Composting NEWS

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Welcome to the Carbon Economy

plus...

The Composting Association

The Market Research Investment... Theory and Practice

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MARKET research is an exercise in which market data are collected in order to determine current market conditions and opportunities. The research findings could then be used to develop strategies that *open* or expand market opportunities for an individual product, or category of product (e.g., compost). Market research can also assist in many other ways, such as product valuation, innovative product development, etc. The importance of market research to composters in the UK is not to determine if markets for compost exist – *because they do* – but to identify the most easy markets to access in a particular region and to determine what it will take to access those markets. Market research should assist composters in positioning their product in the marketplace, which will improve marketability and/or improve product value.

True market research entails surveying a percentage of the market, to obtain current information, then completing a proper analysis of the data. Through quantitative analysis, these data can be used to estimate the current size of the market, as well as estimate its potential for expansion. Both quantitative and qualitative data may be collected during surveying. Demographic information pertaining to the population of a geographic target market is often collected, as are data on competing products, constraints to market development and expansion, end user requirements, preferred product qualities, etc. Market research findings are used differently, depending on who sponsors the research and depending on the goals of that organisation. Whereas national (e.g., WRAP) or regional (e.g., Remade Scotland) market development organisations may use market research to assist or track market expansion, individual composters usually use it to obtain data which will give them a competitive advantage in the marketplace.

Real World Example

With significant volumes of compost now available in the Glasgow and Clyde Valley region of Scotland, Remade Scotland contracted R. Alexander Associates, Inc. (RAA) to complete quantitative market research for the region. The focus of the research was to quantify the current use of green compost, as well as determine realistic current replacement markets for green (garden waste derived) compost, focusing on 'paying markets' (higher value). The results of that research are outlined below.

Project Background

The geographical focus of the market research was the Glasgow and Clyde Valley region of Scotland. Several local authorities or Councils are located in this region, and it possesses a significant population base. This population base generates large quantities of organic residuals, which must be managed, and has the potential to use large volumes of compost products (soil ameliorant). Prospective compost users from the following eight (8) local authorities were interviewed during the research: Glasgow, Inverclyde, East and West Dunbartonshire, North and South Lanarkshire, Renfrewshire and East Renfrewshire.

Both mailer and telephone surveying of the potential end users of green compost, produced, was conducted in order to obtain market data, with a goal of contacting approximately 10% of each of the targeted market segments. Standard surveys were developed and used during surveying in order to quantify the use of both existing compost products and competitive, or related 'replacement', products that compost would seek to displace from the market. The specific goals of the survey were to identify the types of products used by potential end user groups (market segments), in what quantity, and what barriers or objections had to be overcome in order to increase the quantity of green compost that could be used. Each potential market sector was surveyed to determine what products they were currently using for soil or media amending, or as a stand-alone soil-type product. Both suppliers and end users of these products were surveyed. Information regarding competing product quantities and pricing was also obtained, with the primary focus being on the quantity of materials used. This information was used in quantifying and qualifying the market, as well as better providing a picture of current and potential market volumes for compost.

Due to time and budget constraints, potential end users of compost within the agricultural and land reclamation sectors were not surveyed. Further, schools/universities were not surveyed in a quantitative manner. However, information related to their potential utilisation of compost was obtained and provided within the report. The primary database used during the project was purchased from the yellow book. Although no database is perfect, they are used to provide a 'population' for which a quantitative analysis can be completed. The target market segment demographics are listed in Table 1.

Once the market data were obtained, they were tabulated and analysed.

Table 1 - Market Demographics

End User	Number in G&CV Region
Agriculture	N/A
Councils/Local Authorities	8
Garden Centres / Retail Nurseries	92
Golf Course/Sports Grounds	561
Land Reclamation Sites (landfills, vacant & derelict land)	2594
Landscapers (landscapers, gardeners)	400
Landscape Architects	27
Historic Buildings and Stately Homes/ Parks and Gardens	68
Schools / Universities	1235
Turf and Soil Supplies	14
Wholesale Nurseries	23

Data/Results

A great deal of detailed information was obtained during the research on each of the primary market segments. However, because of space constraints, only highlights of this data are listed:

- **Regional Councils** (North Lanarkshire and Renfrewshire) are already large end users of green compost that they produce themselves (13,000 m^3). There is also a fairly significant demand for compost within the Council's, as a replacement for traditional products such as topsoil. Seven (7) of the Council's reported using a variety of 'soil' products, with topsoil being the single largest material currently being used. None of the Council contacts had any significant objections to the use of green compost, provided that it was consistent, weed free, odor free and reasonably priced. Aside from the green compost currently being used, compost has a great potential to replace topsoil (estimated at almost 25,000 tonnes per year) in this market segment.
- **Garden centres** have the ability to supply both the home gardener and professional landscapers. The locally owned garden centres sell a wide variety of packaged products, and also a limited amount of bulk products. These products include topsoil, mulch, growing media, and peat based composts. Thirty (30) percent of the garden centres stated that they sell green compost products and 83% stated that they sell product primarily in bagged form. This illustrates the importance of packaging in order to reach the etail sector. Twenty-five (25%) percent stated that they possess very little knowledge about green compost or its availability. Various concerns about compost use included product quality issues (overall, weeds, disease), limited customer demand (probably due to a lack of knowledge about green compost benefits, or the poor quality of past products), lack of research (which is untrue) and pricing issues. The potential upside for expansion into this market is significant. Whereas compost currently possesses a market penetration of only 21%, peat (68%) and peat reduced (88%) products have a much greater penetration level. It is estimated that over 51,000 cubic metres of peat-based products are currently being marketed by this market segment, yet less than 1,000 cubic metres of green compost is now being sold.
- **Golf courses** and sports pitch managers both manage large areas of turf grass and can use compost in a similar fashion. The project database identified 131 golf courses and 269 sports clubs (of course there are many more sports pitches than clubs). It should be further noted that market research has shown that much of the maintenance completed on sports pitches is completed by the Councils and their contractors. Interestingly, none of the 10 sports clubs contacted had any experience with green compost, but 80% of them knew that topdressing is used as a maintenance practice on their pitches. Therefore, there is an innate market for compost derived products, once product is available and education about the use of it has been completed. In most cases, they use sand-based mixes (as do many golf courses) in topdressing. The regional golf

course market, on the other hand, had a much greater experience level with green composts (43%), and in fact two of them were actually composting at their courses.

- Historically, **landscape contractors** have proven to possess the capacity to purchase and use the largest quantity of compost over a sustained period of time. Prior UK market research has identified landscapers as the largest users of soil ameliorants. It is estimated that approximately 400 businesses list themselves as landscapers within the Glasgow and Clyde Valley region. Landscapers are a varied lot. Some complete strictly maintenance activities, while others primarily do landscape construction. Twenty-two (22) percent of those contacted stated that they had experience with green compost, while 53% stated that they use 'other' composts (e.g., mushroom, horse manure, forestry waste). Therefore, an excellent innate market exists for green compost within this sector, as landscapers are already using similar products. Market research figures also identify landscapers as the most knowledgeable market segment concerning the use of compost (and similar soil ameliorants). Further, 78% of landscapers stated that they purchase topsoil and over 50% use peat and peat reduced products. Currently, it is estimated landscapers purchase over 14,500 cubic metres of compost, but less than half of this figure is green compost. This market segment purchase directly from compost producers, as well as from resellers such as topsoil suppliers and garden centres. Landscapers are sensitive to product quality and price, and may also be accessed through landscape architects specifications.
- **Turf and soil suppliers**, and **landscape materials suppliers**, are known in most regions to market compost and other related products. In many geographical regions, this market has illustrated the ability to absorb significant quantities of compost. This market segment can also often accept compost on almost a year around basis, which is important to compost producers who cannot always rely on seasonal markets to meet their production surpluses. There were only 14 companies identified in this market segment, but the majority of them were identified as rolled turf producers (which do not typically buy compost). Further, it was surprising that additional topsoil suppliers could not be identified. Of the companies surveyed, none use any green compost and only two (18%) sell topsoil. This market could hold potential for the use of compost through the partial replacement of topsoil and as resellers. However, based on the current market research, the potential for the use of green compost appears to be exceedingly low. If these figures are correct, then composters have an opportunity to become part of the infrastructure for bulk product resale (e.g., manufactured topsoil).
- **Professional growers,** such as wholesale nurseries, can greatly benefit from the use of compost. Research has illustrated enhanced plant growth rates, reduction in fertiliser use and a reduction in disease expression through the use of various composts. However, wholesale nurseries in the Glasgow and Clyde Valley region offer only limited initial potential for locally produced green compost. A total of 7 nurseries were surveyed during the study from a listing of 15 (47%). None of these nurserymen had purchased green compost. Seventy-one (71) percent of the nurserymen use peat or peat based growing media in their operations, and the cost of these products ranges from £30 to £50 per cubic metre.
- **Reclamation lands** consist of landfills, contaminated, vacant and derelict lands. Many of these sites can use compost to improve poor quality site soils in order to establish a vegetative cover that is required, based on specific land usage. In many regions, reclamation lands remain innate markets, difficult to develop. However, to bolster the potential of compost use in this market segment within Scotland, SEPA is very supportive of the use of green compost in these types of applications. Compost application rates on similar types of sites range from 50 to 100 tonnes per hectare, and above. During the

DOES YOUR PUBLIC SEE YOU?

A few thoughts on PR
From Deborah Gray,
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MANY organisations will be quick to comment that it's the larger companies that achieve regular media coverage. Whilst to a certain extent this may be true, this usually stems from a lack of understanding about the way in which public relations or more precisely, media relations in this instance, works. After all, most editors would agree that they are always on the look out for an interesting and unusual project or story regardless of the size of the contract or the company that has undertaken the work.

This means that a company that wants to get noticed and achieve results, must deliver timely, topical and newsworthy information to the press. Whilst a number of practices do have the resources to handle such activity in-house, it's often those organisations that have neither in-house resources nor any external PR support who suffer serious setbacks through lack of exposure.

It's a proven formula: successful marketing communications will educate, inform and influence a company's target audiences and deliver high quality results that will support the continued growth of a business.

It's the way you tell it

As a PR consultancy working for organisations of varying sizes, the task of getting a company's message across may at times be extremely challenging, but the spin-off is that the rewards for the client can be significant. A little good PR goes a long way.

By not only understanding our clients' products, services and markets but also having an appreciation of the important issues and trends, are we able to successfully position and represent our clients' messages accurately. This means looking at what is meaningful to the client, understanding its individual personality, its goals, its strengths, its weaknesses and its market demand.

But, this can only be achieved by building a close rapport with the client and through placing great importance on understanding the unique way in which the company operates. Public relations must be an integral part of a business plan, contributing to the creation of strong communication links between a company and its target market.

Close contacts need to be created and maintained with leading members of national and trade press. In the short time we have to speak to journalists we need to ensure that we get the right messages across and conduct a meaningful and focused dialogue. Our policy is not to waste the time of journalists, so that when we call them up they will always respect that we have something worthwhile to say.

Add to the large daily postbag a pile of faxes, and now, pages of email, then it is easy to see the problem that editors face. How press information is written, presented and delivered is more critical than ever.

News releases should be short and precise; background information should be factual and relevant; photographs and illustrations need to be creative and innovative. If journalists need further information they will often ring or increasingly, visit any number of web sites.

Videos can also be effective in bringing complex projects to life and are sometimes the next best thing to sitting in front of a live demo. What is important is the ability to respond quickly to any press enquiry with the right material and information. If a journalist says, "I'll get back to you" then we would feel we have failed.

A PR consultancy must know and understand its clients as well as they know themselves. Only then can it create and promote the strong image essential to help them achieve greater market penetration.

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study, 1,666 hectares of landfills, 1,625 hectares of vacant land and 3,206 hectares of derelict land were identified.

Market Estimates

Table 2 provides estimates of current green compost usage, as well as estimated volumes of compost that could currently be utilised when replacing similar products in a realistic fashion. Replacement figures were made conservatively, and were based on the technically proper usage of compost (research based) and realistic market penetration estimates.

Market Segment	Estimated Current Usage (m^3)	Estimated Market Size with Replacement Figures (m^3)
Councils/Local Authorities	13,000	17,113
Garden Centres / Retail Nurseries (plus mass merchants)	1,582	11,702
Golf Course/Sports Grounds	6,311	12,730
Historic Buildings and Stately Homes/Parks and Gardens	756	840
Landscapers (landscapers, gardeners)	6,908	49,183
Schools / Universities	0	0
Turf and Soil Supplies	0	847
Wholesale Nurseries	0	1,692
TOTAL	28,557	94,107

Table 2 – Current and Projected Green Compost Usage

When considering the estimated current and potential usage figures, it is important to understand that certain market sectors are more likely to purchase compost at a fair market value (e.g., landscapers, nurserymen, etc.) and there are those that are less likely to do so (e.g., agriculture). It should also be noted that some of the largest compost users in the area might be obtaining compost for free from current composters. While significant data (volume and pricing) were obtained on those products replaced by or competing with green compost, these data could not be included in this article because of lack of editorial space.

Market Expansion

Based on the data obtained during this project, as well as market development experience in the UK and abroad, it is believed that there is an excellent opportunity for expanding 'paying' markets for green compost in the Glasgow and Clyde Valley region. Typically, compost markets are expanded using three primary methods:

- Replacing similar products,
- Expanding compost (soil ameliorants) usage, and
- Creating new products and applications for compost.

With this in mind, Glasgow and Clyde Valley (actually all UK) composters must work to improve the replacement figures, while expanding overall compost (soil ameliorant) usage. Some of this may only be accomplished if they manufacture and market blended products that contain compost (e.g., topdressing, blended soils). Also, a key to expanded usage of compost by Councils, landscapers and on reclamation land is educating specifiers (e.g., landscape architects, engineers) regarding the use of compost instead of more conventional, but less sustainable products.

Potential end users were queried to determine 'what would encourage them to purchase more green compost?' Although there were specific comments made that were germane to a particular end use or market segment, some general comments were also made. These include:

- Better product availability
- Better price / cost effective
- Lower cost, same quality
- Get in landscape architect specifications

These comments make it clear that there are four (4) things that composters must do to expand compost markets in the Glasgow and Clyde Valley region:

- Engage the market – let them know that product is available,
- Provide a high quality product which is competitively priced, and
- Engage specifiers to get compost included
- Provide products that possess the proper characteristics (see below)

Potential end users were queried to determine 'which characteristics that they would consider as 'ideal' or 'undesirable' for a green compost to possess?' Again, there were specific comments made that were specific to a particular end use or market segment, but the general comments included:

- Appropriate product cost
- Ease of use / application (not too wet)
- Well decomposed / stabilised
- Supplying nutrients
- Proper performance (*'as good / better than peat or peat reduced products'*)
- Proven track record
- Customer approval / acceptance
- Odour free

A shorter list of undesirable compost characteristics included: weed seeds, physical contaminants, high cost, and significant odour. It should also be noted that minimal concern seems to exist regarding the use of compost produced from kitchen waste. Of the 25 companies responding, 21 had no concerns (84%). Three (3) stated that they had some concern, and one stated that they needed more information before responding.

Conclusion

The current estimated usage of compost (28,557 cubic metres) in the region is relatively low (suppressed) at the existing time. However, the latent demand potential for compost in the Glasgow and Clyde Valley region is much larger (94,107 cubic metres). This latent demand represents the current usage of compost, plus the realistic volume that could be used to replace other products currently being used (e.g., topsoil, topdressing, peat). These products are already being used in significant quantities by the market segments surveyed. Therefore, since applications and requirements for green compost do exist in latent form, composters must focus their marketing efforts on educating prospects on the benefits of compost and how it can replace these other conventional products that have been used successfully for many years.

Latent compost demand, can of course, be expanded through education and competing interests as the market matures. It is feasible that the 'potential' compost demand could be double, triple or quadruple the current latent demand. However, it is difficult to estimate this figure at the market's current maturity level. Compost has proven to be an excellent alternative to a variety of mainstream horticultural and agricultural products, and it has proven that it can compete with many of these products on the 'open market'. It is believed that the same can be achieved in the Glasgow and Clyde Valley region (and throughout the UK). However, success will take commitment from regional composters, Remade Scotland and national marketing efforts (WRAP). These efforts should be co-ordinated in order to increase the speed in which the market can develop. We further suggest that regional composters consider and act upon the suggestions listed above in order to increase market penetration.

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