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**Promoting Urban Agriculture for  
Development: Suggestions for Designing  
the 'Ideal' Social Enterprise Box Scheme  
in Cape Town**

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# Promoting Urban Agriculture for Development: Suggestions for Designing the 'Ideal' Social Enterprise Box Scheme in Cape Town

## Abstract

*Urban agriculture is now a component of many countries' socioeconomic development agendas. For urban agriculture to make a meaningful contribution to development, particularly in South Africa where chronic poverty persists, it must present viable, sustainable business opportunities in addition to its established social benefits. This study, of which this paper is one part, sets forth fresh produce box schemes operated with a social enterprise business model as one such development-orientated opportunity. Focused on Cape Town, the study compared three box scheme models currently in operation; analysed a survey of box scheme consumers to explore the consumer market; and investigated poor producers' agency through cross-case analysis. This paper builds on study data presented elsewhere that evidence consumer demand, as well as demonstrate a social enterprise's ability to compete in the existing market and positively impact disadvantaged urban farmers. The discussion here delves into results around consumer motivations, satisfaction and purchasing habits, in conjunction with the application of Haldy's box scheme development model. This analysis produces suggestions for key characteristics of the 'ideal' social enterprise box scheme that is both financially sustainable and which contributes to improvements in poor producers' agency.*

# 1. Introduction

South Africa's development in the post-apartheid era is challenged by "an economy in which social exclusion and poverty continue to interact in a mutually self-sustaining fashion" (Adato et al., 2006: 227). Millions of South Africans suffer educational and skills deficits, chronic unemployment and spatial segregation, all of which have kept them at the margins of society and the economy (Seekings & Nattrass, 2006; Chagunda & Taylor, 2012). This set of circumstances has a devastating impact on poor people's life choices and opportunities, otherwise known as their agency (Giddens, 1979; Sen, 1999/2000).

Development efforts in South Africa, therefore, must be aimed not only at economic growth, but also at improving poor people's agency through real skills-building, developing income-earning opportunities and creating links from the margins to the formal economy (Brand et al., 2012; du Toit, 2008; Nussbaum, 2003). The current South African government recently released its National Development Plan entitled 'Vision 2030' (2011) whose goals include reducing poverty and inequality and growing a more inclusive economy. This kind of development can be met not only through public programmes but also through the private sector – provided that enterprise growth occurs with attention to social as well as economic goals (Fonteneau & Develtere, 2009; Johnson, 2000).

Through its positive links to food security, income poverty, ecological conservation and social cohesion (Battersby-Lennard, 2011; Foeken, 2006; Hovorka et al., 2009; May & Rogerson, 1995; UNDP, 1996), urban agriculture holds the potential to address development goals by creating enterprise and employment opportunities. Many cities now make urban agriculture a part of their community development and/or policy agendas, but in order to take advantage of the opportunities urban agriculture presents, such programmes can only be sustainably developed by first identifying a viable, context-appropriate market for urban agriculture products for which real demand exists (Dorward et al., 2003; Dubbeling et al., 2010).

A growing trend towards consumer preference for local, organic produce in industrialised countries in the North has only recently emerged in the global South (Bienabe et al., 2011). A fresh produce box scheme represents an urban agriculture enterprise opportunity that could capitalise on this emerging niche market for organic products (Halady, 2004a). In South Africa's development context, box schemes operated via a social enterprise business model could present a viable way to expand urban agriculture's impact by engaging low-income farmers in marginalised urban communities to grow food crops and then

providing them with a suitable local market for their produce (Florchinger et al., 2007; Hoekstra & Small, 2010).

Research on organic box schemes is primarily focused on developed country settings, with most studies conducted in the U.S., Europe, Asia and Australia (Brown et al., 2009; Haldy, 2004a/b; Torjusen et al., 2008). Results on consumer profiles and motivations, as well as opportunities and limitations related to box scheme enterprise development, generalise only in relation to the global North. In Africa, very little is known about the market for box schemes and whether they represent a viable socioeconomic development strategy.

If urban agriculture programmes have social and economic aims, the market-related factors that determine financial success must be understood (de Wildt et al., 2006), as must the livelihoods factors that influence social impact (DFID, 1999). Without this context-specific knowledge, development programmes may be poorly targeted and public spending wasted (Albu, 2008; Dorward et al., 2003). While a few studies have been undertaken on box schemes in South Africa (de Satge & William, 2008; de Satge, 2011; Kirkland, 2008; RUAF, 2010), research has been largely limited to qualitative description, without in-depth attention to enterprise models or issues of supply and demand.

Training its lens on Cape Town, this study set out to explore whether box schemes present a viable opportunity for social enterprise development that seeks to build producers' agency. Using a mixed-methods approach<sup>1</sup>, the study conducted a survey of 354 box scheme consumers that quantified how the box fits into household expenditure and unpacked relevant features of consumer demand and satisfaction. The survey data show that box schemes capture a significant portion of subscribers' expenditure on fresh produce, as well as on total groceries, and this holds over consumers' tenure with the scheme. This finding suggests that there is a viable market for box schemes in Cape Town.

The study also described three different models of box schemes in the current market (Harvest of Hope, a social enterprise scheme; Wild Organic Foods, a for-profit scheme; and Ethical Co-op, a co-operative scheme) in order to draw out each models' potential strengths and weaknesses. Data from the consumer survey further facilitated a comparison of the different schemes' ability to compete against one another. Results indicate that a social enterprise model is able to compete with other models in acquiring consumers and delivering product satisfaction.

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<sup>1</sup> A complete description of the study's research design and methodology can be found in Amy Thom's Masters thesis entitled *Urban Agriculture, Social Enterprise & Agency: An Exploratory Study of Organic Box Schemes in Cape Town, South Africa*, which is currently awaiting publication by the University of Cape Town.

Finally, case studies of two urban farmers uncovered some successes and limitations in building their agency via a social enterprise box scheme. Producers' agency is influenced by personal characteristics, the content and duration of support services for skills-building, the need to diversify income and access markets, and external constraints that must be identified in context. Current literature has shown the social enterprise model to make positive contributions to producers' agency (Amm, 2009; de Satge, 2011; de Satge & William, 2008; Kirkland, 2008; von Broembsen, 2012), and this argument is supported by the results of the study's cross-case analysis.

Taking these findings a step further, the study recognises that a successful social enterprise box scheme has dual missions: social impact and financial sustainability (Urban, 2008; Weerawardena & Mort, 2006). This means that schemes must design a product that will generate profits, as well as explore ways of expanding its social mission. In order to construct a successful social enterprise box scheme in Cape Town, first it is necessary to think about the study's results around consumer demand, with specific attention to consumers' purchasing motivations for, and satisfaction with, their boxes. This will help to identify important product characteristics, as well as suggest specific items that could make up box contents. It is then important to consider box schemes' current stage(s) of development, within the overall context of South Africa's organic produce market, and to consider aspects of producers' agency that could be further improved within the scheme. Building on the study's findings discussed in separate papers, these results are brought together here to propose key characteristics of an 'ideal' social enterprise box scheme.

## 2. Determining Box Contents

### 2.1 Consumer Motivations

The largest proportion of consumers surveyed<sup>2</sup> (50%) reported that the box's organic nature is the most important reason they participate in the scheme, followed by its connection to a social programme (24%), and with product quality and local origin being tied for a distant third (6% each). These results correspond with what the literature tells us about why consumers buy box schemes in other parts of the world; concerns about the ecological and social factors of food translate into consumers' increasing willingness to alter consumption habits and seek out products that are environmentally and socially value-added (Brown et al., 2009; Haldy, 2004a; Hinrichs, 2000).

This consumer trend toward organic foods is evidenced in South Africa by the growth of the retail organic market over the past ten years, particularly with regard to sales at Woolworths and Pick n Pay, two of South Africa's largest grocery retailers. From 2003 to 2005, for example, Woolworths' sales of organic foods went up by more than 50% each year (Bienabe et al., 2011). In 2008, Pick n Pay's organic sales grew by 62% in one year alone (Pick n Pay, 2008). Such increases are noteworthy given that these are among the top retailers in South Africa's consumer grocery market (Thomas White Int'l Ltd, 2011). While these figures include sales of *all* organic food products, not only organic produce, they clearly demonstrate that South African consumers' food purchasing habits are increasingly influenced by products' organic nature.

However, the actual availability of organic produce in South Africa's supermarkets is sporadic and limited (Barrow, 2006; Waarts et al., 2009). Furthermore, South African consumers report lack of availability, not high price, as the main obstacle to purchasing organic products (ACNielsen, 2005). When consumers in this study were asked about their attitudes to buying organic, 48% (n=335) of respondents said they buy organic when it is available but will resort to buying conventional products if they are more accessible. This result is particularly interesting in light of Bienabe et al.'s (2011) price premium analysis of organic products offered by Woolworths, which found that South African consumers' willingness to pay for organic food is significant.

The picture that emerges is one in which consumers are inclined to purchase organic, sometimes even when prices are higher, but are inadvertently forced to choose conventional products due to lack of organic options. A study on South

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<sup>2</sup> n = 354

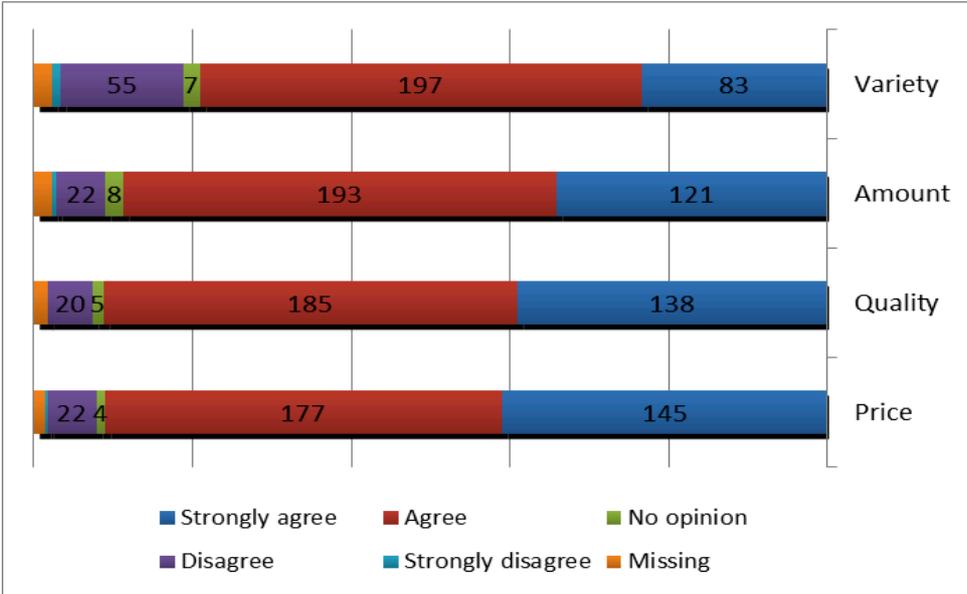
Africa’s organic market found that organic produce consumption across the country takes place primarily in metropolitan Cape Town, Tshwane and Durban (Barrow, 2006). The study’s results around consumers’ purchasing motivations indicate a clear gap in South Africa’s growing market for organic food – a gap that can be filled by box schemes which focus exclusively on organic products.

## 2.2 Dimensions of Consumer Satisfaction

Survey respondents were asked to rank agreement on a five-point Likert scale with statements about their satisfaction with four box characteristics: variety of box contents, quality of box contents, amount of produce in the box and box price. The data showed none of these satisfaction measures to vary significantly by scheme at the 5% significance level, which indicated that all three scheme models are delivering their product equally well. This lack of statistical significance also meant that it is acceptable to pool the data for further analysis.

When the sample is pooled (Figure 1), the data illustrate that box schemes generally produce high levels of consumer satisfaction regardless of the dimension of satisfaction investigated. However, consumers report less satisfaction with variety and quality, than with price and volume. It is clear that addressing consumers’ concerns about variety is critical to maintaining and increasing levels of satisfaction.

Figure 1: Self-reported satisfaction by satisfaction criteria for the pooled sample (n=354)



The logical next step was to explore consumers' willingness to pay for box improvements based on their overall satisfaction. A consumer satisfaction index was calculated for all respondents in the pooled sample. Each of the four measures of satisfaction (variety, amount, quality and price) were given a number value from 1 to 5 based on the respondent's Likert scale ranking (with 1 = strongly disagree and 5 = strongly agree). These four numbers were then added together into an index of overall satisfaction, from 4 = least satisfied to 20 = most satisfied. This consumer satisfaction index is compared to the responses to questions about willingness to pay for quality and variety. Table 1 relates the percentage of respondents willing to pay more, and the stated amount, to their level of overall satisfaction.

**Table 1: Willingness to pay (wtp) more for improved quality and variety by level of overall satisfaction**

<b>Consumer Satisfaction Index</b>	<b>Improved Quality</b>			<b>Improved Variety</b>		
	% wtp	amount (R)	% of box cost	% wtp	amount (R)	% of box cost
Least Satisfied <12	42	16	15	61	17	17
13 – 14	30	21	17	50	21	19
15 – 16	12	19	14	28	18	15
17 – 18	15	21	17	32	19	19
Most Satisfied 19 – 20	–	n.a.	n.a.	25	19	19

One expects that the more satisfied overall, the less likely a person will be to pay more for box improvements. This holds true for the data on willingness to pay for improved quality. Respondents with an overall satisfaction index of 19 or 20 are not willing to pay anything more for quality. Less satisfied respondents are willing to pay around 16% more than the current price to see box quality improve. However, for variety everyone is willing to pay more, regardless of satisfaction level; the stated amount that respondents are willing to pay for improved variety is in the order of R19. This suggests that consumers prioritise variety over quality, even when very satisfied with the product. Furthermore, the fact that consumers willingly place a premium on improved variety represents an opportunity for box schemes to potentially increase profits and boost consumer satisfaction if they successfully address the issue.

## 2.3 Consumers' Fresh Produce Purchasing Habits

Consumers were asked to identify what other types of fresh produce they buy on a regular basis, in addition to the contents of their boxes (see Table 2). Responses offer some insight as to consumption habits, as well as guidance about additional produce that could potentially be included in boxes when considering established demand and the ability for such crops to be grown in the Western Cape.

*Table 2: Regular fresh produce purchases in addition to the box as proportions of total responses (n = 962 multiple responses)*

% of Responses							
Fruits		Salad Vegetables		Staple Vegetables		Other Vegetables	
Berries	9	Tomatoes	6	Potatoes	5	Broccoli	4
Bananas	7	Cucumbers	5	Onions	5	Mushrooms	4
Apples	7	Lettuces	5			Garlic	3
Avocados	4					Red/Yellow	2
Stone Fruit	3					Bell Peppers	

Additional purchases were grouped into fruits, salad vegetables, staple vegetables and other vegetables. Within the category fruits, consumers buy berries, apples, bananas and stone fruit in addition to what they get in their boxes. In the category salad vegetables, the three most common additional purchases are tomatoes, cucumbers and lettuces. The boxes do not provide enough staple vegetables, as consumers buy additional potatoes and onions; the other vegetables mentioned most frequently were broccoli, mushrooms, garlic and red and yellow bell peppers. In addition, when asked about what other products they would like to see in their boxes, consumers responded enthusiastically about eggs, bread, dried herbs, jams and chutneys as possible additions. This presents opportunities for ancillary enterprise development alongside organic produce farming and could increase the overall value of the box to consumers. While box contents are determined to a large extent by growing conditions, seasonality and producers' technical capabilities, these findings offer schemes a list of potential box contents, created in direct response to consumers' expressed desires and reported consumption habits, as a starting point for product development.

## 2.4 Consumers' Recommendations for Improved Boxes

In response to an open-ended question that solicited recommendations for better boxes, 33% of respondents expressed a desire for some level of box customisation, while 17% identified variety as something to be improved upon. A further 12% each noted quality and the need for fruits to be included. The quotes that follow illustrate the motivations behind consumers' recommendations:

“The single biggest reason I purchase from Wild [Organic Foods] is that they are flexible to meet my needs because there are certain things I don't like to have in my box. I would consider switching if other services offered customisation.”

“It would be nice to have some way of customising your own veg box so that if there are some vegetables you are not fond of, you can replace them.”

“We like the social upliftment aspect, so originally wanted to go with Harvest of Hope, but they only do veggies (not fruit). We also looked at Ethical Co-op, but Wild [Organic Foods] is the only box where you can swap in/out any veggies that you don't like/would prefer. This is what ultimately sold us on Wild [Organic Foods] and the reason that we still get their box.”

“...A greater variety from one week to the next. Often the veg remains the same - understandable because that's what is in season, but perhaps there is room for creativity.”

“The veg tend to be repetitive and often the outer layers are already dodgy or the quality is low.”

“I would prefer a slightly higher level of preparation of veg, eg washing, excess leaves removed etc.”

“I know it's a veg box but it would be great to be able to get all fruit and veg in one box.”

“Having fruit would be great and if it added to the existing veggies then I would be happy to pay more.”

Dealing with consumers' individual preferences for flexibility and customisation in the variety of produce offered is a challenge that many box schemes face (Brown et al., 2009; Hinrichs, 2000; Hoekstra and Small, 2010). The anecdotal data here shows that this issue applies to Cape Town consumers as well. Consistency in delivering a competitive level of quality is also important, and it appears that including fruit in boxes would meaningfully contribute to meeting consumers' needs. Furthermore, a 2010 survey of 56 Harvest of Hope customers cited the inappropriate size of the box (23%) and pickup logistics (25%), in addition to the persistent issue of variety (25%), as reasons why they chose to quit purchasing from the scheme (Hoekstra & Small, 2010). These are all key areas of consumer satisfaction for schemes to consider.

### **3. The Box Scheme Development Model**

One of the key hypotheses that drives this study is that development-orientated urban agriculture enterprise should employ a social enterprise model. Research has shown urban agriculture social enterprise to increase farmers' agency when it links them to suitable alternative markets for their produce (de Satge, 2011; de Satge & Williams, 2008; Hoekstra & Small, 2010; Kirkland, 2008). In the context of pro-poor urban agriculture, this study proposes that the starting point for designing the 'ideal' box scheme is a social enterprise model.

Moving forward from there, the study's results have thus far helped to identify the organic character of the product and to propose a list of potential box contents. However, in the dual pursuit of financial sustainability and social impact, it is necessary to develop a scheme that not only meets current market demand for organic produce, but which also sets itself up to respond to predicted changes in consumer demand and to address salient aspects of producers' agency.

#### **3.1 Stages of Box Scheme Development**

In his study on box schemes in Europe, Haldy (2004b) sets forth a 'box scheme development model' which describes five different types of schemes and the stages through which schemes progress over time. Haldy's model is generally based on the demand-driven market life concept, which depicts a rising sales curve through introductory and growth periods, a gradual levelling off during an enterprise's maturity stage, and eventually leading to a decline in sales as the market becomes more saturated with competitors and the nature of consumer demand changes (Kotler, 1997).

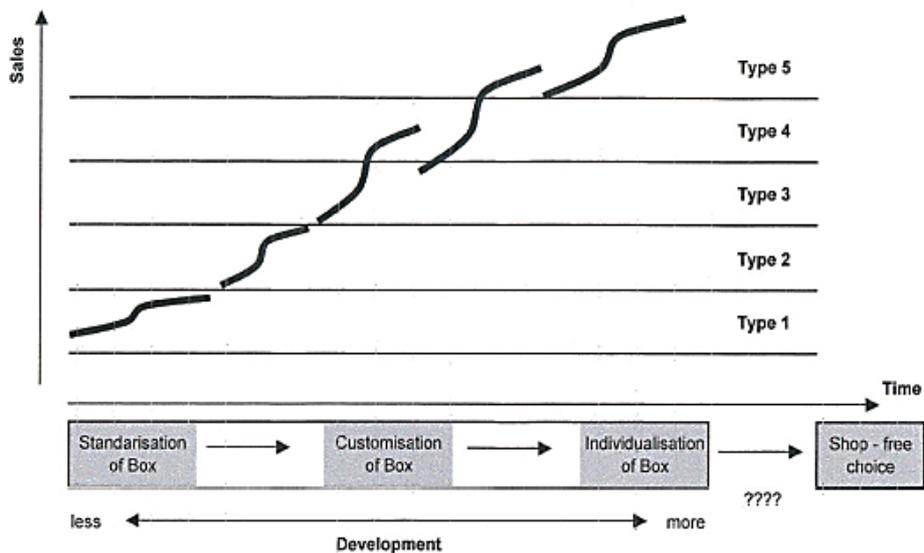
Haldy's study (2004b) focused on box scheme development in four European countries, namely Germany, Denmark, the Netherlands and the United Kingdom, where the market for organic produce is much further evolved than that of South Africa. While the market life concept on which Haldy's model is based predicts an eventual decline in sales as consumer demand changes, there is not necessarily any reason to think that the organic produce market in South Africa will do so any time soon. This market segment has been steadily growing in Northern countries for the past three decades (Sahota, 2007) without yet reaching a point of stagnation, let alone decline. Given that the organic produce market has only recently emerged in South Africa, and that its strong growth has been evidenced by increasing sales and consumer demand, one can reasonably expect that it will continue to expand for some time to come.

In his model, Haldy (2004b) uses the market life concept to categorise five types of box schemes in the emerging organic produce market, each of which correlates with distinct stages of enterprise development. Type 1 is a one-box scheme in which the niche market is just beginning to emerge; there are few customers, many of whom are attracted by the 'novelty' of the box scheme approach. Type 2 is a multiple-box scheme where demand for organic produce is increasing in the marketplace and existing consumers, now familiar with the scheme approach, begin to suggest 'improvements' to the scheme. Type 3 is an adapted box scheme, in which continually growing demand for organic produce means more competition in the marketplace and the development of non-standard box options adapted to consumers' rising expectations.

This is followed by Type 4's individualised box scheme, where schemes begin to increase the variety and type of products available (including higher-value, non-produce products) so customers can individualise their boxes. This is also a response to the pressure of retail price competition in organic produce sales. Finally, Type 5 is an internet shop box scheme with a wide range of product offerings available via an online catalogue or ordering system, and where stable price competition with retailers means that schemes are competing mostly with one another. Type 5 emphasises customer convenience and choice above other considerations, but the growing number of options for box contents presents the risk that an enterprise may move away from its original focus on organic produce towards other product sales (Haldy, 2004b).

Figure 2 illustrates Haldy's box scheme development model, where box standardisation moves towards customisation as consumers' expectations rise with demand.

Figure 2 : Box scheme development model (Source: Haldy, 2004b)



### 3.2 Categorising Schemes in the Study

Haldy's (2004b) model is a useful tool to guide an enterprise's marketing efforts based on its type and stage of growth, and it offers an indication of future changes in demand that schemes may anticipate over time. When the box scheme development model is applied to the schemes in this study, they are categorised as follows:

Harvest of Hope is a Type 2 multiple-box scheme, offering three sizes of standard boxes which consumers cannot yet customise, although survey results indicate that this is something with which the scheme's consumers are somewhat dissatisfied.

Wild Organic Foods is a Type 4 individualised box scheme, where buyers are able to select box contents to suit individual tastes and can also choose from a variety of higher-value organic food products in addition to produce. However, this scheme is quickly moving towards becoming a Type 5 internet shop box scheme, as it is preparing to launch a new website with online ordering capacity.

Ethical Co-op is classified as a Type 5 internet shop box scheme. Consumers are able to customise boxes with a wide range of organic and/or 'ethical' products via the scheme's integrated website ordering system. This scheme is the only one in the study to offer non-food items, such as cleaning supplies and personal care products, alongside its organic produce.

These stages of development coincide to an extent with the length of time the respective schemes have been in operation, at least in the case of Harvest of Hope (about 4 years) and Wild Organic Foods (about 9 years). The exception here is Ethical Co-op, which has been an internet shop box scheme since it began because one of its founders has a background in information technology and the business was established on a web-based model. All three schemes also stated that growth-related decisions have only been made as profits allowed.

Classifying the box schemes according to Haldy's development model offers insight into issues relevant to each stage, as well as strategies that each scheme could employ to prepare for, and progress towards, the next stage. Table 3 presents these changing factors as box schemes develop along the continuum.

**Table 3: Enterprise issues and strategies by box scheme development model classification**

	Type 1	Type 2	Type 3	Type 4	Type 5
Stage of Market Development	Emergence of box scheme concept in market	Light competition 1 to 2 years after start-up	Customer pressure increasing but significant change in logistics too costly/risky	Need to raise quality of service and admin to meet customer expectations; use of IT reduces produce waste, automates procedures, increases info availability	After full implementation of IT system (website) sales of extras become main source of profit; emphasis on sales-per-customer
Pricing	Fixed price per box, often lower than retail	Fixed price per box, still often lower than retail	Fixed price per box with add'l cost for extras, pricing on retail level due to increased handling	Pricing per box content, delivery charges add'l, pricing on retail level	Retail level pricing, possible discount schemes for high purchases
Level of Customisation	None	Customer chooses between different boxes	Increasing customer influence on services and terms of trade	High choice of likes/dislikes, freedom to alter box	Limited only by range of transport and minimal orders
Variety of Products	Very limited	Slightly wider produce variety, sourcing from more external suppliers	Increasing variety of produce, introduction of new product groups (ex bread, storable produce) offsets rising admin costs by increasing per-customer sales	High variety of produce, introduction of high-value products (ex dairy, meat)	Full range of produce and add'l products based on superior logistics for managing inventory
Importance of Extras	Minor to none	Extras appearing (ex 6-pk eggs)	More extras in smaller sizes, source of add'l profit as admin costs rise	Very important due to increased admin and transport costs for delivery	Sales-per-customer increase by up to 30% when sold via internet shop

(Source: Haldy, 2004b)

Based on the application of Haldy's model, as a Type 2 scheme Harvest of Hope must address the issue of variety if it hopes to develop beyond its current stage. Serious consideration should also be given to offering consumers some form of box customisation, especially in light of competition with other schemes offering this feature. Moreover, Harvest of Hope could consider increasing the amount of 'extras' for consumers, either in the form of small surprise additions included in the box for free (for example, packets of dried herbs) or as occasional higher-value items in the place of produce (such as eggs or bread). These recommendations are anecdotally supported by results of the consumer survey discussed previously in this chapter.

As a Type 4 scheme, it is important that Wild Organic Foods provide a high level of customer service and focus on administrative efficiency as the logistics of the enterprise become more complex. Positive customer comments<sup>3</sup> in the survey regarding the former suggest that the scheme is attending to this need. Similarly, management's efforts to streamline administrative operations and upgrade their website to link and automate customer/supplier ordering further indicate that Wild Organic Foods is working towards efficiency and growth. Conversely, survey data reveal the persistent issue of variety to be problematic here as well, a finding that is surprising since this scheme's customers can 'chop-and-change' produce items in their box. Wild Organic Foods will need to explore further what exactly their customers mean by 'variety' in order to address this area of dissatisfaction.

Ethical Co-op began, and has maintained itself, as a Type 5 scheme. Haldy's model is somewhat limited in guiding the enterprise towards growth since this is seen to be final stage in box scheme development, which is clearly not the case here. Haldy does point out the inherent risk of an enterprise inadvertently moving away from organic produce sales when offering a wide range of non-food items, but given that Ethical Co-op has been in operation for over 7 years, this risk seems unlikely. Based on survey results and customer comments<sup>4</sup>, what can be said is that Ethical Co-op must strive towards providing a higher level of customer service if it wishes to compete with similar schemes. Finally, its comparatively small number of consumers with tenure less than two years<sup>5</sup>

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<sup>3</sup> For example: "great box + great service – one can change one's order online and add or subtract easily so we are very happy with Wild Organics [Foods]"

<sup>4</sup> For example: "I've had experience with Ethical Co-op and was not as happy with the service as I am with Wild [Organic Foods]"

<sup>5</sup> Of the 49 survey respondents who identified Ethical Co-op as their box scheme, only 20% have been in the scheme less than six months, while the majority of its customers (55%) have been in the scheme for two years or more.

reveals a low level of uptake, which suggests that the scheme must develop marketing strategies to attract new customers if it wishes to expand.

## **4. Characteristics of the ‘Ideal’ Box Scheme**

The results of this study, in combination with the literature, suggest several characteristics which appear to be important for the profitability and social impact of a social enterprise box scheme.

### **4.1 Market & Business Competency**

In pursuit of economic sustainability, a social enterprise box scheme must conduct careful market analysis, particularly in emerging organic markets. Local Marketing of Organic Products in Developing Countries affirms, “... products do not sell themselves. In order to sell them one must get active, analyse the different market opportunities, understand consumers’ demands and promote the products” (Florchinger et al., 2007:8). A successful box scheme must therefore develop an appropriately-priced product, for which there is adequate demand, and must employ effectively-targeted marketing strategies to promote the product, attract and educate customers (Dubbeling et al., 2010; Haldy, 2004a).

Consumer survey results show varying gaps in each scheme’s ability to meet consumer demand, revealing areas of dissatisfaction that need improvement, as well as opportunities to increase product value and profitability. The product price comparison draws attention to schemes’ abilities to compete with one another and with retailers, illustrating in terms of pricing strategies where each scheme stands in the market. Finally, the application of the box scheme development model provides insight into each enterprise’s stage of development and offers guidance for strategising growth. When combined, these results demonstrate precisely the kind of context-specific market analysis required to inform a box scheme’s success.

Attention to salient market factors is part and parcel of a box scheme’s overall need for management with sufficient business competency to operate with administrative efficiency, respond to a changing market and plan for long-term success. This may seem inherently logical when thinking about a traditional business model, but it is an area often lacking in social enterprise (Urban, 2008; Weerawardena & Mort, 2006). For example, the study highlights the potential advantage of Wild Organic Foods’ management having university-level commerce training and corporate experience, evidenced in the scheme’s highly competitive pricing and its move toward a new stage of growth with plans for

streamlined internet ordering. On the other hand, Harvest of Hope's management has a very limited business background, which may have contributed to its concerning differential in product price; it may also pose a challenge to the scheme's growth, which will likely involve increasingly complex logistics and closer attention to expenses and profit margins. Similarly, Ethical Co-op's growth is also dependent on developing an effective marketing strategy for attracting new customers, something which may be outside its management's experience.

## 4.2 Consumer Convenience

Brown et al.'s (2009) study on consumer motivations for using organic box schemes found that convenience in ordering and obtaining the product is important, and Haldy's (2004b) box scheme development model illustrates that a scheme's ability to meet consumer expectations as it grows will eventually necessitate offering convenient internet ordering and flexible delivery options. This was borne out by numerous comments in the consumer survey, in which many respondents expressed their satisfaction with the ease of ordering via email (Wild Organic Foods)<sup>6</sup> or via website (Ethical Co-op)<sup>7</sup>. Other consumers complained about inconvenient times and locations for picking up their boxes; this could be especially problematic for Harvest of Hope<sup>8</sup>, as it is the only scheme that does not offer a delivery option. Making it quick and simple for customers to order online, and providing them with many pick-up locations with adequate after-work hours, are both aspects of convenience that should be addressed.

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<sup>6</sup> For example: "I love Wild Organics because you can add or substitute ... when you place your electronic order. The email ... allows you to plan ahead a bit if you need."

<sup>7</sup> For example: "I am very happy because with the Ethical Co-op website, I am able to order the standard veg box, and then order whatever other items I need as additional items"

<sup>8</sup> For example: "I would like to collect it [the box] at a point that's closer to home and open until late. At the moment, I miss my box from Montebello Nursery because they close before I get there." "I desperately need a more convenient collection point ... I may have to cancel my membership because of an inconvenient collection point."

### 4.3 Packaging

Comments in the consumer survey<sup>9</sup> revealed that packaging is important when it has an effect on product quality, e.g. when produce is packed in a bag and then gets damaged in transit. Some type of rigid packaging that protects more easily-damaged produce is preferable for product quality and facilitates transport, especially when stackable. Feedback from box schemes' management explains that customers often fail to return expensive plastic or wooden crates typically associated with box schemes, necessitating an alternative solution. While both Harvest of Hope and Wild Organic Foods use either plastic or paper bags, Ethical Co-op has chosen to use recycled cardboard boxes as packaging. The used but good condition boxes are purchased from a re-seller; customers can then return the boxes the following week, reuse them around the home or recycle them. However, Harvest of Hope says that because their produce is often packed wet, cardboard will not work for them; Wild Organic Foods says that cardboard has been deemed too expensive in the past. Even so, the use of cardboard boxes appears to be an effective compromise between cost, function and environmental concerns, especially in direct response to consumer feedback about damaged produce.

### 4.4 Consumer Education

There is a widely acknowledged tension between consumers' inclination towards buying organic, socially responsible produce and their strong desire for flexibility of choice (Brown, et al., 2009; Halldal, 2004a; Hinrichs, 2000). Participating in a local, organic box scheme, especially one with only a few standard boxes from which to choose, means that consumers are faced with a conflict: give up freedom of choice in exchange for mostly imperceptible benefits to health, environment and society, or buy whatever suits their tastes even if it means ignoring concerns about sustainability. This begs the question of how a scheme can offset the negative aspects of this trade-off in a way that helps customers feel more comfortable accepting a product that might not be exactly what they want.

This is where consumer education is integral to a box scheme's marketing strategy. The advantages of buying organic produce (such as nutritional value and improved taste) and the environmental and economic benefits of supporting a local food system are largely invisible to consumers (Florchinger et al., 2007); so too are the limits on box variety posed by seasonality and farming conditions.

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<sup>9</sup> For example: "Please keep the HoH [Harvest of Hope] crates, not the bags, they squash soft items and are not as easy to transport"

Consequently, it is necessary for the box scheme to take on the role of active educator, regularly sharing information about the positive effects of buying local, organic produce and helping consumers to understand why certain items are in their box and why others are not.

This can be achieved in part by including a paper newsletter in consumers' boxes. While many schemes post newsletters on their websites (both Wild Organic Foods and Ethical Co-op take this route), putting a newsletter in boxes gives consumers something tangible that can increase their knowledge about specific aspects of the box – a physical tool for information-sharing that they can refer to later or pass on to others. Articles about local issues related to the scheme and personal stories about staff and producers can help connect with consumers in a way that retail supermarkets are often unable to do (Hinrichs, 2000), and making visible some of the abstract social aspects of consumers' motivations to buy. A study on communication in box schemes found that most consumers viewed the newsletter as an important aspect of the scheme; in addition, when recipes that use box contents are part of the newsletter, it becomes an interactive tool by engaging consumers at a household level (Torjusen et al., 2008). Harvest of Hope says they often get positive feedback from customers about how much they like receiving recipes in each week's box.

The act of purchasing from a box scheme demonstrates consumers' willingness to buy based on specific social, environmental and health-related motivations. It is then the scheme's job to help customers feel good about their purchase and alleviate some of their anxiety around lack of choice. Schemes can use a well-targeted newsletter to creatively and directly confront issues that constrain box contents, as well as highlight the invisible benefits that motivate consumers to buy in the first place; the end goal is reducing dissatisfaction with variety and positively reinforcing buying decisions. It seems straightforward, but of the three schemes surveyed, only Harvest of Hope actually puts anything interactive in the box, and to the best of the researcher's knowledge, none of the schemes have shared producers' stories or provided information about local farming conditions. Wild Organic Foods and Ethical Co-op would do well to track how often their website newsletters are actually read, and could perhaps trial a paper newsletter and then solicit customer feedback about it. All three schemes could use the consumer survey's results and comments to guide newsletter content addressing areas of concern and enhance scheme successes.

## 4.5 Expanding Producers' Agency

Given the study's premise that a successful social enterprise box scheme increases producers' agency, developing an 'ideal' scheme means exploring ways in which this agency could be expanded. Firstly, producers' interaction with consumers is particularly important. The Torjusen et al. (2008) study mentioned above found that schemes which actively pursued consumer education had a lasting impact not only on household consumption habits, but also on the way consumers felt about other actors in the food system. This is a characteristic inherent to direct agricultural markets (such as box schemes), which may present opportunities for face-to-face contact between producer and consumer. As Hinrichs (2000:300) states, "Through such interactions, farmers and consumers learn more of each other's circumstances, interests and needs, and create a more integrated community centred on food and a common identity as eaters".

Increasing producers' agency means more than just providing them with a cash income from produce sales. It also means connecting them to markets otherwise inaccessible due to spatial and socioeconomic segregation (Daniels & Jeans, 2009; von Broembsen, 2010/2012). A social enterprise box scheme acting as an intermediary does just that – it acts as a link between low-income producers and higher-value markets. In so doing, the box scheme increases producers' financial and human resources (de Satge & William, 2008; Hoekstra & Small, 2010; Kirkland, 2008) and makes a meaningful impact on farmers' lives. However, an opportunity to further improve producers' agency may be lost if face-to-face contact between consumers and producers is not actively pursued.

By way of illustration, this interaction could take place if producers are made part of box distribution to consumers, or if schemes organise events involving all actors. In a South African context where historical inequality is persistent and people have limited contact with other social groups (Adato et al., 2006; Philip, 2009; Seekings & Nattrass, 2006), the opportunity to make regular connections around the consumption of food could promote greater mutual understanding and respect, for example if producers are promoted as bearers of farming knowledge and consumers are encouraged to ask questions and learn about where their food comes from. Such contact might build agency further by helping producers develop face-to-face marketing and business skills; for instance, a farmer could improve on maths when counting out change, become familiar with the paperwork involved in scheme logistics, and practice making sales pitches or responding to complaints. These are key aspects to running a box scheme, for producers who aspire to do so, and represent transferable skills that could enhance employability for all producers.

To an extent, Harvest of Hope does attempt to engage with consumers in this way, conducting weekly public tours of producers' gardens and inviting consumers to visit the packing shed where their boxes are assembled; however, these events are voluntary and take place during business hours when consumers are likely to be working. Producers are encouraged to participate in packing boxes to develop an understanding of the scheme's operations, but once they learn about this process, there are no other aspects of operations in which they can be involved. Furthermore, farmers are not generally given the opportunity to run a box distribution point, which would be an ideal way for producers to connect with consumers each week when. When asked about this issue, Harvest of Hope staff acknowledged that (albeit sporadic) face-to-face contact between consumers and producers in the past has been positive, and that more effort could be made to develop such opportunities in the future.

Finally, when thinking about how to further expand intermediaries' ability to improve producers' agency, the idea of work-learning programmes arises. Given that many poor producers face low levels of education and lack of business skills (Neves & du Toit, 2012; van Broembsen, 2010/2012), a work-learning programme in which they work side-by-side with scheme staff could make a direct impact on those skills gaps, helping motivated and capable producers like those who participated in this study to progress as individuals and entrepreneurs. Developing an effective work-learning programme clearly presents structural and logistical challenges, but it could be a possible route for schemes to cut staff expenses in certain areas and to train producers who might later move on to become employees or business partners, potentially opening the door for new urban farmers to enter the market.

*Table 4: Summary of characteristics set forth for the 'ideal' box scheme*

<b>Product</b>	<b>Scheme</b>
Organic	Social enterprise model
Cardboard box as packaging	Market analysis & business competencies
Staple, salad & other (specific) vegetables	Consumer convenience
Staple fruits	<ul style="list-style-type: none"> <li>• online ordering</li> <li>• pick-up/delivery logistics</li> </ul>
Add'l food products	Consumer education
<ul style="list-style-type: none"> <li>• eggs</li> <li>• bread</li> <li>• dried herbs</li> <li>• jams/chutneys</li> </ul>	<ul style="list-style-type: none"> <li>• Newsletter &amp; recipes in box</li> <li>• Opportunities for interaction</li> </ul>
'Extras' & surprise items on occasion	Producers' agency
Some level of customisation based on consumer input & feedback	<ul style="list-style-type: none"> <li>• Contact between farmers &amp; consumers</li> <li>• Work-learning programme to build skills</li> </ul>

## 5. Potential Challenges to Implementation

While the study sets forth a number of characteristics for developing an ‘ideal’ box scheme (see Table 4 on the preceding page), putting them into practice presents a number of challenges. Firstly, organic certification in South Africa is not legislated at a national level. Private firms have filled this gap, certifying organic products in accordance with strict international standards that are often beyond small-scale farmers’ capabilities; further, these are generally expensive and time-consuming procedures, making formal certification largely inaccessible to many producers (Bienabe et al., 2011). South Africa would benefit from a national organic certification policy with less rigorous standards (Department of Agriculture, 2012) that also takes small-scale farmers’ needs into consideration.

Increasing variety in box contents could further complicate the already complex logistics typical of box schemes (Hinrichs, 2000; Hoekstra & Small, 2010). A consistent wide variety of produce may be beyond producers’ technical capabilities or unrealistic in certain seasons or growing conditions. In this sense, however, Harvest of Hope is in a unique position to address this issue since it has a direct influence on the produce its farmers grow. The scheme may be able to incorporate a wider variety of crops into Abalimi’s farmer training programmes, and fieldworkers could adjust planting schedules and assist farmers with introducing new varieties and rotating crops. Allowing consumers some level of customisation likewise presents logistical challenges, increasing the amount of administrative oversight necessary to coordinate hundreds of individualised boxes each week. However, schemes that make use of web-based ordering systems may be able to integrate some of the logistics involved in coordinating orders, suppliers and distribution; taking advantage of such technology could potentially balance out a portion of increased logistics with increased administrative efficiency.

It is clear that the issues of variety and customisation will progressively become more important as box schemes grow (Halady, 2004b), but this is where active consumer education in marketing strategies might help to offset product dissatisfaction. Along this line, putting a newsletter in boxes could incur additional costs for schemes in terms of paper and content writing but such costs are outweighed if, over time, the scheme loses customers who become dissatisfied as their expectations rise.

Poor urban farmers face specific constraints on urban agriculture that affect their ability to produce for a box scheme, namely durable access to land and finance (RUAFA, 2010). The farmers’ experiences described in this study highlight how limited access to land, in terms of size and location of plots, prevents producers

from expanding their garden activities in line with their full technical capabilities. Similarly, the lack of credit instruments or microfinance to subsidise farmers' and labourers' inter-harvest incomes and invest in garden equipment and inputs prevents capable farmers from progressing to a higher level of production capacity. These are well-established, persistent obstacles to poor producers' success that demand policy attention.

Terms of participation also matter a great deal for poor producers (Dubbeling et al., 2010; du Toit, 2008). Power relations between the social enterprise intermediary and producers must be taken into account. There are real risks of unequal socioeconomic relationships being perpetuated if poor producers are labelled or commodified in a way that reinforces their marginalised status (Daya, 2012). In addition, intermediaries often initiate a top-down relationship with producers in which contract terms are largely defined without producers' input (von Broembsen, 2012). Farmers must have a voice in negotiating box contents, prices and the role of the intermediary in their production activities; this may call for farmers to be better organised as producers, a task which would likely require external assistance (Dubbeling et al., 2010; Florchinger et al., 2007). Moreover, power relations between higher-income consumers and low-income producers must also be considered, especially where direct agricultural markets depend on niche products serving middle- and upper class demand (Hinrichs, 2000). Finally, promoting producer-consumer contact in the South African context presents its own challenges where distrust or resentment between groups could problematise interaction.

## 6. Conclusion

This paper is one part of a pilot investigation into the viability of social enterprise box schemes for socioeconomic development. The results presented are therefore not conclusive; rather, they serve to a guide policy consideration, development practice and further research. What is important to recognise here is the need for in-depth, context-specific analysis to develop a successful urban agriculture social enterprise – analysis that considers both market-orientated aspects of consumer demand, as well as socially-orientated aspects of producers' agency.

This study has addressed a gap in the research where urban agriculture enterprise and social justice-orientated economic development are concerned, and in doing so, has revealed opportunities for further exploration of these issues. Results here will inform government policy and programme planning, as well as box scheme social enterprise practice. The study also highlighted a number of areas for future research. There is almost no quantitative data on the supply side of urban farming and its contribution to the local economy, and little is known about the real impact of government and nonprofit sector spending on urban agriculture programmes. Furthermore, there have been no studies to explore the ancillary enterprise opportunities that box schemes present, and there are few evaluative tools to measure the success of box scheme social enterprises. Such research will greatly enhance knowledge around how urban agriculture can be used to promote development agendas.

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