SOLID WASTE ASSOCIATION OF NORTH AMERICA (SWANA)

2013 MARKETING EXCELLENCE AWARD

MARKETING PROGRAM

Submitted By:

Maryland Environmental Service

&

Montgomery County Yard Trim Compost Facility

21210 Martinsburg Road, Dickerson, Maryland
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Page #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>2</td>
</tr>
<tr>
<td>Submittal Contents</td>
<td>3 thru 8</td>
</tr>
<tr>
<td>❖ Statement of Intent</td>
<td></td>
</tr>
<tr>
<td>❖ Research/Planning</td>
<td></td>
</tr>
<tr>
<td>❖ Implementation/Execution</td>
<td></td>
</tr>
<tr>
<td>❖ Results/Evaluation</td>
<td></td>
</tr>
<tr>
<td>Sales and Revenue Graphs</td>
<td>8 thru 10</td>
</tr>
<tr>
<td>Advertisement Examples</td>
<td>10 thru 12</td>
</tr>
</tbody>
</table>
Executive Summary

Maryland Environmental Service (MES) is a self-funded, independent, state agency, created in 1970 to protect Maryland’s natural resources. MES provides various services throughout the Mid-Atlantic Region for public and private entities.

MES is responsible for the sales and marketing of Leafgro® organic compost on behalf of Montgomery County. MES also operates the County’s composting facility where Leafgro® is produced. Coming into 2009, Leafgro® was facing increased competition, loss of market share, and a weak economy. Sales were on the decline.

In 2009, MES developed and implemented an aggressive marketing strategy to stimulate sales and “grow” the Leafgro® Brand. The 2 main ingredients of the strategy were: A) New Pricing, and B) Target local Home Depot and Lowes stores. This focused marketing effort resulted in dramatic increases in bags sold, and revenue generated in 2010, ’11 and ’12! During this period Leafgro® sales climbed 132%!! Setting a record each year!

![Leafgro Bag Sales Chart]

<table>
<thead>
<tr>
<th>Year</th>
<th># of bags sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>100,000</td>
</tr>
<tr>
<td>2002</td>
<td>150,000</td>
</tr>
<tr>
<td>2004</td>
<td>200,000</td>
</tr>
<tr>
<td>2006</td>
<td>250,000</td>
</tr>
<tr>
<td>2008</td>
<td>300,000</td>
</tr>
<tr>
<td>2010</td>
<td>350,000</td>
</tr>
<tr>
<td>2012</td>
<td>400,000</td>
</tr>
</tbody>
</table>

Marketing Program developed in 2009
1. Statement of Intent

Since 1984, Montgomery County has contracted with MES to operate the County’s Yard Trim Compost Facility in Dickerson, Maryland. As part of the operation, MES produces Leafgro® by composting leaves and grass clippings, which in past years ended up in the landfill. Leafgro® is a superior quality compost, used extensively by the landscape industry and by homeowners as a source of humus for soil improvement. MES converts organic wastes into a valuable resource.

Montgomery County Yard Trim Compost Facility, Dickerson, Maryland

MES is also responsible for the sales and marketing of Montgomery County’s Leafgro® to distributors, garden centers and homeowners throughout the Mid-Atlantic Region. As part of the marketing effort, Leafgro®’s advertising campaign includes point-of-sale materials such as rack cards and product banners at the retail level. TV, radio, and print media are utilized to reach the general public en masse, in addition to the Leafgro® website. Leafgro® is sold both in bulk and by the bag.

In the Fall of 2009, MES proposed and implemented a more competitive pricing structure and strategy to increase Leafgro® sales for Montgomery County. This facility is limited to processing 77,000 tons of leaves and grass clippings each year, so maximizing the revenue per sales unit is key. The revenue per cubic yard from bag sales is significantly higher than from bulk sales. So, therefore, our goal was, and continues to be, increasing sales of bagged Leafgro®.
2. Research/Planning

In the 1980s and ‘90s, the compost product Leafgro® enjoyed a local market with limited competition. In recent years however, competition has grown more intense. National companies such as Scotts, MiracleGro, and Hyponex are producing specialized, organic-based soil products. There are numerous products for lawns, vegetable gardens, trees, shrubs, annuals and perennials on the market, and they all compete with Leafgro®. Even with this increase in competition and the weak economy, MES was able to keep Leafgro® bags in the marketplace and maintain the majority of its own market share. So, the next logical target for expanding bag sales - big box stores: Home Depot and Lowes Home Center.
MES researched bag products similar to Leafgro® to determine their current retail price compared to Leafgro®. All the products shown below are produced by Scotts®, Scott’s MiracleGro® or a brand owned by Scott’s®. Home Depot and Lowes Home Center both carry Scott’s® products and brands owned by Scott’s®. Our goal was to determine a competitive retail price point that would allow for a reasonable profit margin for Montgomery County and the distributor, as well as the big box retailer.

The 15 products listed are examples of the competitors of Leafgro® organic compost. This is just a partial list, but it does demonstrate how crowded the market has gotten for organic-based soil conditioners.

<table>
<thead>
<tr>
<th>Image</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Image" /></td>
<td><strong>Scotts® Turf Builder® Lawn Soil</strong> – Specially designed to promote grass seed germination, the first step in seeding success.</td>
</tr>
<tr>
<td><img src="image2.png" alt="Image" /></td>
<td><strong>Scotts® Premium Humus and Manure</strong> – Three times the feeding of ordinary Humus &amp; Manure.</td>
</tr>
<tr>
<td><img src="image3.png" alt="Image" /></td>
<td><strong>Scotts® Garden Soil</strong> – Ideal for planting flowers and vegetables in the ground. Rich, organic materials condition soil to build strong root system.</td>
</tr>
<tr>
<td><img src="image4.png" alt="Image" /></td>
<td><strong>Miracle-Gro® Organic Choice® Garden Soil</strong> – For growing all types of in-ground vegetables, annuals and perennial.</td>
</tr>
<tr>
<td><img src="image5.png" alt="Image" /></td>
<td><strong>Black Magic® Professional Garden Soil</strong> – Mixes with native soil to help grow in-ground annuals, perennials, and vegetables.</td>
</tr>
<tr>
<td><img src="image6.png" alt="Image" /></td>
<td><strong>Black Magic® Seed Cover and Lawn Conditioner</strong> – For a Better Lawn, Faster.</td>
</tr>
<tr>
<td><img src="image7.png" alt="Image" /></td>
<td><strong>Black Magic® Steer Manure Plus</strong> – Amendment for All Garden Soils.</td>
</tr>
</tbody>
</table>
### 3. Implementation/Execution

- Based on market research, MES and Montgomery County developed and implemented a new, more competitive pricing structure for bagged Leafgro®. The new pricing structure added volume discount price points to encourage distributors to sell more bags and earn a deeper discount.

- MES targeted the distributor that supplies the regional Home Depot and Lowes Home Center stores. MES met with the distributor and presented the new pricing structure. MES convinced the distributor of the value of Leafgro® as a locally-generated product which also has tremendous name recognition. After some negotiating, the distributor and MES came to an agreement based on the new pricing structure with volume discounts.
- MES supported the distributor’s sales team by providing a regional advertising program including product literature, point-of-sale items - banners, rack cards, etc. – along with radio and TV ads for bagged Leafgro®. MES’s Leafgro® Marketing Group worked with the Distributor’s Sales Team to introduce Leafgro® to the garden center managers at Home Depot and Lowes Home Center. The managers were in favor of carrying Leafgro® based on its great reputation, and the fact Leafgro® is a local product generated by composting leaves and grass clippings. Recycled products, like Leafgro®, have strong market appeal.

- The distributor then offered attractive pricing to both Home Depot and Lowes Home Center.

- As a result, Home Depot and Lowes Home Centers began stocking Leafgro® bags for the spring 2010 season.

4. Results/Evaluation

- Due to the joint efforts of MES, Montgomery County, and the distributor, **Leafgro® bags are currently carried in over 85 Home Depot and Lowes Home Center stores**, in addition to hundreds of garden centers throughout Maryland, Virginia and certain parts of West Virginia, North Carolina, Delaware, Pennsylvania and New York.

- **Leafgro® sales and revenues during calendar years 2010, ‘11, and ‘12 have all been record years for the Montgomery County Yard Trim Composting Facility.** The attached graph shows the historical trend for bagged Leafgro® sales. The additional graphs show both the # of bags sold and revenues for 2009 thru 2012. Supplemental charts show the Marketing Program results continue to follow an impressive upward trend in both the # of bags sold and accompanying revenues.

- The target audiences have responded well to the Leafgro® Marketing Program. MES continues to fine-tune the Program with the distributors and garden centers through one-on-one contact and trade shows. The Leafgro® Marketing Program enjoys a strong reputation within the industry for both product quality and effective advertising. Attached are samples of the focused ad campaign used to promote the Leafgro® brand.
The results of the Program can be measured in sales. Despite heavy competition and the poor economy, the new pricing structure and strategy developed in 2009 and implemented in 2010 resulted in three straight record sales years for the Montgomery County Yard Trim Composting Facility. In CY 2012, Leafgro® bag sales were up 132% over 2009 sales and revenues are up a corresponding 106% over 2009. MES is projecting a 4th straight record sales year in CY 2013! (See charts below.)

Maryland Environmental Service and Montgomery County believe the outstanding results were achieved thru - a) product research, b) identifying a promising market segment, and, c) developing and implementing of a successful pricing structure – and this is what makes the Leafgro® Marketing Program a good candidate for SWANA’s 2013 Marketing Excellence Award!!

---

**Leafgro - # Bags Sold**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>260,638</td>
<td>269,702</td>
<td>498,614</td>
<td>434,854</td>
<td>626,239</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Bag Sales % Increase since 2009**

- 2009: 0%
- 2010: 61%
- 2011: 85%
- 2012: 132%
Point of Sale Banner (2’ X 3’)

Leafgro® Signs displayed on 50 cu. yd. Trim Collection Trucks in Montgomery Co.
32” x 96”
Examples of a local newspaper Co-Op advertising

Recycling at its BEST!

All natural, 100% ORGANIC SOIL CONDITIONER
Made from a renewable source – yard waste, primarily leaves and grass clippings

Maryland Environmental Service
888 214-8687

The beauty of your garden
starts below the surface!

All natural/organic compost
All-purpose soil conditioner
Enhances soil in flowerbeds, vegetable gardens and lawns
Increases nutrient availability
Safe around children and pets

With Leafgro®,
your plants don’t just survive, they thrive!

Available in bulk or bag

- Available at these fine garden centers -

AA County Farmer’s Co-op
410-766-6400

Ace Hardware
410-956-5976

AggTrans/The Stone Store
410-766-4242

Arnold Farms
410-544-7573

Bowen’s Farm Supply
410-224-3340

Cutting Edge
410-956-6540

Davidsonville Nursery
410-798-6980

Evergreen Gene’s
410-766-6877

Gary’s Garden Mart
410-544-8787

Gambrill’s Flower Farm
410-451-1100

Homestead Gardens
410-798-5000

K&B True Value
410-268-3939

Maisel Brothers
410-766-0550

Patuxent Materials, Inc.
301-261-3683

Riva Gardens
410-956-2942

Tilden Lawn Nursery
410-798-4720

www.leafgro.com
YOU’RE ON THE RIGHT IF YOU USE PATH

IF YOU USE Leafgro