



# Compost Markets and Marketing

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# Basics of Marketing

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- Coca-Cola and Baby Formula??
- What is marketing?
  - The process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives

# More Basics of Marketing

- Marketing “Techniques”
  - Product Orientation
  - Sales Orientation
  - Marketing Orientation
  - Societal Marketing Orientation
- Marketing Orientation
  - “The aim of marketing is to make selling superfluous. Its aim is to know and understand the consumer so well that the product or service fits him and sells itself.” *Peter Drucker*

# The 4 P's of Marketing

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- Product
- Place
- Price
- Promotion

# Compost Markets

## ■ Applications and potential size

Agriculture applications 895 M cu yds (V)

Silviculture applications 104 M cu yds (V)

Sod production 20 M cu yds (V)

Residential retail 8 M cu yds (\$)

Delivered topsoil 3.7 M cu yds (\$)

Landscapers 2 M cu yds (\$)

Nurseries 0.9 M cu yds (\$)

Landfill cover, etc. 0.6 M cu yds (V)

**Source:** *US EPA, 1998*

# Major Factors Affecting Compost Demand

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- Product quality and consistency
  - Process to develop standards and specifications
- Product availability
- Distance to Markets

# Compost Marketing Trends

*Results of a 2000 USCC survey*

- Marketing Methods
  - Bag only (58%) vs. bag & bulk (42%)
- Target market segments
  - Landscapers, homeowners, topsoil
- Popular applications
  - Soil amendment, mulch, growing media
- Wide range of product values

# The Value of Market Research

Phil Wells, Project Coordinator



# FRVOR Basics



- Collaborative community effort to transform organic wastes into a valuable resource
  - Wastewater treatment plant biosolids
  - Dairy manure
  - Food processing wastes
  - Yardwaste, leaves & grass
- To manufacture a broad line of products for different markets

# Key Collaborators



- City of Appleton
- American Foods
- Agrilink Foods
- Agriliance
- Tinedale Farms
- Bioresource Products

# FRVOR Purpose



- Conduct feasibility study
  - Technical/economic analysis of feedstocks
  - Regulatory issues
  - Organizational strategies
- Basis for preliminary business plan
  - Markets drive the business plan

# Objectives of the Market Research



- Estimate quantity of soil amendment purchases, bulk and bagged
- Identify quality expectations for product & service
- Identify competing products currently in use and possible substitutions
- Evaluate marketing & distribution options

# Barriers to Market Research



- Compost market undeveloped—must look at product substitutes to estimate potential
- Most retailers do not respond to mail surveys
- Retailers and wholesale producers of substitute markets carefully guard sales figures
- Potential market complex—various methods must be employed

# Research Tools



- Other compost market research
- Wholesale market mail survey
- Ag market attitudinal survey
- Retail market survey
- DOT data
- In-person interviews
  - Most effective method

# Wholesale Market Mail Survey



- Developed mailing list
- Mailed 80 surveys
- Greenhouses, nurseries, landscaping contractors, landscape architects, retail garden centers
- Only about 10% return, but worthwhile

# Retail Market Survey



## ■ Objectives

- Record range and quantity and retail price of soil amendment products being sold
- Identify competing products currently in use and possible substitutions
- Identify market niches
- Identify soil amendment distributors operating in the Fox River Valley region
- Visited retail outlets to accomplish
  - In-person interviews conducted with several

# Ag Market Attitudinal Survey



## ■ Objectives

- Identify perceived soil amendment need
- Estimate quantity of soil amendment purchases
- Identify present soil amendment products being used (purchased & farm generated)
- Identify attitudes & knowledge about compost derived amendments
- Identify current manure application rates, fate or disposal costs

# WI DOT Data



- Obtained 4 years of quantities & expenditures for:
  - Mulching
  - Topsoil
  - Erosion control
- Objective
  - Estimate potential DOT purchases in the project's 4-county area

# Value of Market Research



- Customer preferences
  - Many nurseries/greenhouses purchase large quantities of high quality container mix in bags
  - Compost use & buying cycles
  - Invoice dating & delivery dates
- Market research & customer service must be an on-going process

# Other sources of info

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- Composting News  
<http://www.recycle.cc/cnpage.htm>
- BioCycle  
<http://www.biocycle.net>
- U.S. Compost Council  
<http://www.compostingcouncil.org/>
- Farm-Scale Composting Resource List  
<http://www.attra.org/attra-pub/farmcompost.html>