

G&S
Management
Consulting Inc.

Exit Survey 2014

Market Research

Final Report (Draft)

Quality

Knowing your clientele's behaviour will inevitably create a better business model. Happy employees create happy clients which improves your bottom line.

We use in person surveys to gather as much data as possible. We feel that this direct approach creates an open dialogue and provides more in depth information.

Report #3318

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Market Research (Exit Survey) Draft Final Report

www.gsmc.ca

An evidence-based review of consumer perception of services offered.

August 13th , 2014

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This document is a collaborative effort of the G&S Management Consulting Project Team and the BCMB.

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Preamble

Situation Appraisal

The BCMB continues to be proactive in their pursuit of understanding the end users of the bottle depots and their behaviours by employing market surveys of bottle depots within Alberta. This year (2014) the BCMB has focused their efforts on the Calgary bottle depots to ensure that the bottle depots are keeping up to the needs of the clients. Each year more valuable data is collected to provide the BCMB with information on the market and how they should respond.

This information is important inasmuch that it gives executives an idea of how they should approach future projects and is valuable to depot owners highlighting areas to improve on or areas in which they are doing really well and should continue the status quo.

A key difference in 2014, is the exploration of clients feedback towards a self serve/quick drop service.

Objectives

In 2013 we engaged with the BCMB and launched exit surveys in Edmonton and in Calgary, providing both the BCMB and G&S with insight into the beverage container industry. Some of our objectives that year were to identify consumer attitudes, understand consumer behaviours, and highlight areas where consumers felt that the depots could be improved.

This year the BCMB has established more objectives along the way as they present themselves. To continue on from the research conducted in 2013, the research conducted in 2014 has the following objectives:

- Understand consumer behaviours
- Obtain better data to be used by the BCMB and depots that will highlight areas for improved client retention/acquisition
- Highlight if different practices would be more beneficial for the depots and the clients

Metrics

The success of this survey is determined on the data that we receive and the feedback from clients and bottle depot owners. The success is determined on how many depots are surveyed in the Calgary area and the client participation level. The real determination of success will be the quality of the data collected, which will create valuable information for the BCMB to be used in the upcoming 2014/2015 Business Plan.

Value

The Market Research surveys conducted in 2014 added value to the BCMB and it's affiliates in the following way:

- **Inbound Logistics**
 - Collection Service (Time & Request Processing)
 - Self Return (Consumer Proximity to Depot)
- **Operations**
 - Customer Service
 - Service Expectations
- **Outbound Logistics**
 - Transaction Management (Refund Accuracy)
- **Marketing & Sales**
 - Promotions within the depots, measuring awareness.
- **Building on previous/existing research**

The Market Research conducted in 2014 has added positive value to the BCMB and it's affiliates by providing statistical data on the perception of the level of service of the different Depots in Calgary. It has also added more value, as the research conducted in 2014, builds on from the previous research completed and making comparisons to assess any changes in the data points collected.

Executive Summary

The Beverage Container Management Board (BCMB) works to ensure that Albertans have access to a convenient and cost-effective system for recycling and reusing used beverage containers. The vision of the BCMB is “to be the leader in stewarding beverage containers to minimize their impact on the environment;” complementing this is the mission of the BCMB “to establish and administer a leading beverage container management system that is innovative, accessible, and cost effective”.

The BCMB has engaged G&S Management Consulting Inc. to conduct an exit survey research of depots in the Calgary region. The surveys were conducted at 10 locations randomly selected, and dependent on willingness of depots to participate.

Exit surveys are meant to gauge the perception of the client as soon as they leave the depot. This is the most valuable information, because the visit is still fresh in their minds. All parties involved can benefit from the data produced, whether it be the depot owners themselves changing one aspect of their customer service or the BCMB/ABDA implementing different processes.

Every depot for the most part has it's own unique characteristics. Depending on the location within the City of Calgary it is to be expected that the demographics of the clientele would change. This year we gauged different characteristics of the clientele by asking them specific questions, such as their household income and their dwelling type. This information is valuable to the BCMB and it's affiliates as it will allow them to test certain new products/services, depending on the data collected, and conclusions that are derived.

A large portion of the population sampled, felt that their household income was information they would rather not share, and was private to them.

In terms of new services that are potentially to be offered, such as drop off services, and different methods of container refunds, such as, cash/pickup, cheque mailed, debit or paypal, there was a substantial portion of the population that wasn't too open to the change, however there was a remarkably representative amount that were open to the new services.

Other areas that were measured included level of customers that would return, refund accuracy, satisfaction and hours of operation. Information in this area can help depot owners to increase the perception of their depot amongst their customers. From a 3rd Party standpoint, G&S Management Consulting, for the most part, received positive feedback from the survey participants.

Another area to be examined was the signage around the depot. Particularly if the participant noticed signs about the refund levels. The majority of the participants were aware of the refund amount signs.

G&S has made a few recommendations following the information provided by the survey. Some of the recommendations include moving forward with offering new services, such as the drop off service. We also recommend that a Depot Card be introduced, such as a loyalty/recycling point system, which would allow the BCMB and it's affiliates to collect data throughout the year on it's clientele, to better serve them and to promote the recycling industry via technological advancements.

Introduction

Objectives and Scope of Work

The BCMB works with the Alberta Bottle Depot Association (ABDA) to ensure that Depots in Alberta are following guidelines set out by the governing bodies. This survey was conducted on behalf of the BCMB, in collaboration with the ABDA to gather a more in depth look into how customers, of the depots that the BCMB and ABDA govern, felt about their overall experience.

Questions to be Addressed

The survey was drawn up by G&S and was revised with input from the ABDA and BCMB. The survey conducted included 15 questions. The survey was drawn up to be short, but at the same time addressed the key topics required. The survey was relatively short to improve the feelings of the participants and the response rate.

The plan was to ask a variety of questions to get an overall view of the market in Alberta. A key consideration was the distance that people drove to the depot they went to and if this was the closest one. Assuming that the participants travelled from their residence to the particular depot of their choice. G&S also provided an average radius travelled from the participant's residency to the depot of their choice.

Research Methodology

Research Design

The research method that was used was a basic research design with a qualitative approach. We conducted the surveys as the participants left the depot. Customers were asked before they entered the depot if they would like to be apart of the survey. This method was chosen, because we felt it was more efficient and would not skew answers if participants were in a group. The one on one approach was used because we could see the reaction of participants. The surveys were meant to last only five to ten minutes; we timed a sample of the surveys being administered and concluded that on average the surveys lasted three minutes.

The survey looked at the following areas of consumer perception:

- Overall attitude before entering the facility
- Attitude upon exiting the facility / Satisfaction Level
- Refund Accuracy / Perception
- Demographics of Participants / Dwelling they live in / Total Household Income
- Attitude towards potential new drop off service / different refund payment alternatives

The Survey

The questions that were prepared for the survey measured different aspects of the respondents' experience.

- Time spent in the depot
- Satisfaction of time spent in depot
- Accuracy of refund
- If there was a POR system was used, how proficient it made the employees
- Signs that reflected the price for different bottle sizes
- Satisfaction of the location, hours of operation etc.
- Demographics, type of dwelling the live in, total household income
- Amount of bags they brought to the depot
- Attitude towards potential new service, and alternative method of refund collection

Sample Design

The research team intended to collect a representative sample of the population of Calgary. Which would also be a representative sample of the province of Alberta. The sample size is relative to the degree of confidence that the BCMB would require for this research. The research team suggested a 95% confidence interval, in order for the survey results to be a substantial representation of the public. The population of Calgary as of 2014 was approximately **1,195,194**. (Civic Census 2014).

(Table A) Plan

What margin of error can you accept?	5%	The margin of error is the amount of error that you can tolerate. If 90% of respondents answer <i>yes</i> , while 10% answer <i>no</i> , you may be able to tolerate a larger amount of error than if the respondents are split 50-50 or 45-55. Lower margin of error requires a larger sample size.
What confidence level do you need? Typical choices are 90%, 95%, or 99%	95%	The confidence level is the amount of uncertainty you can tolerate. Higher confidence level requires a larger sample size.
What is the population size?	Calgary: 1,195,194	How many people are there to choose your random sample from? The sample size doesn't change much for populations larger than 20,000
What is the response distribution?	30%	Arbitrary, we expect 30%., using different methods to achieve the best possible response rate.
The recommended sample size is:	Calgary: 400	This is the minimum recommended size of your survey. 10 Depots, 40 surveys at each.

(Table B) Actual

Margin of Error	5%
Confidence Level	95%
Population Size	Calgary: 1,195,194
The actual sample size:	Calgary: 380

Our team originally had planned for 400 respondents, however we were very close and were able to collect 380 responses. In statistical reasoning this is a significant number, as any population over 1,000,000 only requires a sample size of 200. The G&S team is satisfied with this number as it provides a variety of data for the purposes of this survey.

Data Gathering

Key consultants of G&S managed the survey administration. Data Processing and Analysis, standard editing and coding procedures have been utilized. Simple tabulation and cross-tabulations have been utilized to analyze the data. In order to administer the survey representatives, mostly volunteers, manually filled out the survey, using pen and paper.

Questions/ Analysis of Responses

Refund Feelings

Most people that participate in returning their bottles to the depots are satisfied with the refund amount that they received, with an average rating of 6.34.

G&S Management Consulting ran a report, comparing POR against Non POR Depots, to see if there would be a significant difference in the refund accuracy perception levels. The hypothesis is that there would be a significant difference, and that POR systems would positively impact the perception of the refund satisfaction level. The results showed that the average rating out of a range of 7, where 1 is <not accurate> and 7 is <very accurate>, the Non POR depots averaged 6.25 and the POR depots averaged 6.65. Confirming the hypothesis, that in fact the depots with POR system's increase the perception of the accuracy levels from the clientele's perspective.

Time Spent in the Depot

Depot owners and workers try to efficiently serve as many people as possible in a day. We were very pleased with the amount of people going through each of the depots in such a short amount of time. After reviewing the survey results, on average a 7.64 minute turn-over time was achieved. Please be aware that the surveys were taken at different times, some during the week, and most during the weekend, where it is usually the peak business time.

The average satisfaction level of time spent in the depot (from waiting to receipt of payment) is about 6.65. The depots are doing tremendous job of serving many customers in a short amount of time.

Average Distance/Time Travelled to Depot

The hypothesis here, is that most people go to the nearest depot, closest to their place of residence. Which proved to be true as per the results obtained. On average the respondents to the surveys administered, lived approximately 8 km away, and would potentially have an average travel time by car of 10 minutes, to their depot of choice. It must be stated that through interactions with different respondents, that some of them reinforced the fact that they passed several depots and made their choice based solely on the customer service they were receiving.

Level of customers that would return

The majority of respondents, approximately 98% would return to the bottle depot of their choice. The majority of respondents that were interviewed, had a long lasting relationship with the depots they were at. The depot is essentially an extension of the neighbourhood, as well as the community. Many participants knew the names of some of the employees or managers.

Satisfaction level of time spent in the depot (from waiting to receipt of payment)

On a scale of 1 - 7 not fast at all to very fast, an average of 6.65 was obtained. As stated above, the majority of participants did in fact get served within 0-5 min (45%), 6-8 min (25%), and a minority longer than that. From these numbers we can determine that there is a correlation between the satisfaction level of time spent in the depot and the amount of time it takes to get served. It is extremely busy on the weekends at almost all of the depots that were selected, and they managed to do quite well, in the amount of people they were able to serve, in such a short amount of time.

Hours of Operations

For the most part customers felt that the hours of operations of the depots worked well for them. An average rating of 6.58 was reached. For the most part, we didn't receive any complaints on the hours of operations.

Notice of Signage

The BCMB and ABDA requested to see if people were aware of depot signs stating refund amounts for different sizes of containers. All of the depots have the signs around the depot, but depending on where they are placed could determine how well someone perceives the sign. Approximately 31% of the population stated that they did not see any of these signs in the depots. That could be for several reasons, one being that they know what their refunds amounts should relatively be, so they don't need to refer back to the sign. Or it could be that the placement of the signs, need to be readdressed.

Demographics

The questions that were posed gauging the demographics of the respondents, had a significant pushback, when it came time to asking about the total household income of individuals, 53% preferred not to answer. However significant data was collected on the other 47%. This data is more useful, from an individual depot standpoint, as it will allow the BCMB and it's affiliates to make assumptions on which depots would be more open to new services. Assuming that from a practical view, depots with higher participants that have a greater household income, would be more open to new services, such as a self drop off service, as they would not be so stringent on receiving their money back right away. This is only an assumption, further research would need to be conducted in order to validate this assumption.

Opportunities for Consideration

1. Data Management System (Continuous data gathering of clientele)

The BCMB and its affiliates have the potential to obtain a mine of data from their clientele, if approached correctly, adhering to the Privacy Act. A well designed and run programme can provide immensely valuable data. It is one aspect of a comprehensive marketing strategy. Having said that, if this programme is used to its full effect, it should be the central pillar of that strategy. The theory of client loyalty is quite simple: a business that retains its clients for longer usually makes more money from them at lower cost than one that is constantly paying to acquire new clients. The basic principles are simple, too: know your customers, and only reward them for behaving in the way that you want.

What we envision is a point system, with special promotions, partnering up with different service offerings, that encourage the recycling of containers. The different service offerers would have their businesses further publicly represented in these campaigns that can be of added value to them.

Through a Depot Card program, client and transactional data can be collected, and the intelligent use of that data will provide a much clearer picture of the client base - and this will lead to more profits from the beginning. A common question is "What proportion of turnover should this program cost, and how long should it take before it begins to pay back?" Well, although there is no definite answer, a good program will pay back from the very beginning. If worked out correctly, the program can start making money from day one.

2. New Drop Off Service

Introducing a New Service

In order to consistently grow within the market, organizations might try to introduce a new service or procedure. However, most organizations simply decide to add a new service or procedure without gauging their audiences feedback, and then hope that clients that required the new service will show up. However, it is understood by conducting this research that the BCMB and its affiliates, understand that merely introducing a new service will not guarantee success. A smart organization will incorporate a strategic plan into the introduction of a new service or procedure. The organization should first decide whether there is a need for the service, determine the feasibility of introducing the service, and then develop a focused marketing plan.

Feasibility Considerations

When looking at the possibility of introducing a new drop off service, we need to determine if there are sufficient number of potential clients that would be open to the new services to justify developing the new service. Considering the type of clients to require the service. Secondly, determine the demographics of the catchment area. According to the surveys administered when asked the following question, **"If a new service was offered where you were able to drop your containers off without waiting in line now, and collect your money at a later date, would you use this service?"**, 36% answered (yes). The BCMB and its affiliates would have to gauge if that is a large enough number of the representative population to go forward with this new service. As far as the cost benefit of implementing a new drop off service, the associated cost from an outsiders' point of view would be minimal.

3. Computerized/ POR System (Standard at all Depots)

Many comments were made about how well the POR system worked at the depots that had implemented them. We found that depots equipped with POR systems gave a greater level of trust and satisfaction when it came to refund accuracy. Instead of counting in your head, a continuous tally recorder on the POR system, allows the communication of the tally to filter to the clients watching the screen of the POR system. There is an inherent interactivity, which we believe is the reason why individuals associate Depots with a POR system with a higher level of accuracy.

Summary

The survey was met with success and we were able to gather valuable information for all parties.

G&S Management Consulting Inc. feels that the BCMB, ABDA and depots are doing a fantastic job of attaining their mission and vision by providing accurate refunds, helping people out in a timely matter and creating a less polluted environment. For the most part perception from the customers was positive, however there is always room for improvement. We feel that if the parties included in this surveys implemented our recommendations, and allowed G&S to aid in the implementation, would receive more positive reviews. We feel that the affiliated parties have done a great job with their current way of business.

Thank you for giving us this opportunity to work with your spectacular organization. We hope that our services have been useful to your organization. We are enthusiastic about the relationship that we have created and hope to be of use to you again.

Sincerely,

G&S Management Consulting

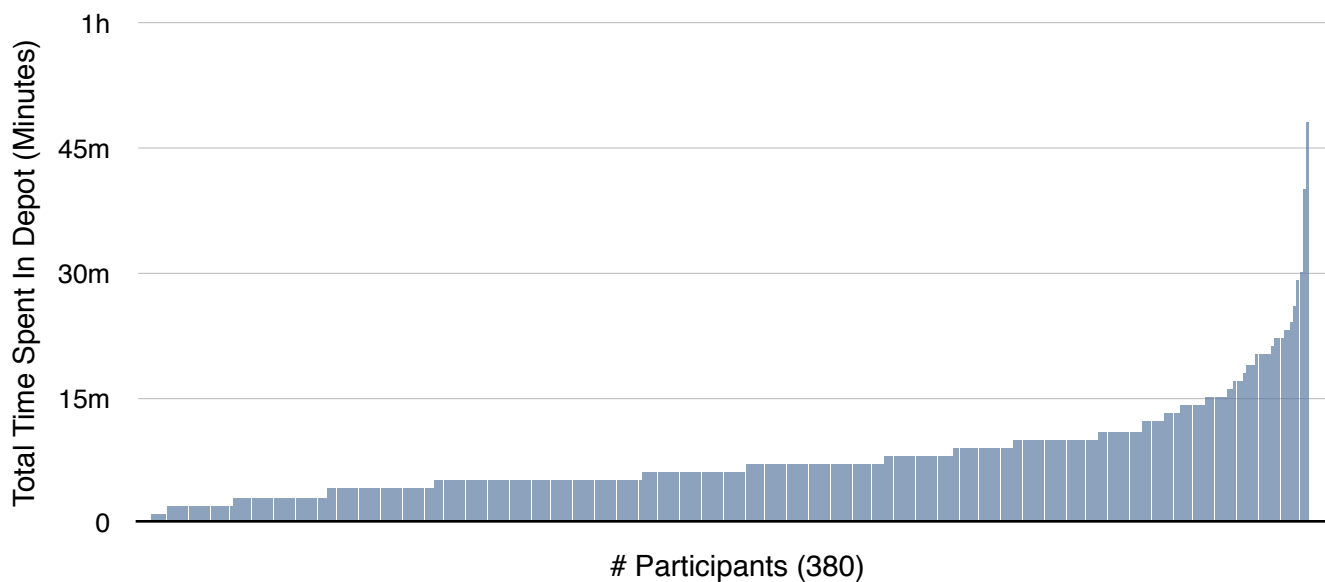
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Survey Analysis

2014 Exit Survey (Sample Size of 380)



Average Time Spent In Depot (Minutes)

7.64

15+ 9-14 6-8 0-5 N/A

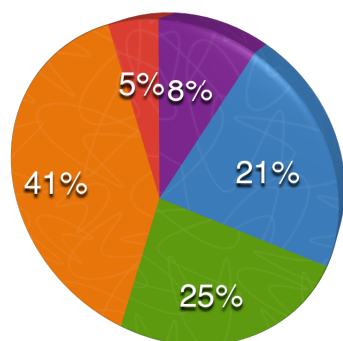


Figure 1.2 (Average Distance/Time Travelled to Depot)

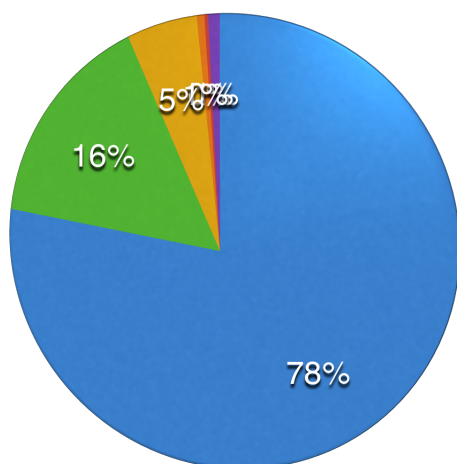
Average Time Traveled to Depot (Minutes)	10.03
Average Distance Traveled to Depot (Kms)	8.10

Figure 2.1

Satisfaction level of time spent in the depot (from waiting to receipt of payment)

Range: Not fast at all 1 2 3 4 5 6 7 Very Fast

● 7 ● 6 ● 5 ● 1 ● N/A ● Untitled 1



Average Satisfaction Level
6.65

Figure 3.1

Refund Accuracy perception.

Scale: Not accurate 1 2 3 4 5 6 7 Very accurate

7 6 5 4 3 2 1 N/A

Average Refund Accuracy
Perception Level

6.34

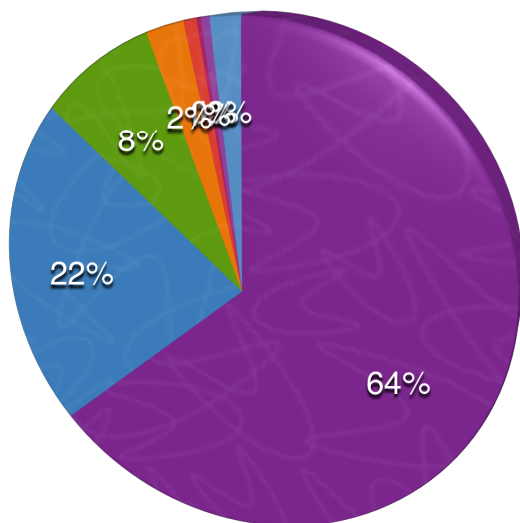


Figure 4.1

Perception of computer system enhancing employee performance.

Yes No N/A

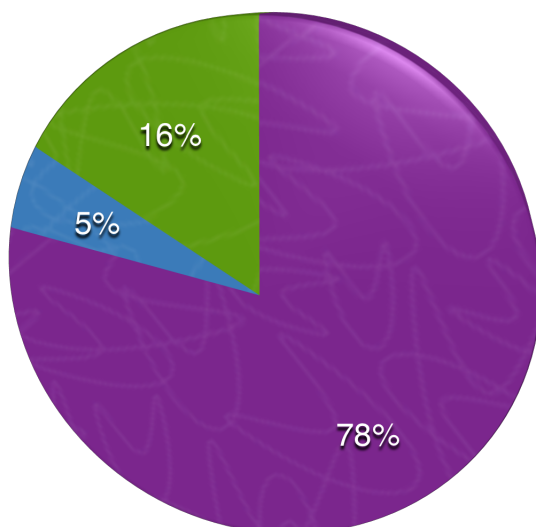


Figure 5.1

Awareness of depot signs stating refund amounts for different sizes of containers (Yes or No)

Yes No N/A

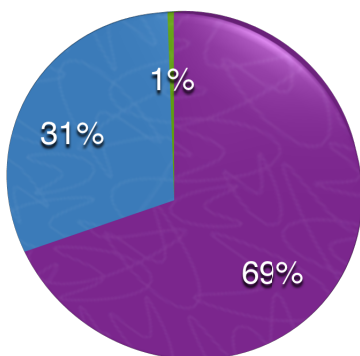
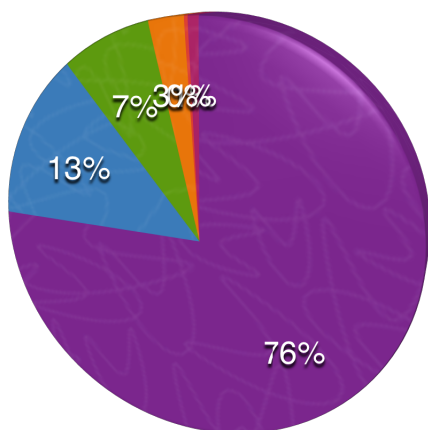


Figure 6.1

Hours of Operation Satisfaction Level.

Scale : Not satisfied 1 2 3 4 5 6 7 Very satisfied

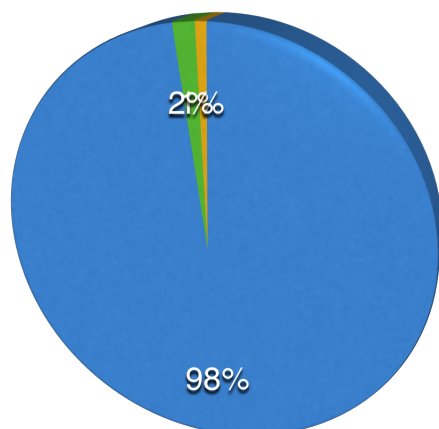
7 6 5 4 3 N/A



Hours of Operation Satisfaction Level	
	6.58

Figure 7.1
Percentage of Participants that would come back to this particular Depot.

● Yes ● No ● N/A



● Apartment in a building that has five or more storeys
● Apartment in a building that has fewer than five storeys
● Apartment or flat in duplex
● Row house (Townhouse)
● Semi detached house
● Single detached house
● Mobile Home
● Movable Dwelling -tent-
● N/A

Figure 8.1
Participants, Types of dwelling

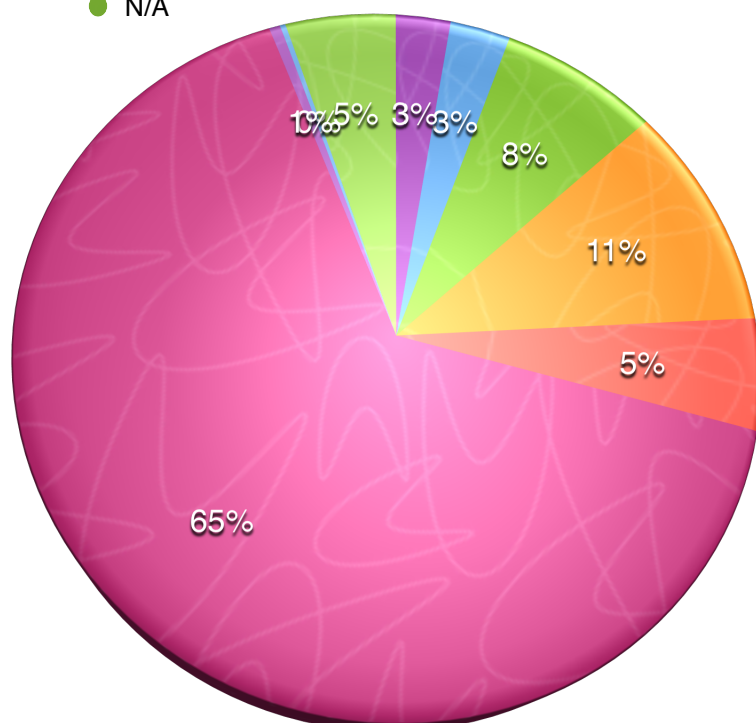


Figure 8.2
Total Household Income before taxes during the past 12 months.

- Prefer not to answer
- Between 70 and 100,000
- Between 25 and 40,000
- N/A
- Over 100,000
- Between 40 and 70,000
- Under \$25,000

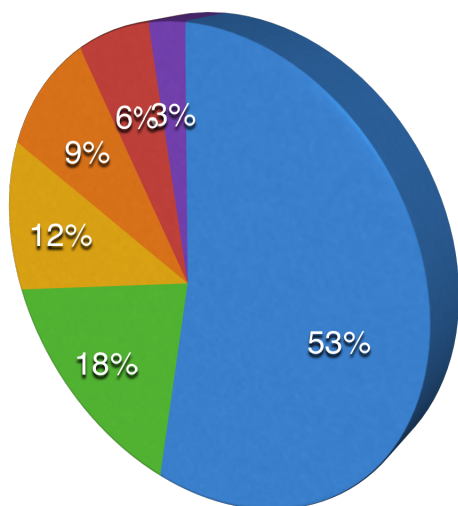


Figure 9.1
Number of bags brought into depot on specific day.

- 1-3
- 4-6
- 7-10
- 10+
- N/A

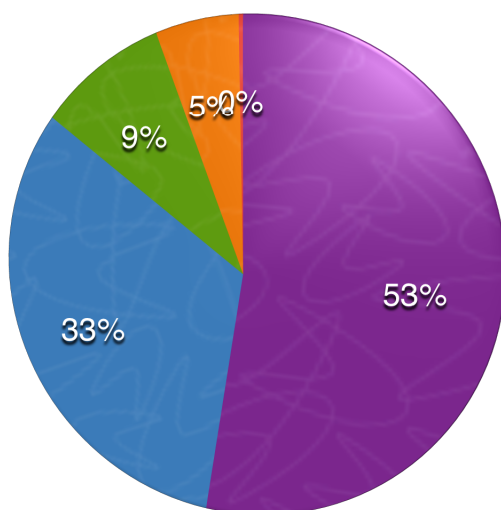


Figure 10.1

If a new service was offered where you were able to drop your containers off without waiting in line now, and collect your money at a later date, would you use this service?

● Yes ● No ● N/A

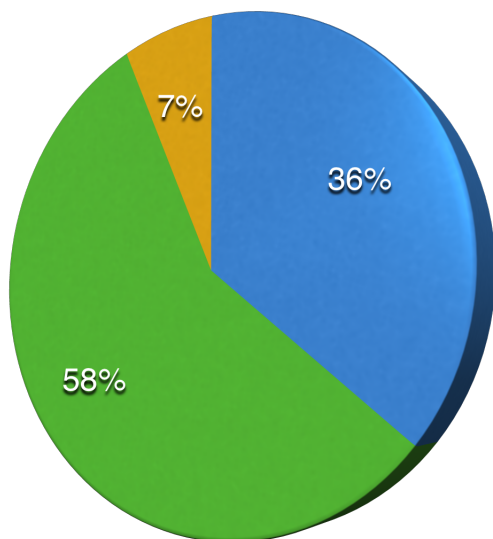


Figure 10.2

If the participant answered yes, what would be your preferred form of payment?

● Cash pick up ● Debit ● Cheque Mailed ● Paypal ● N/A

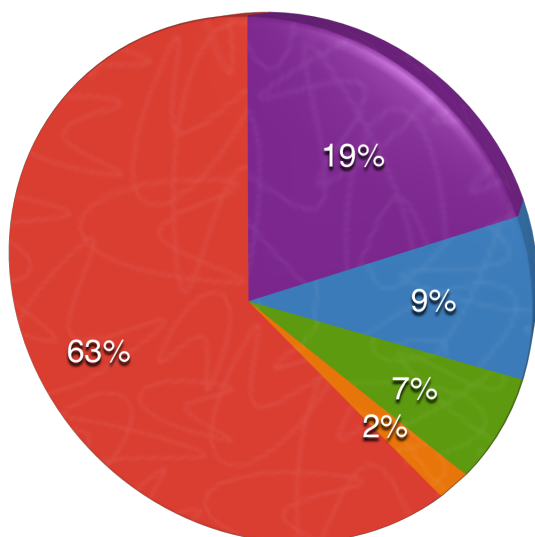


Figure 10.3
If the participant responded no, why not?

Please see individual depot responses for detailed responses.