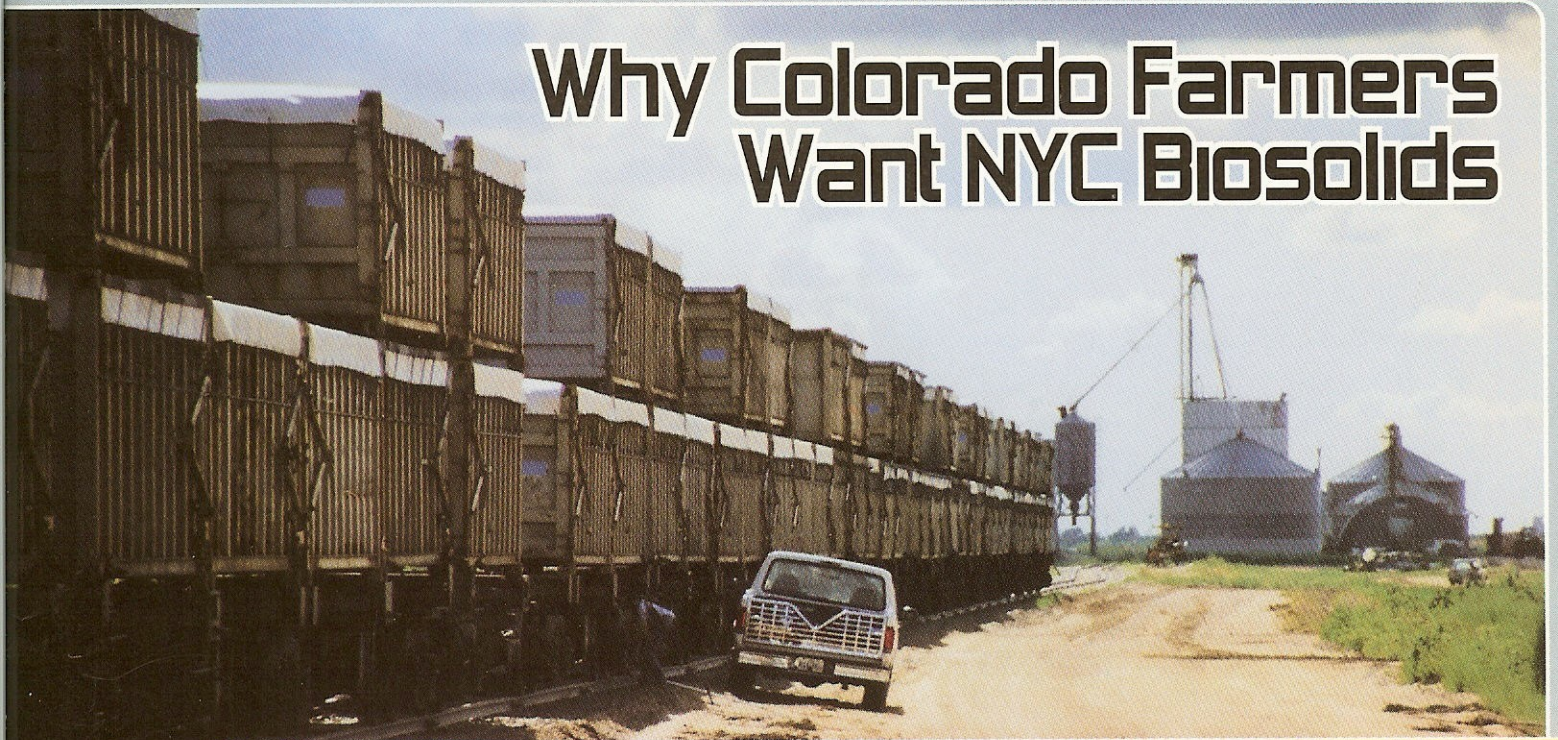


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JULY 2000

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WOOD PROCESSING EFFICIENCIES △ **LARGE-SCALE GROWERS EXPAND COMPOST USE**
MARKETS IMPROVE FOR RECYCLED GLASS △ **DECONSTRUCTION TAKES HOLD**
COMPOSTING LIQUID MANURE △ **FORCED AERATION AND ODOR CONTROL**

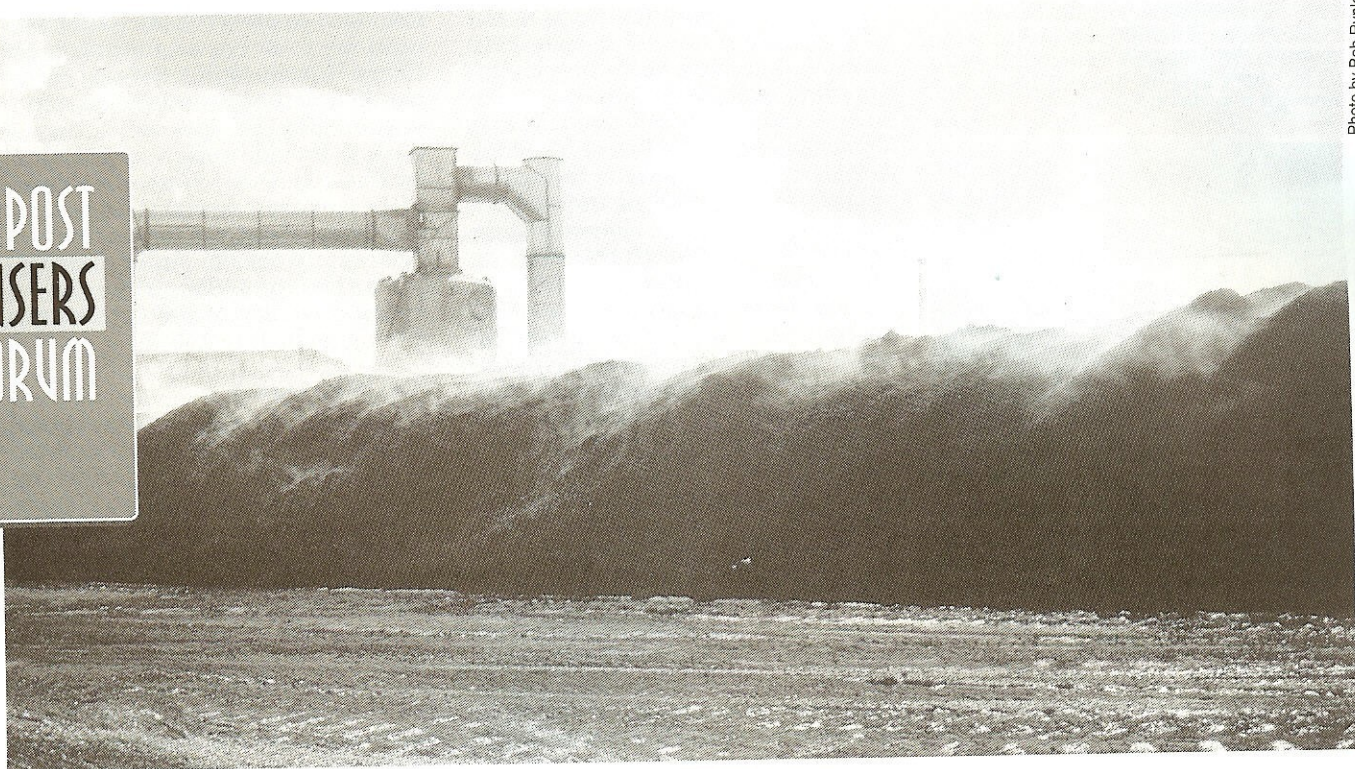


Photo by Bob Rynk

Compost Marketing Trends In The U.S.

Survey of 32 participants in the U.S. Composting Council's STA program reveals landscapers and homeowners are the top markets, with compost most commonly used for turf and garden applications.

Ron Alexander

TO GET a sense of compost marketing trends, a survey was completed in March and April of the 32 composters participating in the U.S. Composting Council's Seal of Testing Assurance (STA) program. Composters may use an STA logo in their marketing if they meet the program's testing and reporting requirements, as well as health and safety standards (see sidebar).

Of the 32 composters (see list of participants), 31 are actively market-

ing their product. Two participating companies have multiple composting facilities. One is Monrovia Nurseries, which manufactures compost at three of its nursery sites for use in its container media. In total, the 35 facilities within the program manufacture approximately one million cubic yards (cy) of compost. They process a variety of feedstocks, including yard trimmings (15), biosolids (8), industrial by-products (5), manure (4) and plant debris (3).

Facilities surveyed, including Cedar Grove Composting (above), process a variety of feedstocks, including yard trimmings, biosolids, industrial by-products, manure and plant debris.

To better understand the context in which this market development information should be evaluated, specific operational and market related data also were obtained. The goal was to determine whether certain marketing trends were based on the experience level of the particular composters.

Composter Background

All but one of the composters have 15 years of experience or less. Six were operating for two years or less, with the average experience level being 7.7 years. We also sought to determine when the composters initiated their active marketing programs in relation to when their facilities began operation. The answers range from before the facility was operational to 15 years following the beginning of operations, with an average of 4.3 years. This time frame is longer than expected, but based on data obtained from newer composters, it appears to be on the decline. In fact, 32 percent of participants (10) started actively marketing within the first year of operation. The trend is promising, illustrating shorter facility "start-up" periods and an increased understanding of the need for market development.

Key Elements Of The Seal Of Testing Assurance Program

THE U.S. Composting Council launched its Seal of Testing Assurance (STA) Program in early 2000. The program has the following elements:

1. Participants regularly sample and test. Testing frequency is based on the quantity of compost produced, as follows: one to 6,250 tons — once/quarter; 6,251 to 17,500 tons — once/60 days; 17,501 tons and above — once/month.
2. Must be a "true" compost as defined by the STA program.
3. Compost meets applicable state and/or federal regulation to assure public health/safety and environmental protection. Applicable tests must be completed (e.g., pathogens, heavy metals, pesticides, inerts). Participant's facility must be compliant with all applicable regulations.
4. Testing will be completed at approved laboratories (list provided by STA program).
5. Participants will offer "directions for product use" at point of sale, and will include a list of product ingredients.
6. All participants will make test results available to inquiring customers. The STA program has a "Compost Technical Data Sheet" that promotes uniformity.
7. Participants must follow program and logo use agreement rules.
8. Participants pay an application and licensing fee to join the program. In 2000, participants are paying a flat \$500 fee. Starting next year, there will be a low application fee, then a logo licensing fee based on production volumes.
9. Participants have the right to use the Seal of Testing Assurance Program logo in their promotional activities.
10. Participants are included in all promotional activities of the program.

For additional information on the STA Program, call Ron Alexander at (919) 367-8350, or visit the U.S. Composting Council's website: www.compostingcouncil.org.

Program participants also were asked how long it took their marketing programs to reach maturity. (Maturity was defined as marketing at least 75 percent of the facility's compost product annually.) The answers ranged from less than a year to as long as ten years; six facilities had not yet reached maturity. These "immature" marketing programs are associated with newer facilities. The one that took ten years to reach maturity is a small, understaffed municipal site without marketing personnel. The average time to reach maturation was 2.4 years.

Marketing Methods

Sixty-eight percent of participants predominantly are using in-house staff to market their compost, 16 percent are using brokers or distributors, and 16 percent are using a combination of both in-house staff and brokers/distributors. The larger composters primarily are the ones using a combination of marketing strategies, while public entities are primarily the ones using compost brokers. Overall, however, use of brokers/distributors was not size dependent.

Fifty-eight percent of participants are marketing their compost in bulk form only, while 42 percent market in bags and bulk. None market only bagged product. The high percentage of baggers within the STA program is not indicative of the entire composting industry. Much fewer than 42 percent of U.S. composters are bagging. Our survey finding may be more indicative of the fact that the composters participating thus far in the STA program are more experienced in compost marketing.

Market Segments

Survey participants were asked to specify the top three market segments (based on volume), as well as the top three compost applications. As expected, the most popular segment identified was landscapers (94 percent). Homeowners were identified 55 percent of the time, topsoil manufacturers 32 percent, retailers 23 percent and nurseries 19 percent. The 55 percent homeowner figure illustrates that composters in the STA program sell much of their product directly to homeowners. This figure was higher than expect-

ed, while sales to retailers (23 percent) was lower than expected.

The most popular application for compost identified during the survey was as a soil amendment, incorporated for use in turf and garden applications. Ninety-seven percent of respondents identified this application as one of the top three end

uses. The next most popular compost applications were: use as mulch (39 percent); growing media component (32 percent); topdressing (26 percent); and garden bed establishment (23 percent). Ten percent of respondents identified erosion control as one of their most popular applications, illustrating significant growth in this specific end use.

The survey asked if anyone had noticed any marketing trends that had affected their com-

post marketing program. The two primary answers were increased acceptance of the product (retail and wholesale), and customizing the product for sale. In fact, 58 percent of respondents stated they were customizing their compost product as a means to increase sales or value. Most of these have been operating



Participating composters can display the STA logo (upper left on bag) on its products and literature.

Fifty-eight percent of participants are marketing their compost in bulk form only, while 42 percent market in bags and bulk.

for five years or more. The operations are of various size, but 75 percent produce at least 20,000 cy/year of compost. This implies that larger, more experienced facilities — having already worked through "start-up" challenges — are more prone to customizing their product than those which are not. Of the 58 percent of composters customizing product, 78 percent do secondary screening and 61 percent manufacture blends.

The surveyed composters also identified compost end use trends that they felt would influence their programs. The number one trend was use of compost in erosion control, followed by agriculture (both traditional and certified organic) and various blending scenarios. The production of "higher tech" compost blends (e.g., sports turf blends) was specifically identified.

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INVITATION FOR PRESENTATIONS

BioCycle West Coast Conference 2001 Composting and Organics Recycling Portland, Oregon • March 5, 6, 7, 2001

Abstracts of 300 words are invited on innovative projects, applications and research covering organic residuals management.

We encourage participation from individuals representing compost facilities, wood processors, biobased products, agriculture and horticulture, materials recyclers, public agencies and educational institutions, food processing industry, organic residuals generators, biosolids management, marketing consultants, recycling organizations, E-commerce.

Please submit abstracts by
October 1, 2000, attention of:
Conference Organizer
BioCycle 419 State Ave.
Emmaus, PA 18049
email: biocycle@jgpress.com
phone 610-967-4135
www.biocycle.net

STA Program Participants

To date, the following composting facilities are participating in the Seal of Testing Assurance program: US Filter, Baltimore, MD; City of Davenport, IA; Bentley Biodynamics, Minden, NV; City of Amherst, NY; Rosenholm-Wolfe Dairy, Cochrane, WI; Solid Waste Authority of Palm Beach County, West Palm Beach, FL; Barnes Nursery, Huron, OH; New England Organics, Falmouth, ME; J.A. Rutter, Co., Murraysville, PA; EARTH Products, (Peachtree City, GA), Plains, GA site; Chamness Technology, Inc., Eddyville, IA; Land Recovery, Inc., Puyallup, WA; City of Hutchinson, MN; Inland Composting & Organic Recycling, Colton, CA; New Milford Farms, New Milford, CT; Rexius Forest By-Products, Eugene, OR; Huck's HenBlends, Lightfoot, VA; Organic Soil Builders, (Avon Park, GA), Lake Wales, FL site; Town of

Islip, NY; City of Logan, UT; Loudin Composting, Chantilly, VA; Texarkana Water Utilities, Texarkana, TX; McGill Environmental Services, Rose Hill, NC; Southeast Public Service Authority, Chesapeake, VA; Cedar Grove Composting, Seattle, WA; Bluestem Solid Waste Agency, Cedar Rapids, IA; Waste Management of PA, Morrisville, PA; Mecklenburg County, Charlotte, NC; Agresource, Inc., (Amesbury, MA), two Ipswich, MA sites; Monrovia Nurseries (three sites), Dayton, OR, Azusa, CA, and Woodlake, CA; City of Morganton, NC; EKO Systems, Puunene, HI; as well as five new sites: Mountain Organic Materials, Candler, NC; Global Environmental Solutions, Inc., Columbia, LA; San Joaquin Composting, Inc., Bakersfield, CA; Maryland Environmental Service, Annapolis, MD; and City of Charleston, WV.

Product Value

Survey participants were asked about the value of the compost products marketed. Wholesale prices (larger orders to professional end users) ranged from \$2 to \$18/cy, with an average of \$9.87/cy. These prices were quoted as "picked up" at the composting facility. The average price quoted (also the mean price) was higher than expected, and is probably not indicative of the entire composting industry. The retail price range was identified as \$5 to \$25/cy, picked up, with an average of \$17.08/cy. The average retail price was lower than expected, but likely can be attributed to the fact that many of the composters are selling directly to the homeowners (no middleman or retailer). Although compost marketed on a retail level may be sold for \$10 to \$15/cy or higher, the stated average price is clearly a great improvement over the average wholesale price. Finally, survey participants were asked about their greatest marketing challenges. The following were given: feedstock biases; trucking/transportation; consumer acceptance (getting people to buy compost for the first time); public education/uneducated potential customers; and in some cases, not enough compost to sell.

Although the survey responses may not be indicative of the entire composting industry, it is obvious that marketing-minded composters are using more creative strategies to sell their products. These examples, as well as the initiation of programs such as the Seal of Testing Assurance, are excellent examples of how U.S. composters have matured into more mainstream suppliers of horticultural and agricultural products. ■

Ron Alexander is president of R. Alexander Associates, Inc. in Apex, North Carolina. He is co-chair of the U.S. Composting Council Market Development Committee, and manager of the council's Seal of Testing Assurance Program.