the dominant role of tradition and the role of the sole entrepreneur /farmer in decision making. On the other hand, innovative changes of farms towards sustainable behaviour in social, economic and environmental issues have a mayor impact on society. Following four observed attitudes of farmers might become an obstacle in the development of an OFSS movement in emerging organic food markets:

1. Farm based view

Traditional farmers care primarily for their land, husbandry and family. They are basically concerned about the physical aspects of the produce. On the other hand, direct marketing is a service task and the farmer has to respond to the customers needs. In the early stages of the OFM customers are glad to have access to the physical produce, but during the market development service features and convenience will become more important. Farmers who are not able or willing to expand their offerings will face with a swindling or over aging customer base. This leads to a insufficient quality of the OFSS, and the loss of customers. As the SOIL ASSOCIATION (2001) puts it:

> *"The biggest threat to the growth of box schemes is from schemes that do not offer a good service and lead to disillusioned customers, thus sourcing the potential market for boxes in general"*

Farmers do often restrict themselves only to sell own produce. Thus, CSAs in the north American climate do mainly deliver for half a year due to the growing season. There are neither ethical nor financial arguments not to sell bought-in produce from colleagues (domestic or abroad) to give the customer the chance to carry on to support the farm.

REYNOLDS (2000) underpin this findings by suggesting to extend the CSA-model towards a more consumer driven movement:

> *"To become a high volume distribution channel for organic products, the CSA movement must take consumer preferences seriously. Our research shows that many urban consumers perceive CSA offerings as too seasonal and too erratic. […] Many conclude that if they have to go the natural food store anyway, the extra trip to the pick-up point is not a good use of their time."*

2. Self-Satisfaction

Some farmers tend to feel too much self-satisfaction with their developed customer base and level of produce and service. They anticipate their customers and direct marketing techniques as stable as is the soil they are caring for. On the other hand, producer-consumer relationship in the organic food market are based on the basic changes in behaviour towards a sustainable future. Thus consumer who are actively involved in an OFSS (Box-Scheme, TEI-KEI and CSA) expect the farmer to foster growth of the farm, promote the idea and keep on to be innovative. Organic farmers find themselves in the role of change agents and promoters of sustainable developments in economy, social and environmental issues.

3. Myopic

Myopic perspective occurs, when the farmer draws his conclusion mainly on experiences of his direct surrounding. For example: One researched OFSS company surveyed its customers regularly via a questionnaire. The responding customers tick the answers, which show an overall sufficient level of service and quality. Thus, the farmer does not see any need to improve it's Box-Scheme. There are several problems inclined with this method:

- The surveys focus only on his current customers - not those potential customers who do not subscribe, because they might perceive the product or service level as not good enough.
- The chosen questions do not give the customer the opportunity to either name what is missing, nor how important the answers are he has given.

Thus even in a declining customer base, one will still not know why customers leave, nor what potential new customers are expecting.

4. Pricing below Retail-price level

LASS et al (1995) found in his research that CSA-Shares (Boxes) are under priced. The UC SMALL FARM CENTRE (1995) quotation of CSA pricing is valid for any OFSS:

> *"The biggest contributing factor for CSA burnout and failure is setting the share [or Box] price too low."*

Farmers are unsure about the value of their produce, service and the benefits for the customers. Farmers in The Netherlands and The United Kingdom sell their produce often cheaper than retailer, whilst in Germany they gain even higher prices than retailers due to their service efforts. Higher prices are also achieved by the three leading European OFSS companies. The low-pricing strategy of farmers lead to a low-quality image at the customers and do not reflect the increased production, marketing and service effort of the direct selling organic farmers. It results in discouraging farmers to enhance their service and OFSS, leaving the market to retailer based and bigger OFSS companies.
Farmers who want to start an OFSS have to attract those customers who value their produce and effort and who want to support the farm on an sustainable economic base. Hence, a high quality strategy based on fair market prices should be conducted.

Summary

The producer-consumer movement TEI-KEI evolved in Japan during the 70ties and consisted of 500-1000 groups in 2003 with a large market share of organic sales. Its popularity is shrinking with time. TEI-KEI emphasis the support of farms and laid the foundations of organic farming in Japan. It has inspired the CSA movement in the US which was taking off in the 80ties, focusing in theory on community building through cost and risk sharing in exchange for food. There are now more than 1000 CSA farms in the US. CSA plays only a limited role in financing organic farms, and is of no importance in terms of market share on organic sales. Box- and Bag-Schemes have emerged in Europe from the beginning of the 90ties, and are now responsible for 3-8% of all organic food sales. Box-Schemes combine farm-supportive aspects of subscriptions with retailer-like customer service.

Farm based Box-Schemes develop through five distinctive stages towards increased convenience for customers and individualisation of the Box, along the phases of the maturing organic food market. Further operational implications of the development of farm based Box-Schemes have to be addressed.

It can be stated, that direct marketing through Box-Schemes, TEI-KEI and CSA challenge the traditional roles of the farmer, and will change their self-perception towards a service provider instead of only the production of physical food products. Organic managed farms play a key role in fostering the change towards a sustainable and healthy development in social, economic and ecological issues.

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