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PRINCIPLES INTO ACTION

PRACTICALITIES OF COMPOST MARKETING AND SALES

Excerpts from
a new guide
provide the
how-to
approaches
to market
development for
new and existing
composting
operations.

Ron Alexander

AFTER many years of compost marketing and market development, we have come to recognize a number of "truisms." A leading one is that although compost is a great product and created from a "recycled" feedstock — and therefore is considered an environmentally "correct" product — most people who purchase compost do so because of what it can do. They want to know how "will it save or make me money, or give me better results in the field."

Other truisms are related to compost's unique nature. For example, a unique aspect (and advantage) of compost is that in many ways, *it is what it is processed to be*. To a large extent, compost can be processed so that it is appropriate for use as a soil amendment, turf topdressing, mulch, erosion control media, etc. It can be further refined into a growing media component or nutrient source, or blended to allow for its use in a variety of creative applications. Because of compost's incredible versatility, the best application for a particular product — and thus the end users who can best use it — is determined by the characteristics it possesses. When marketing a particular compost product, sell to its strengths (characteristics) — the product can't be everything to all people, and it is a sure recipe for problems to try to be.

Compost is also unique because its production is not based on the typical supply and demand curve. Compost production vol-

umes have not grown because the green industry has been demanding a new soil amendment. Compost volumes have increased because waste management policies and environmental legislation have encouraged its production. These "false" market conditions have "forced" producers to market compost as a replacement for other existing products. To expand compost markets, however, it is important not only to replace existing products, but also to expand overall usage of soil amendments and to create new end use applications for compost.

MARKET PLANNING AND PRODUCT POSITIONING

Because many commercial-scale composting facilities — both publicly and privately owned — begin their lives as waste management operations, engineering, design, construction and budgeting aspects are often very extensive. Rarely, however, is that the case when it comes to the market development aspect of the composting "business." This lack of planning can become a significant challenge for larger composting facilities where it is imperative that finished product be cycled out on an ongoing basis. The marketing plan is simply the *blue print* or guide to your sales and marketing program, providing tools to approach the market pragmatically and enabling staff to better understand the demographic nuances of the geographic target area. It should be modified as information and experience are gained and competitive forces change.

A core element of the marketing plan is product positioning. Positioning a product for distribution within an existing market takes both forethought and knowledge of the specific geographical market area, as well as the product(s). Market positioning considerations include:

Geography: Where will you geographically concentrate your marketing efforts, and in how large an area?

Market Segments: What market segments will you concentrate your sales efforts on (e. g., nurseries, landscapers, etc.)?

Product/Application: What are the typical characteristics of your product, and what specific type of product will you actually manufacture (e. g., soil amendment, mulch, etc.) in order to meet the requirements of your end users?

Market research is used to make these positioning decisions, as is prior knowledge of the industry. Other internal and external factors also influence how to position a product for sale, including: Competition; Product



To assist sales staff, product literature should include comparative trials showing the benefits of compost applications as well as before (above) and after (below) photographs that illustrate specific projects.



or feedstock characteristics; Sales price; Transportation; Infrastructure (equipment, pad space, etc.); and Technical expertise.

COMPOST SALES

Many consider sales to be *the* major activity within a marketing program that will enable a supplier or manufacturer to physically introduce a product, service or overall concept to a potential customer. However, there are many aspects within ongoing sales activities. These include prospecting, lead generation, the sales call and sales tools and services.

Prospecting: A key aspect to successful compost sales and market development is prospecting — identifying and rating potential customers. Prospecting often starts with creating an inventory of potential customers that you may already know, then expanding the list by obtaining or developing a database. The best method to build upon this initial prospect list is to assertively obtain referrals from customers and other prospects. Once the initial list is developed, it must be refined and prospects rated. Refining and rating prospects help the sales staff to prioritize leads, thus increasing their productivity. Prospects may be rated by their size (number of employees or annual income), estimated current or potential compost use volume (see example in sidebar), or by their market segment. Some composters may want to target the largest companies, while others may want to expand their efforts specifically into a particular market segment (e.g. landscapers) or by product application. Once the rating is completed, the prospect list is more readily usable in lead generation and sales activities.

Lead generation: Effective product manufacturers have systems in place to generate leads for their sales staff, and composters are no different. Leads may be generated by normal sales activities (referrals), or by a variety of promotional and educational activities. Lead generation can be costly, and different methods work better for certain products and companies. Typical promotional activities used for lead generation include mailings, staffing trade shows and advertisements in trade journals. Both prospecting and lead generation activities should be coordinated with the overall market development plan (marketing strategy).

Sales Call: Many techniques have been developed over the years to sell everything from shovels to automobiles. Regardless of the technique, it is imperative that you are properly prepared for the sales call and present yourself as being a “problem solver.” By possessing technical knowledge in the market area in which you are selling, you can be more effective in this endeavor. Remember that the “bottom line” is that potential customers want to be shown how compost use is going to save or make them money, provide a superior result, or both! In some situations and for some products, preparing for a sales call can be a time consuming process (researching the company’s business approach and primary

RATING CUSTOMERS BY KNOWN OR ESTIMATED COMPOST SALES VOLUME

Rating Categories: Company has the potential to purchase:

A – 50 or more truckloads (2,500 cubic yards or more) of compost per year

B – 20 to 49 truckloads (1,000 cubic yards or more) of compost per year

C – Six to 19 truckloads of compost per year (over 250, but under 1,000 cubic yards) of compost.

D – One to 5 truckloads (250 cubic yards and under) of compost per year.

E – Company is small and *cannot* purchase in large truckload quantities (20 to 25 tons).

With this volume based rating system, the letter rating would be placed in a search area of a database program, so that prospects can be identified (and lists created) by size. Marketing staff can develop specific sales programs and strategies based on a prospect’s ability to purchase compost.

services), while in other situations it may simply be gathering the appropriate sales literature necessary to make an organized presentation. Either way, it is helpful to be pragmatic during the sales call, thereby being time efficient but also thorough.

COMPOST SALES TOOLS AND SERVICES

To assist sales staff in the field, a variety of specific tools and services are available. Compost sales tools include product literature; before and after project pictures; product test results; samples; articles from national publications and pertinent trade publications; project case studies; product research; and computer models (e.g. to calculate nutrient loadings).

Successful compost marketing programs also offer sales related services, including product delivery; access to application equipment or an actual application service; technical assistance from staff and specialized consultants; training presentations; and creating a “library” or database of technical information for use by sales and operations staff, and customers.

The fact that different market segments utilize compost for different purposes and often have different priorities or reasons for using specific products requires that your salespeople learn about the technical requirements of a specific end user group before approaching it. For example, when marketing compost to farmers, a core selling point is that compost improves soil quality by adding organic matter. In addition, there is a large body of research on compost use in agriculture which illustrates compost’s ability to improve crop yield and suppress plant disease. However farmers often compare compost to chemical fertilizers on a straight nutrient and cost basis. With most crops, compost cannot win this comparison, because chemical fertilizers are so inexpensive. The technical sales approach must include data (and perhaps the sponsorship of comparative field trials) that document how using compost is a means for farmers to improve the overall health and long-term productivity of their soils, or to improve the lower productivity areas of their farms.

The bottom line is that compost sales and marketing involve a number of specific steps and an investment in time/effort and money. But marketing should be considered just that, ‘an investment,’ one that will pay itself back for many years. ■

Ron Alexander of R. Alexander Associates, Inc. is the author of The Practical Guide to Compost Marketing and Sales, released in December 2003. This innovative manual can be used to develop new and/or expand current compost marketing programs. Specific sales approaches are provided for the most popular compost market segments. Compost application photos, including before and after pictures, are also included. The manual is being distributed by BioCycle (see page 11 of this issue for ordering information), or log onto www.biocycle.net. For information on custom workshops, go to www.alexassoc.net.