

July 2014-2015 Composting Rebate Program Analysis and Recommendations

Executive Summary

Justification

This report specifically analyzes Austin Resource Recovery's (ARR) Home Composting Rebate Program's performance between July 1, 2014 and June 30, 2015. Annually, staff uses this July to July report to inform recommendations for the following fiscal year (FY) operations. The analysis period of July to July encompasses twelve months of data that overlaps both the calendar year (January 2014 to December 2015) and FY (October 2014 to September 2015).

The report provides recommendations on class schedules, class locations, advertising strategies, and outreach efforts for FY 2016. Recommendations were made analyzing data collected since the inception of the program in 2009. Much of this report focuses on the return on investment based on the operational costs of the program. Return on investment is measured as the number of rebate applications received.

Methodology

Staff collected data from request to purchase forms (RPF), invoices, spread sheets which record applicant responses to the rebate application for each FY, and responses to class surveys. Staff used the data to analyze:

- Program costs
- Effectiveness of advertising
- Demographic data of class attendees and rebate applicants
- Class attendance trends
- Class location trends
- Rebates received

Detailed methodology for each analysis is provided in each subsection.

Key Findings and Recommendations

The report provides detailed findings and recommendations for each section. A summary of key findings and recommendations are listed below.

Key Findings

- Total program costs decreased compared to last year; however, cost per class, attendance and rebate received increased.
- Advertising accounted for the largest portion of the budget; most rebate applicants heard about the program through a compost retailer
- Since the program's inception about 3,500 citizens have applied for the rebate, which is 1.9% of the approximately 180,000 customers ARR services¹.
- 81% of rebates received were from online class attendees.

Key Recommendations:

- Restructure the class survey to best meet the PIO teams' marketing needs.
- Reverse the negative trend line for attendance and rebates received by developing a:

¹Per the ARR Master Plan, the goal for the rebate program is to achieve 1,800 rebates, or 1% of ARR's customers, during a fiscal year. The Master Plan wants to reach 10% of the customer base within 10 years. 180,000 customer base is based on the 2011 customer base when the Master Plan was made.

- Proposal to expand the rebate program to include chicken coups by FY 2017². The program could reach more audiences by expanding applicability to include chickens, which accomplish similar organics diversion goals as home composting.
- community led class kit and guide. Find 5 groups or individuals to host a community led class and provide feedback during FY 16. Community led classes will utilize the online class
- Based on class attendance trends, location trends and the year at a glance summary, staff recommends between 38 and 43 home composting classes for FY16. The following is a suggested class schedule:
 - Asking each retail partner to host between 1-2 classes during October-February and July-August
 - Hosting 6 classes at libraries or community centers during November-February and July-August (one per month)
 - Host 16 classes at farmers markets during March-June (4 per month)
 - Set a goal for 5 community led classes with dates contingent on partner's request
 - Set a goal for 5 targeted classes by request³

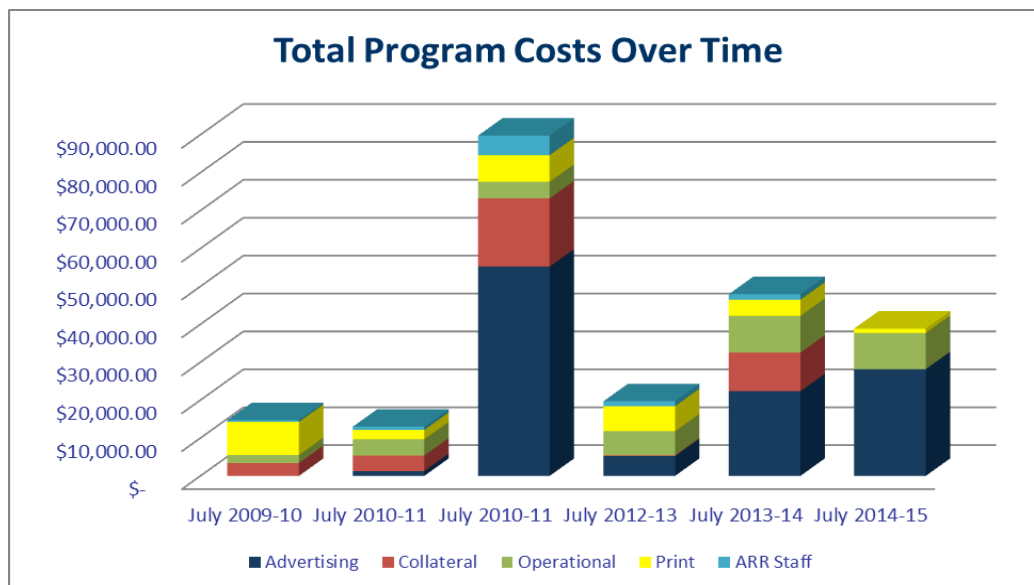
Program Costs

Analysis of the program's total cost includes five components. By adding these components, staff can utilize the total cost per year to calculate the average cost per attendee, cost per class, and cost per rebate. Staff gathered costs for each program component from RFP documents during the dates July 1, 2014—June 30, 2015. The five components are:

1. Operational costs (tent rental and instructors)
2. Printed materials (printed mail pieces and instructional material)
3. Collateral (kitchen compost collectors)
4. ARR Staff time
5. Advertising

Graphs 1 and 2 illustrate the costs compared over time and the specific costs for the July 2014-15 year.

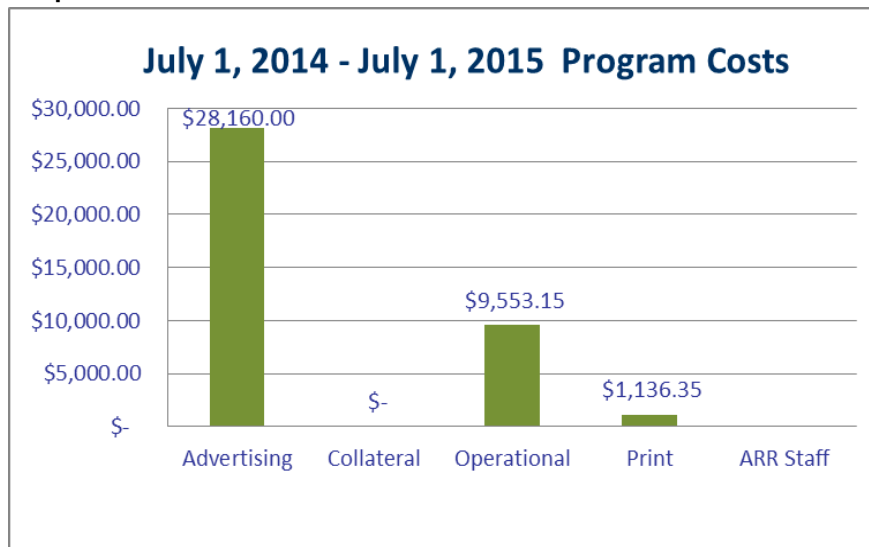
Graph 1:



² See Appendix 1, for meeting notes on chicken keeping and its role in diversion

³ This is lower than this year's 6 classes by request due to the addition of setting a goal for 5 community led classes.

Graph2:



To quantify the costs for the rebate program, staff narrowed the cost factors down to the following areas:

- Total cost for program operation per year
- Cost per attendee per year
- Cost per class per year
- Cost per rebate received per year⁵

In order to calculate the costs per attendee, per class and per rebate (units), staff utilizes the total cost for the rebate program within a July to July year and divides it by the total number of units within the same time period⁶. These measures provide staff an indication of the program's total cost efficiency for each return on investment (an issued rebate or invoiced voucher). Table 1 outlines each year's total program costs as well as the number of attendees, classes and rebates. Graphs 3-5 below illustrate the cost per each unit.

Table 1:

July Year	Total Cost	Attendees	Classes ⁷	Rebates
July 2009-10	\$ 14,711.96	481	12	153
July 2010-11	\$ 12,967.69	597	21	352
July 2011-12	\$ 89,761.73	4217	129	923
July 2012-13	\$ 19,681.36	861	43	768
July 2013-14	\$ 47,936.17	672	49	736
July 2014-15	\$ 40, 109.50	466	27	581

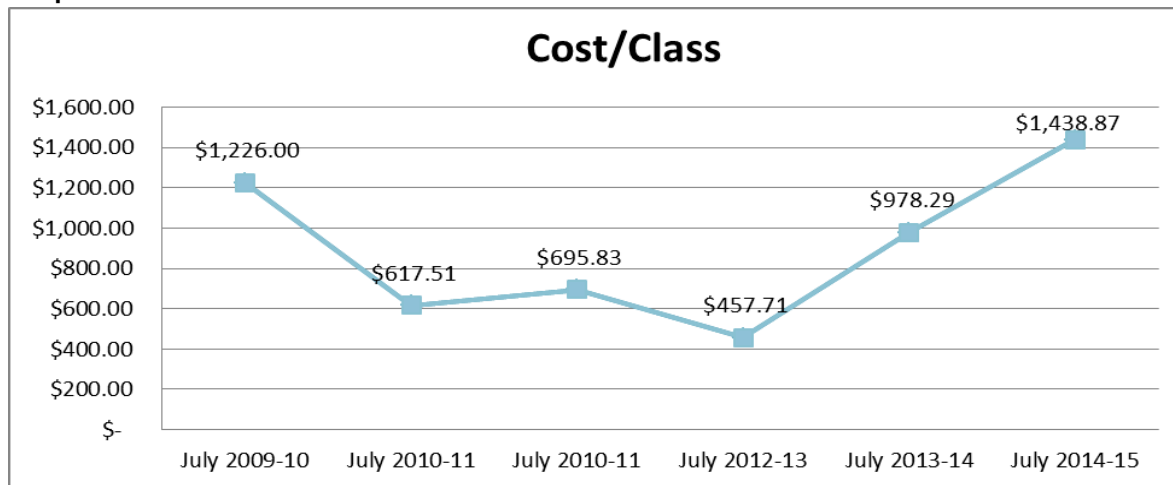
⁴ Staff ordered no collateral this year and will not order any for FY 16. ARR Staff used to be a measure when there were paid Event Leads. There were no paid Event leads during July 2014-July 2015.

⁵ Refers to the operational cost to ARR to gain one rebate applicant

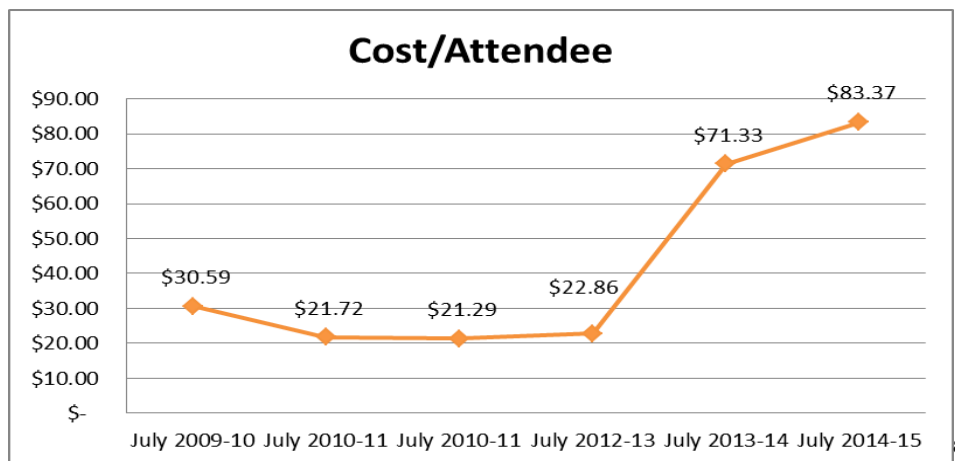
⁶ Past analyses used the fiscal year costs to measure the July to July cost effectiveness. This year, staff adjusted to compare July to July performance with July to July costs. As such, comparisons between years may not be completely accurate.

⁷ Includes classes by request

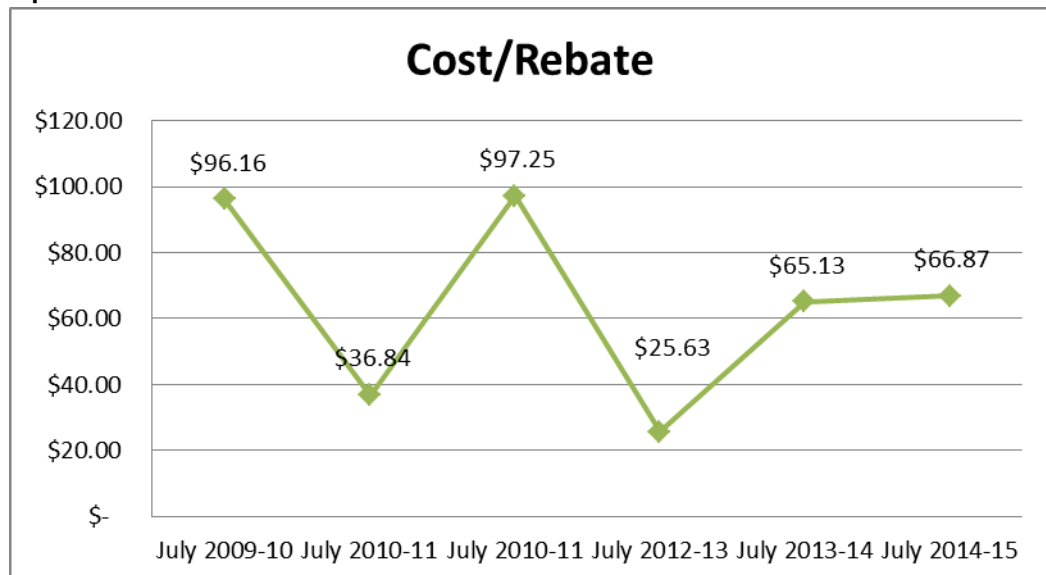
Graph 3:



Graph 4:



Graph 5:



⁸ Attendee refers to those who attended regularly scheduled community classes or a class by request; it does not include online attendees.

⁹ Cost/Rebate refers to the operational cost to ARR to receive one rebate applicant

Since advertising records the largest portion of the program costs, staff conducted an analysis to measure the cost effectiveness of various advertising campaigns and media outlets. For this section, staff included printed post card mailings in the advertising costs. The following table shows rebate applicant's responses to the question "How did you hear about the rebate program?" in comparison to the cost of the advertising platform. It includes responses from in person and on line class rebate applicants¹⁰. Table 2 outlines the rebates received and the cost per rebate through each advertising means.

Table 2:

Advertising Means	Cost (\$)	Rebates Received	Cost/Rebate(\$)
Online ¹¹	8,500.00 -	172	49.41
Compost Retailer	-	109	-
Friend or family	-	90	-
Newspaper ¹²	11,060.00	48	230.42
Post Card	1,136.35	47	24.18
Utility Bill		27	-
News	1,000.00	4	250
Farmers' Markets		3	-
Radio	3,048.00	3	1,016.00
Magazines	4,152.00	1	4,152.00

Findings

- The program cost a total of \$39,470.50, and advertising costs accounted for the highest program costs during July 2014-15
- The last two years, the program cost more to operate due to scheduling more farmers' markets classes. At farmers' market classes, the city pays for an outside contractor to supply, set up and break down the tent, chairs and tables for class.
- While overall program costs decreased compared to last year, the cost per unit increased in every category because ARR hosted fewer classes this year. ARR paid for 21 regularly scheduled and 6 classes by request in the July 15 year. In the July 14 year, there were 49 classes; 37 regularly scheduled classes and 12 classes by request.
- Given the information provided in the table and graphs, the July 2012-13 year was the most cost effective by yielding the lowest cost per class and rebate with a high number of received rebates.
- The most cost effective advertising means is through online advertisements, followed by existing compost retailers, then friends or family (word of mouth). News station interviews, radios and magazines yield the lowest returns.

Recommendations

- Decrease operational costs by hosting fewer classes at farmers' markets and re-incorporating class locations which already have equipment to use such as libraries, community centers or even venues.
- Maximize advertising costs by reducing the number of magazine ads, news appearances and radio ads.

¹⁰These responses do not account for those applicants who did not answer this question. 21 left it blank, and may have been impacted by these advertising means.

¹¹ 172 applicants responded with "online", "internet", "City Website", "ARR website" or "Google". These applicants may have been impacted by targeted online ads or e-mails.

¹² Refers to those who responded with "Austin Chronicle", "Statesmen", "Community Impact" or "Newspaper".

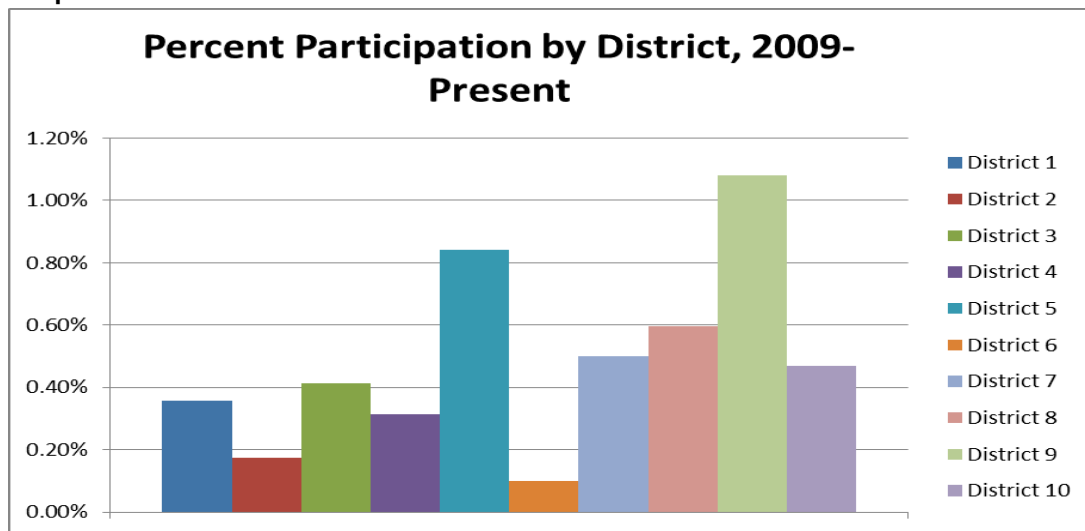
- Use demographic data collected through class surveys and rebate applications to target online advertisement campaigns.
- Developing advertising tool kits for compost vendors as well as incentives for a “Refer-a-Friend” program.
- Ensure that each partner farmers’ market is able to provide at least two forms of marketing for their class via social media, newsletters, blogs, or website content

Demographics

Staff conducted an analysis to measure zip codes with the highest and lowest program participation. Participation refers to applying for a rebate. Using the City of Austin’s map which outlines districts and zip codes, staff then compared participation by zip code.¹³ Graph 6 illustrates participation grouped by district.

Beyond analyzing demographic data of rebate applicants, staff used class surveys collected from each of the 326 in- person class participants during FY 2014¹⁴. Graphs 7 and 8 show the age and sex break down of class attendees. Graphs 9 and 10 tell us of the class attendees, how many might apply for the rebate.

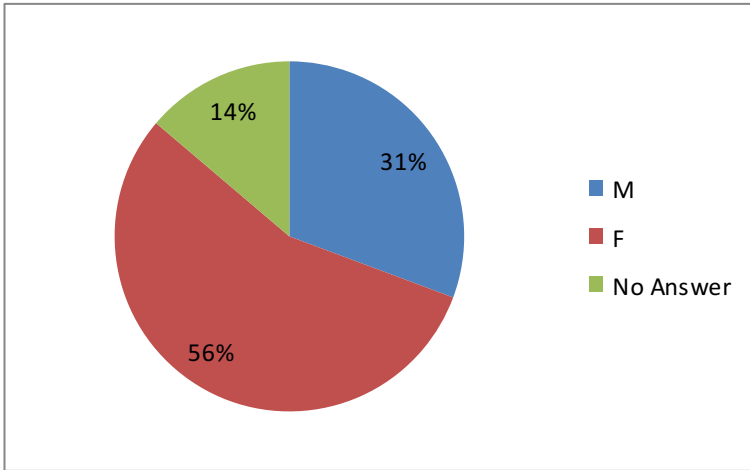
Graph 6



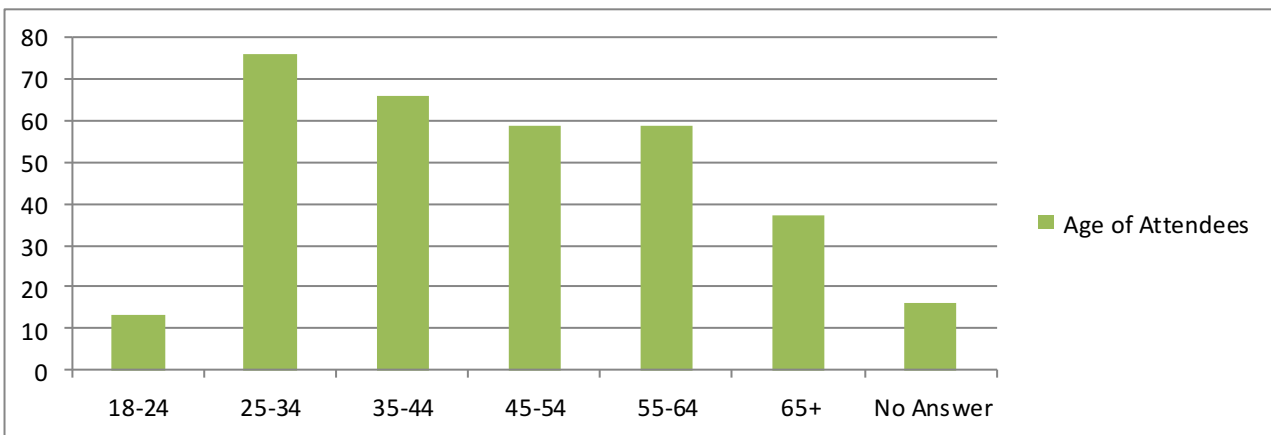
Graph 7: FY 2014 Class Participants by Sex

¹³ In cases where a zip code overlays two or more districts, zip codes were grouped by the district that covered the most area in that zip code. Link to map: https://www.austintexas.gov/sites/default/files/files/Planning/Demographics/Districts10_ZIPs.pdf

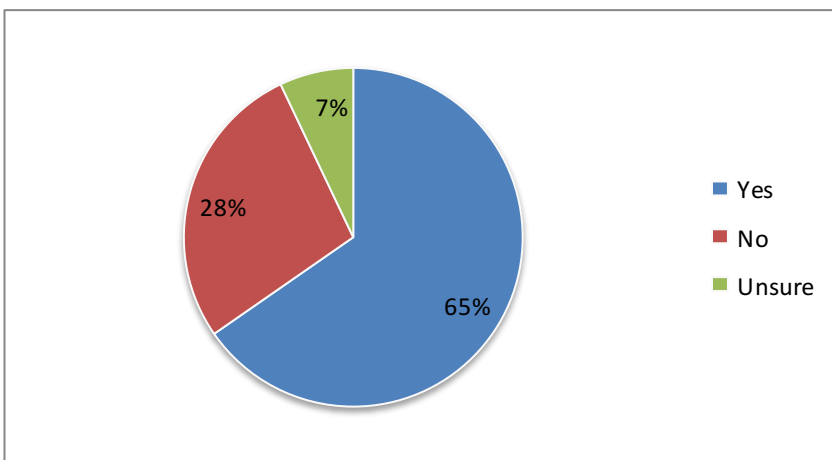
¹⁴ Staff uses FY 2014 rather than July 2014-15 as a measurement period here since a completed sample of all participants has already been collected and analyzed.



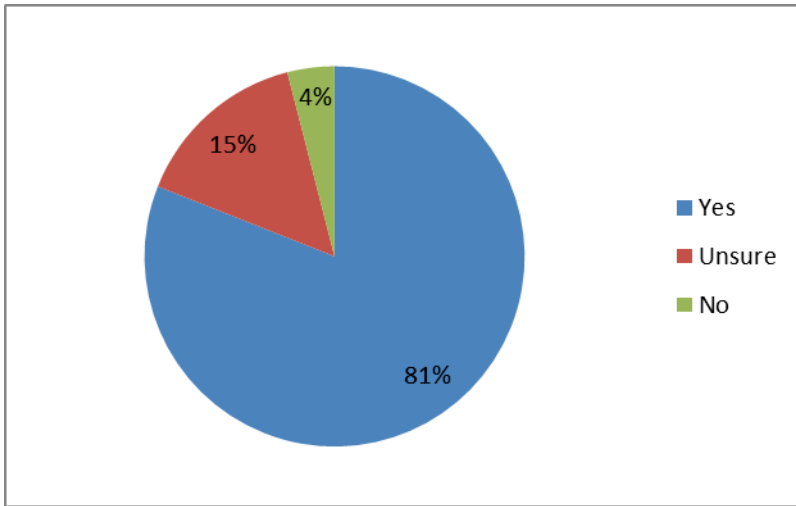
Graph 8: FY 2014 Class Participants by Age



Graph 9: Are you an ARR Curbside Collection Customer?



Graph 10: Do you plan to participate in the rebate program?



Findings

- District 6 records the lowest participation, and District 3 records the highest participation. However, no district has reached 2% participation, and most are below 1%.
- Females aged 25-34 are the most common class attendees.
- While 81% of class attendees said they planned on participating in the rebate, only 65% are eligible as ARR customers. Therefore, there is an education gap in the classes—not all attendees are aware you must be an ARR customer to participate.

Recommendations

- Incorporate the rebate program into the District Challenge the PIO team is developing. Districts that increase participation in the rebate program by the highest amount are recognized.
- Set up a system to more accurately record rebate applicant's district either by:
 - collecting it on the application and recording applicant responses on the "Rebate Applications" spread sheets
 - using the district and zip code maps for staff to assign the district when inputting applicant information into the "Rebate Applications" spread sheets
- Restructure the class survey to best meet the PIO teams' marketing needs.
- Work with the PIO team to develop targeted marketing strategies for the existing high attendee population and increase attendance in other populations.

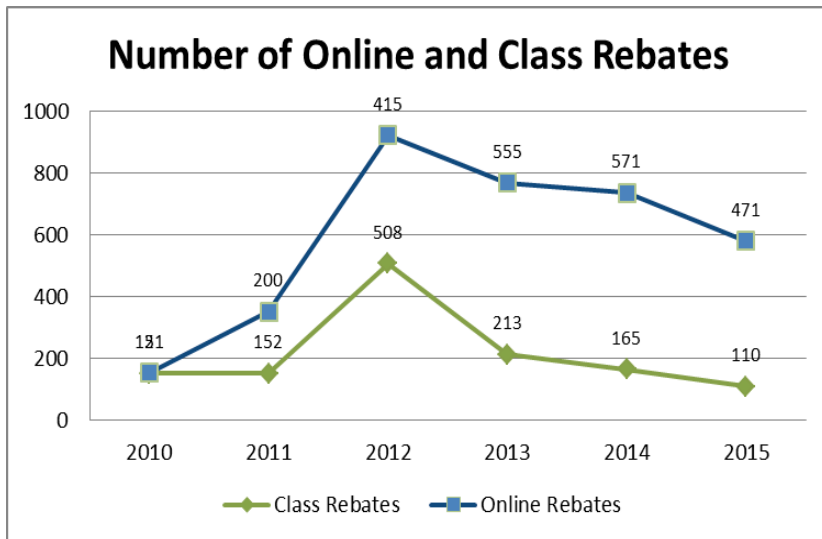
Class Attendance and Rebates Received

Staff also looked at the following trends over the course of the program operation:

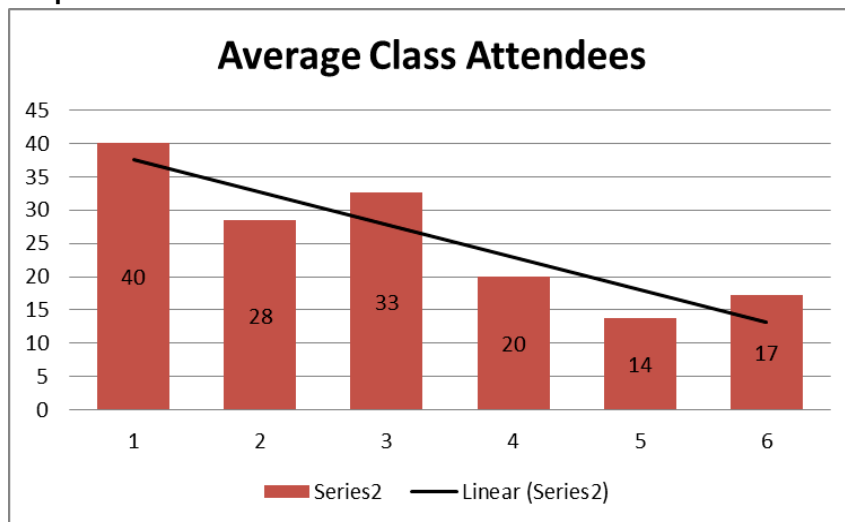
- Trend of Online Class
- Trend of Class Attendance
- Go Local and Go Anywhere Comparisons
- Trend of July 2015 Class Locations
- Year-at-a-glance

Graphs 11 and 12 illustrate a comparison between rebates received from online and class attendees as well as the trend of class attendance over time.

Graph 11:

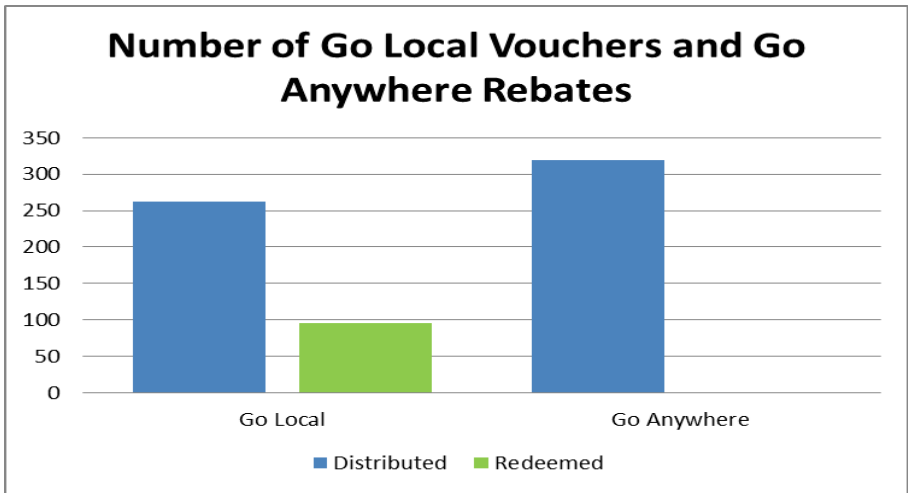


Graph 12:



Graph 8 illustrates a comparison between Go Local and go Anywhere Rebates Received. The Go Local Program began in April 2014. Thus, this July 2014-15 analysis includes all rebates received to date except those received between April and June 2014. Rebates distributed refers to redeemed Go Local vouchers. This data point derives from retail partners' invoices to ARR.

Graph 8:



Based on recommendations made in last years (July 2013-14) report, FY 2015 scheduled all classes at farmers' markets. In the July 2014-15 analysis, there were 3 classes held at libraries before the start of FY 15. Staff compared attendance at each class location between July 1, 2014 to June 30, 2015 using the attendance sheets which are scanned in after each class. Using Google Maps, staff plotted locations of FY 15 classes and Go Local retail partners on Map 1.

Map 1:

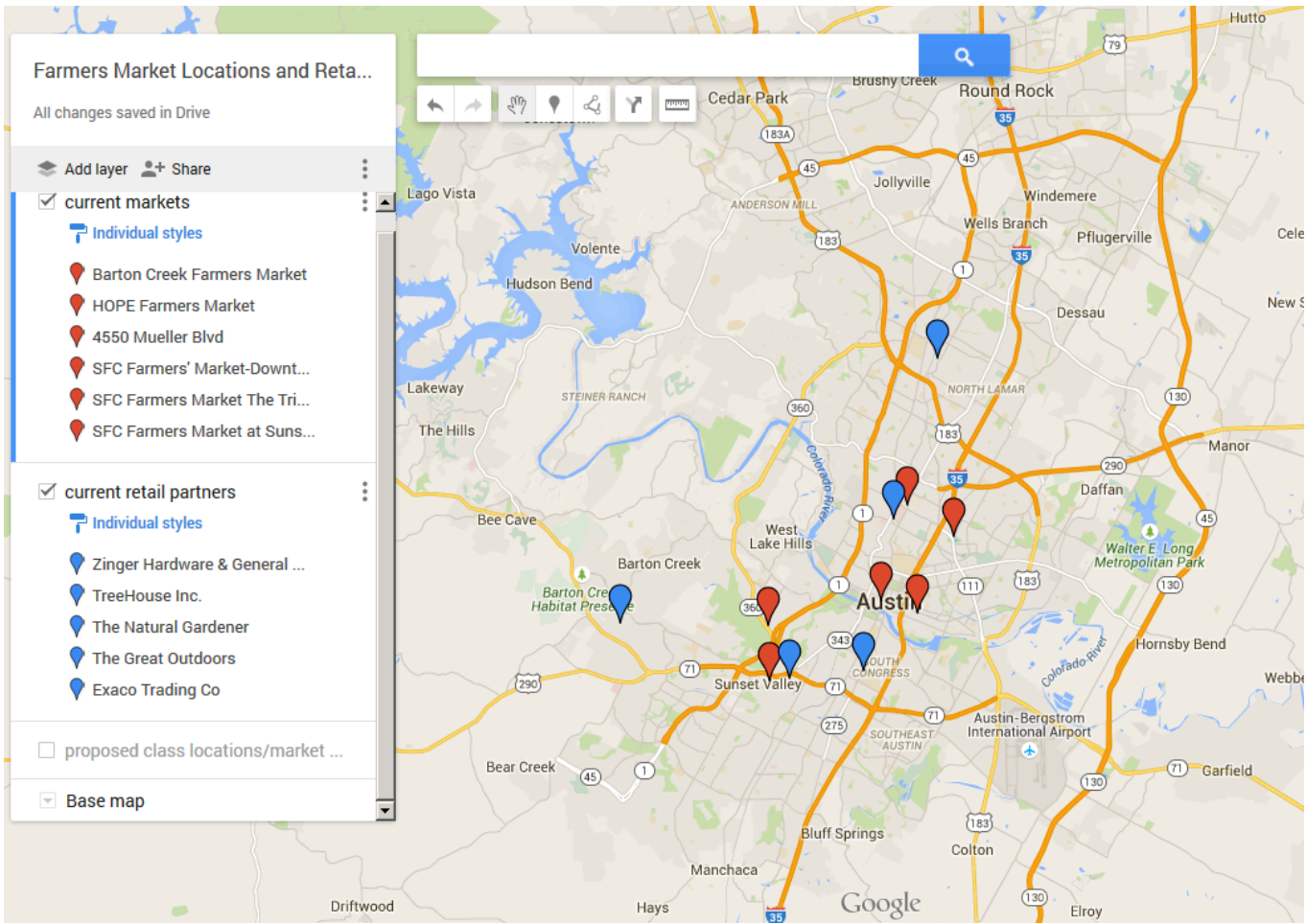


Table 3 outlines the number of classes held at each location, total attendees and attendee range as well as average. Since attendee range is broad, the average alone does not provide an accurate illustration of each location's performance. For instance, Sustainable Food Center (SFC) Farmers' Market at Sunset Valley had one class with 3 attendees and one class with 60 attendees. Inconsistent attendance could be related to weather since all classes were outside.¹⁵ Table 4 provides a year-long view of class attendance and rebates received.

Table 3:

Class Location	Number of Classes	Total Attendees	Attendee Range	Attendee Average
SFC-Triangle	3	34	9	11.3
SFC-Downtown	3	51	30	15.3
SFC-Sunset Valley	2	63	57	31.5
Hope	3	78	15	19.5
Barton Creek	3	44	22	14.7
Mueller	4	53	11	13.3
Library	3	17	4	5.7
Classes by Request	6	126	22	21.0
Total	27	466	59	17.3

Table 4:

¹⁵ In the past, this report analyzed rebates received per class location. However, methodology for this analysis is not accurate since there is no deadline for submitting applications. Thus, an applicant who attended classes in the July 2015 year may still apply for their rebate in the following year(s).

July 1, 2014-July 1, 2015 Year-at-a-Glance¹⁶

FY Year	2014			2015								
Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Attendees	21	24	7	0	8	0	4	38	31	228	60	14
Rebates Recvd	50	55	43	13	4	16	17	19	15	51	78	22

Findings:

- Since the program’s inception about 3,500 citizens have applied for the rebate, which is 1.9% of the approximately 180,000 customers ARR services¹⁷.
- Online class attendance continues to increase, while community classes attendance continues to fall. 81% of rebates received were from online class attendees.
- Since 2012, both class attendance and rebates received maintain a negative trend.
- Of the community classes, classes by request yield the highest over all attendance.
- Hope Farmers’ Market performed with the highest number of attendees at a farmers’ market class.
- The Triangle Farmers’ Market¹⁸ performed the lowest of the markets and is comparable to libraries in performance.
- Weather and season seem to influence class attendance at farmers’ markets. Winter and late summer months saw lower attendance than spring months.
- All classes occurred south of the Interstate 35 and Highway 183 intersection.
- Go Local and Go Anywhere Rebates Received are almost equal in performance, though the Go Anywhere plan receives slightly more rebates.
- While over 250 citizens applied for the Go Local Voucher to purchase a home compost container, less than 100 redeemed the voucher between July 2014-15.
- All Go Local Partners except for one are located south of the Interstate 35 and Highway 183 intersection.

Recommendations

- Reverse the negative trend line for attendance and rebates received by developing a:
 - proposal to expand the rebate program to include chicken coups by FY 2017. The program could reach more audiences by expanding applicability to include chickens, which accomplish similar organics diversion goals as home composting.
 - community led class kit and guide. Find 5 groups or individuals to host a community led class and provide feedback during FY 16. Community led classes will utilize the online class.
- Maximize on growing interest in the online class by working with the PIO team to pursue targeted advertising for the online YouTube class. Include more descriptive text on the YouTube site to provide rebate information to those who might visit the video website before the ARR website.
- Develop a protocol to manage MailChimp so that Go Local applicants receive a reminder to use their voucher 6, 3 and 1 months leading up to the voucher expiration.
- Expand FY 2016 geographical influence by hosting at least 2 classes north of I-35 and Hwy 183.

¹⁶ Class was canceled in October (contracts were not ready) and December (weather). One class was also canceled in January due to weather.

¹⁷ Per the ARR Master Plan, the goal for the rebate program is to achieve 1,800 rebates, or 1% of ARR’s customers, during a fiscal year. The Master Plan wants to reach 10% of the customer base within 10 years. 180,000 customer base is based on the 2011 customer base when the Master Plan was made.

¹⁸ The Triangle is the only class which occurs on a weekday—Wednesdays.

- Based on class attendance trends, location trends and the year at a glance summary, staff recommends between 38 and 43 home composting classes for FY16. The following is a suggested class schedule:
 - Asking each retail partner to host between 1-2 classes during October-February and July-August
 - Hosting 6 classes at libraries or community centers during November-February and July-August (one per month)
 - Host 16 classes at farmers markets during March-June (4 per month)
 - Set a goal for 5 community led classes with dates contingent on partner's request
 - Set a goal for 5 targeted classes by request¹⁹

¹⁹ This is lower than this year's 6 classes by request due to the addition of setting a goal for 5 community led classes.