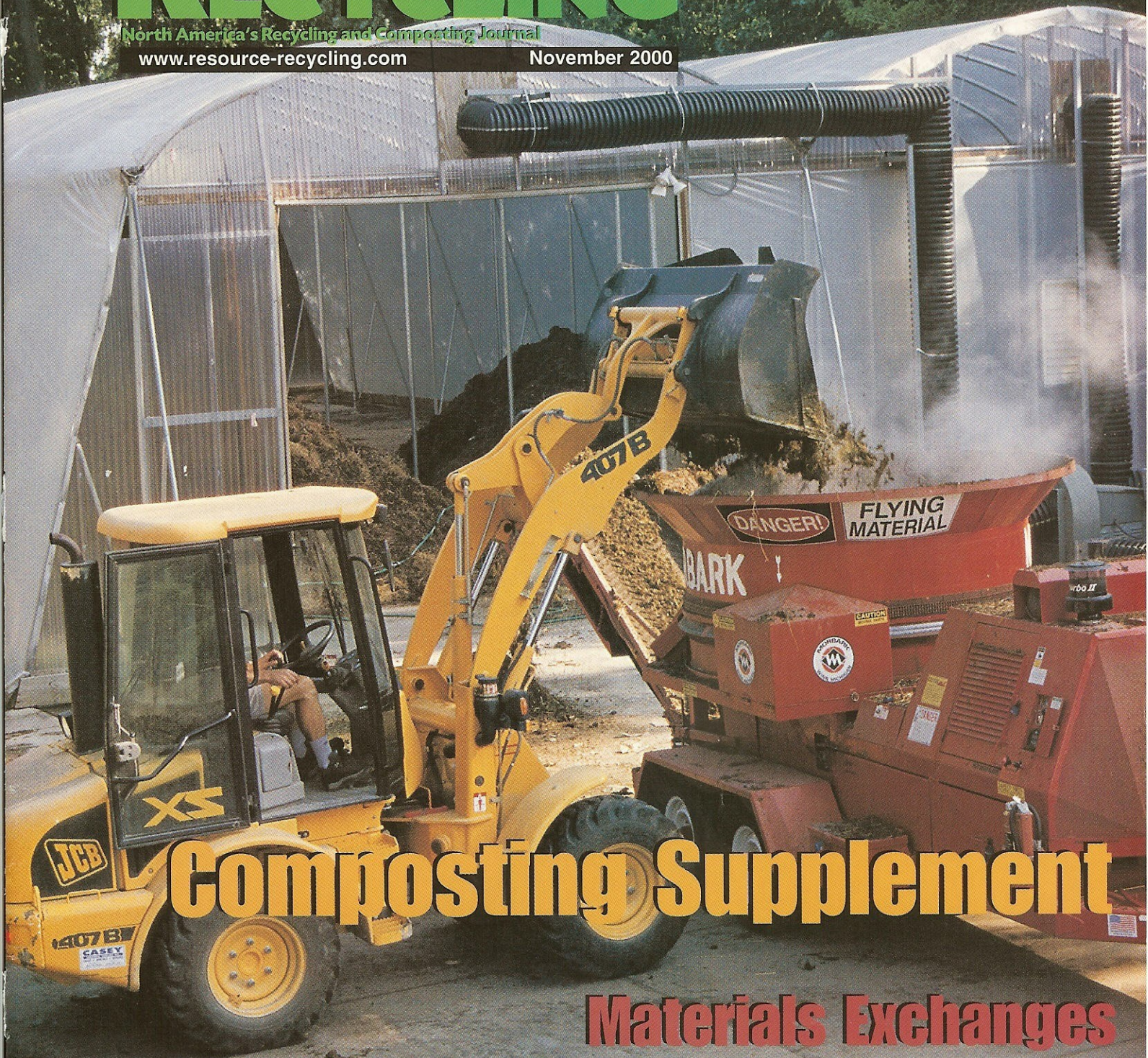


# RESOURCE RECYCLING

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November 2000



## Composting Supplement

### Materials Exchanges

### Aluminum Processors



# Compost marketing efforts take root

by Ron Alexander

Through creative marketing strategies, composting facilities have matured into mainstream suppliers to the horticultural and agricultural industries.



The U.S. composting industry has expanded dramatically as both a waste management option and a significant supplier of soil amendments to “green” industry. Its success is due to many factors, including the public’s desire to better protect the environment and the composting industry’s significant effort to respond to the needs of both the waste management industry and compost end users. Compost products of various feedstocks are being produced now in every state, and the benefits of compost use are much better understood. In addition, knowledge of how to produce higher quality and more consistent products for a variety of applications is widespread.

Given the importance of marketing the composted end product, a survey was conducted in April 2000 to identify marketing trends within the composting industry. The data portrayed below come from the first 32 composters participating in the U.S. Composting Council’s Seal of Testing Assurance (STA) program. (See sidebar for a discussion of key STA program elements.) The participating facilities compost a variety of feedstocks, including yard trimmings (15 sites), biosolids (eight sites), industrial byproducts (five sites), manure (four sites) and plant debris (three sites).

## Background

All but one of the composters involved in the survey have been composting for 15 years or

## Key STA program elements

- ◆ Participants regularly sample and test (frequency is based on the quantity of compost produced)

Annual production	Frequency
1 ton to 6,250 tons	quarterly
6,251 to 17,500 tons	bimonthly
17,501 tons or more	monthly
- ◆ Compost meets applicable state and federal regulations to assure public health, safety and environmental protection, including completing applicable tests and complying with facility regulations
- ◆ Compost tested at approved laboratories
- ◆ Participants offer “directions for product

- use” at point of sale and include a list of product ingredients
- ◆ Participants make test results available to inquiring customers (STA suggests using a uniform “Compost Technical Data Sheet” in order to promote consistent data transfer)
- ◆ Participants pay an application and licensing fee to join the program, based on the volume of compost produced
- ◆ Participants may use the STA program logo in their promotional activities
- ◆ Participants are included in all promotional activities of the program

less. Six composting facilities were operating for two years or less, with the average experience level being 7.7 years of operation.

The survey also sought to determine when composting facilities began active marketing programs in relation to when their composting facilities began operation. Answers ranged from before the facility was operational to 15 years following the beginning of operations, with an average of 4.3 years. This time differential is longer than what was expected,

but based on data obtained from newer composters, the differential appears to be on the decline.

This is a clear indication of an improved skill level within the composting industry. In fact, 32 percent of the participants started marketing actively within the first year of operation. This is a promising trend, illustrating shorter facility start-up periods and an increased understanding of the need for market development.

Ron Alexander is president of R. Alexander Associates, Inc. (Apex, North Carolina) and co-chair of the market development committee of the U.S. Composting Council (Amherst, Ohio). He can be reached at (919) 367-8350 or alexassoc@earthlink.net.

## What's happening at the U.S. Composting Council?

Since 1990, the U.S. Composting Council (Amherst, Ohio), along with its research arm, the Composting Council Research and Education Foundation, has been working to develop tools and programs to educate the composting industry and end users of compost. USCC's market development efforts have grown in importance as high quality "virgin" topsoil has become more difficult to obtain and as the general public and environmental groups have increased pressure on the horticultural and agricultural industries to adopt more sustainable practices.

### New USCC initiatives

**American Association of Plant Food Control Officials.** AAPFCO is an organization that develops model regulations for fertilizer, soil amendment, lime and other plant food products marketed within the U.S., Canada and Puerto Rico. Its official members are Department of Agriculture staff from various states. USCC has worked with AAPFCO for several years on issues such as the development of heavy metal (contaminant) standards for fertilizer and soil amendment products, and the development of a proposed Uniform Compost Law. USCC believes that

these efforts will assist the industry in achieving more uniform regulations from state to state and assist compost consumers when purchasing compost products.

### Seal of Testing Assurance Program.

Since its inception, members of USCC have agreed that establishing compost quality standards is one of the leading issues facing the composting industry. With help from a grant by the U.S. Environmental Protection Agency (Washington), USCC has kicked off the Seal of Testing Assurance program, which serves as the first step towards establishing compost standards.

In its current form, the STA program is a compost testing and information disclosure program that uses uniform testing and sampling protocols. The STA program currently has 42 participating composting facilities and almost 1.5 million cubic yards of compost under certification. Additional facilities may join in January.

The STA program allows buyers of compost to more easily purchase products with individual features for a particular project. It also allows end users to more systematically compare compost products, providing for an educated purchasing decision.

The STA program uses test methods and sampling procedures outlined in the USCC's soon-to-be-released *Test Methods for the Evaluation of Composting and Compost*, a technical manual of standardized test methods developed for use by analytical labs to test compost properly.

**Departments of Transportation.** USCC recently obtained grant funds from EPA to develop various tools that could assist state transportation departments in making better use of compost on their construction and maintenance projects.

The project has various components, including developing a list of commercial composters across the U.S., documenting success stories of compost use on DOT projects, completing a workshop for DOT officials and their contractors (e.g., landscapers, general contractors), and identifying innovative applications for compost use on roadside applications (e.g., erosion control, wetlands mitigation).

Further information about the U.S. Composting Council programs and publications is available by calling (440) 989-2748 or visiting the organization's Web site at [www.compostingcouncil.org](http://www.compostingcouncil.org).

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### Survey results

Sixty-eight percent of the participants use predominantly in-house marketing staff to promote their compost. Sixteen percent use brokers or distributors, and another 16 percent employ a combination of both in-house staff and brokers or distributors.

Fifty-eight percent of the participants market their compost in bulk form only, while 42 percent sell their product in both bagged and bulk form. None of the participants create only bagged product. The percentage of "baggers" within the STA program is higher than generally found among composting operations because program participants have a greater interest in marketing their end product. Without an individual consumer focus, most composting operations do not offer bagging because it is often neither economical nor convenient.

### Market segments

Survey participants also were asked to specify the top three market segments in which they are marketing their compost (based on volume), as well as the top three compost applications.

The most popular market identified is landscaping, mentioned in 94 percent of the responses. The use of compost by homeowners (55 percent), topsoil manufacturers (32 percent), retailers (23 percent) and nurseries (19 percent) are the next most popular markets using compost.

The high homeowner figure illustrates that the composters in the STA program sell much of their product directly to individuals. This figure is higher than expected, but may represent a trend of increased direct sales of compost to homeowners as a means to generate greater sales revenues.

### Applications

The most popular application for compost, according to the survey, is as a soil amendment, incorporated for use in turf and garden applications. The use of compost as a soil amendment is identified as one of the top three end uses in 97 percent of the responses.

The use of compost as a mulch (39 percent), growing media component (32 percent), top dressing (26 percent) and in garden bed establishment (23 percent) are the next most popular compost applications. Ten percent of the respondents identified erosion control as one of their most popular applications.

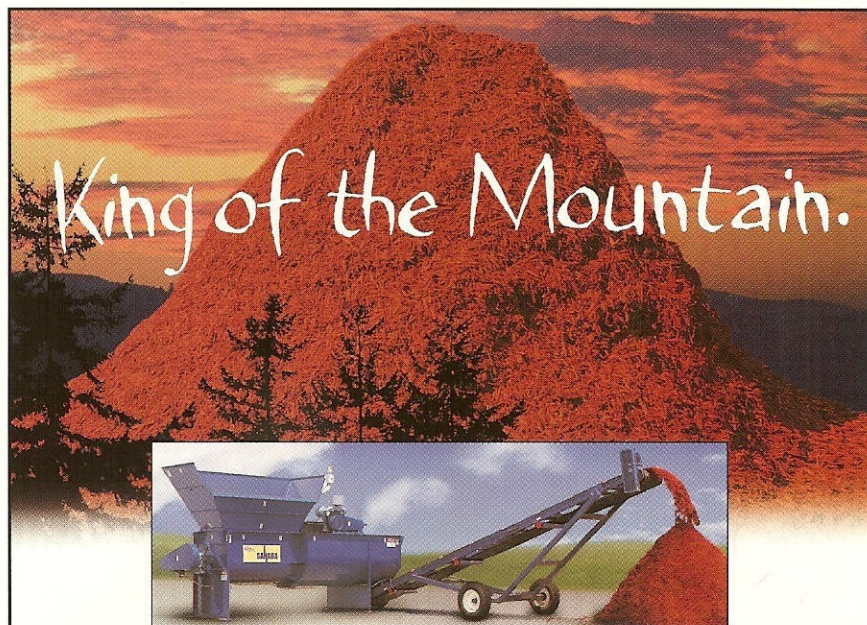
Participants also identified two marketing trends affecting their compost programs: an increased acceptance of their products by retail and wholesale end users, and customizing their product for sale. In fact, 58 percent of the respondents stated

they are customizing their compost product as a means to increase sales or value. This 58 percent figure is not indicative of the entire composting industry. (Again, those facilities participating in the program are trying to market a product and see customization as another sales tool; in general, the majority of compost producers are more concerned with waste reduction than product development.) Of the 58 percent of composters that customize their product, 78 percent of them perform secondary screening and 61 percent are involved in manufacturing blends.

The most popular compost application trend identified in the survey is the use of compost in erosion control, followed by agriculture (both traditional and certified organic) and various blending scenarios.

### Value

Wholesale prices (large orders to professional end users) ranged from \$2 to \$18 per cubic yard, with an average of \$9.87 per cubic yard. These prices were quoted as "picked up" at the composting facility. The average price quoted (also the mean price) is higher than expected and is probably not



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indicative of the entire composting industry. Participants in the survey are focused on market development; they are, for the most part, well-established operations with lower production costs and higher sales income.

The retail price range was identified as \$5 to \$25 per cubic yard, picked up, with an average of \$17.08 per cubic yard. The average retail price is lower than expected, but this likely can be attributed to the fact that many of the composters are selling directly to homeowners (no distributor or retailer).

Although responses obtained in the survey may not be indicative of the entire composting industry, it is obvious that "marketing-minded" composters are using more creative strategies to sell their compost products today. These cases, as well as the initiation of programs such as the Seal of Testing Assurance program, are excellent examples of how the U.S. composting industry has matured into a more mainstream horticultural and agricultural supply industry. **RR**

### Selling compost for fund-raisers

Small, niche markets account for about 17 percent of the more than 3,300 tons of compost sold annually by the city of Guelph, Ontario.

Niche markets can include organizations such as schools, clubs and civic associations that bag bulk compost for resale as a fundraising activity. Compost is sold to these groups for \$8 to \$12 (Canadian) per cubic yard, depending on quantity of compost and type of organization.

The program began three years ago when a local warehouse distributor had a skid of 30-liter polyethylene bags that were defective and wanted to find a home for them. At the same time, the city had a batch of compost ready for sale in bulk. The two teamed up with the local Boy Scouts, who bagged 45 cubic yards of compost and arranged for donated transportation. Using only word-of-mouth advertising, the Troop sold 2,000 bags of compost and had a net profit of \$5,000.

Selling to these niche markets is actually a marketing tool that helps publicize the product, its uses and application. Local school and service groups often include compost customers who offer a personal product endorsement, and the public seems more willing to purchase compost at a fundraiser than pay the city for the product.

Here are some tips to managing such compost marketing programs:

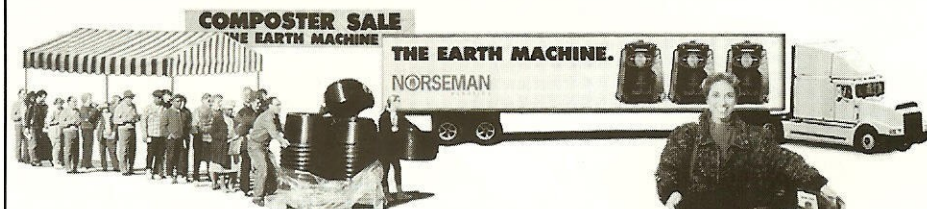
- ◆ Work with local organizations to establish a compost sale as a community fundraiser.
- ◆ Limit concurrent sales through the allocation of event days based on the growing season, location of organizations, and compost supply and demand.
- ◆ Keep unsold merchandise under lock-and-key to prevent theft or vandalism.
- ◆ Provide a compost application guide with each bag sold. Use the guide to answer questions about the compost and to communicate with residents about the product. Include a description of what's in the compost, how it was made, and any precautions that should be taken in the garden or around children or pets.
- ◆ Encourage the organization to take a personal and hands-on approach.
- ◆ Staff each event to answer questions and offer demonstrations.
- ◆ Supply a guarantee for the product.

— D. Trevor Barton

Ontario Regional Chair

Composting Council of Canada (Toronto)

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