



BUILDING A CIRCULAR  
SOCIETY TOGETHER



# BIG THINK 2018 SUMMARY REPORT

CUSTOMER ENGAGEMENT  
& NEW BUSINESS MODELS



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# WELCOME

On April 9th, we kicked off the 2018 LAUNCH Circular challenge - Customer Engagement and New Business Models - with a Big Think held at eBay Headquarters in San Jose, California. The group in the room was representative of various industries, sectors, geographies, and experiences. Through a collaborative exploration and by taking a system level view of the challenge, we gained perspective and insights into the following framing question:

HOW DO WE ENGAGE CUSTOMERS AROUND CIRCULAR AND SUSTAINABLE LIFESTYLES, AND WHAT ARE THE OPPORTUNITIES TO FACILITATE AND SUPPORT THIS THROUGH NEW BUSINESS MODELS, TOOLS AND PLATFORMS?

At the Big Think we were not looking to define fixed solutions or final answers. Instead, we were looking to identify and understand the common questions and shared challenges that allow us to engage innovators and change makers on a global level. Therefore, the purpose of this report is simply to review and reflect on the discussions, experiences and ideas of the day.





# KEY TAKEAWAYS

## Executive Summary

The LAUNCH Big Think, hosted at eBay Headquarters in April 2018, brought together a diverse group of stakeholders and influencers who play critical roles in a number of distinctly different global industries and domains. Those in the room found common ground in their interest in integrating circular practices into their business models, and the desire to engage customers with circular products and services in a meaningful way. Transitioning from linear to more circular ways of living and working cannot be led by one company or organization alone. It is going to take all of us thinking, solving, and acting together.

At the tables, participants explored visions of the future, considering questions like “What will it look like to live a sustainable and circular lifestyle in 2030?” and “As individual consumers/customers, how will we interact with products and services in a responsible and circular way?”.

**THE SHIFT TO A CIRCULAR SOCIETY**  
With that framing, we posed the main question of the day: “How do we engage customers around circular and sustainable lifestyles, and what are the opportunities to facilitate and support this through new business models, tools and platforms?”.

As we explored this question, common perspectives emerged around what will drive the shift to a Circular Society:

- Every person has aspirations and goals to shape a good life for themselves and those closest to us. Connecting these aspirations to circularity will personalize the idea and forge a deep connection.
- In areas where circular business models are gaining traction and beginning to take hold, we must facilitate the growth and expansion of these models.
- The products and services that are based on circular and inclusive business models must be of superior quality and/or provide an exceptional experience. Improved experience, value, and convenience, not just a moral dilemma, will drive customers to embrace circularity.
- Circularity is not the main priority of the customer, and as such large scale buy-in will be the product of understanding needs and providing superior value and experiences.
- We lack the societal infrastructure to enable circular models at scale. Not only with regards to reverse logistics and take-back systems, but more fundamentally in support of a changed relationship to acquisition and ownership

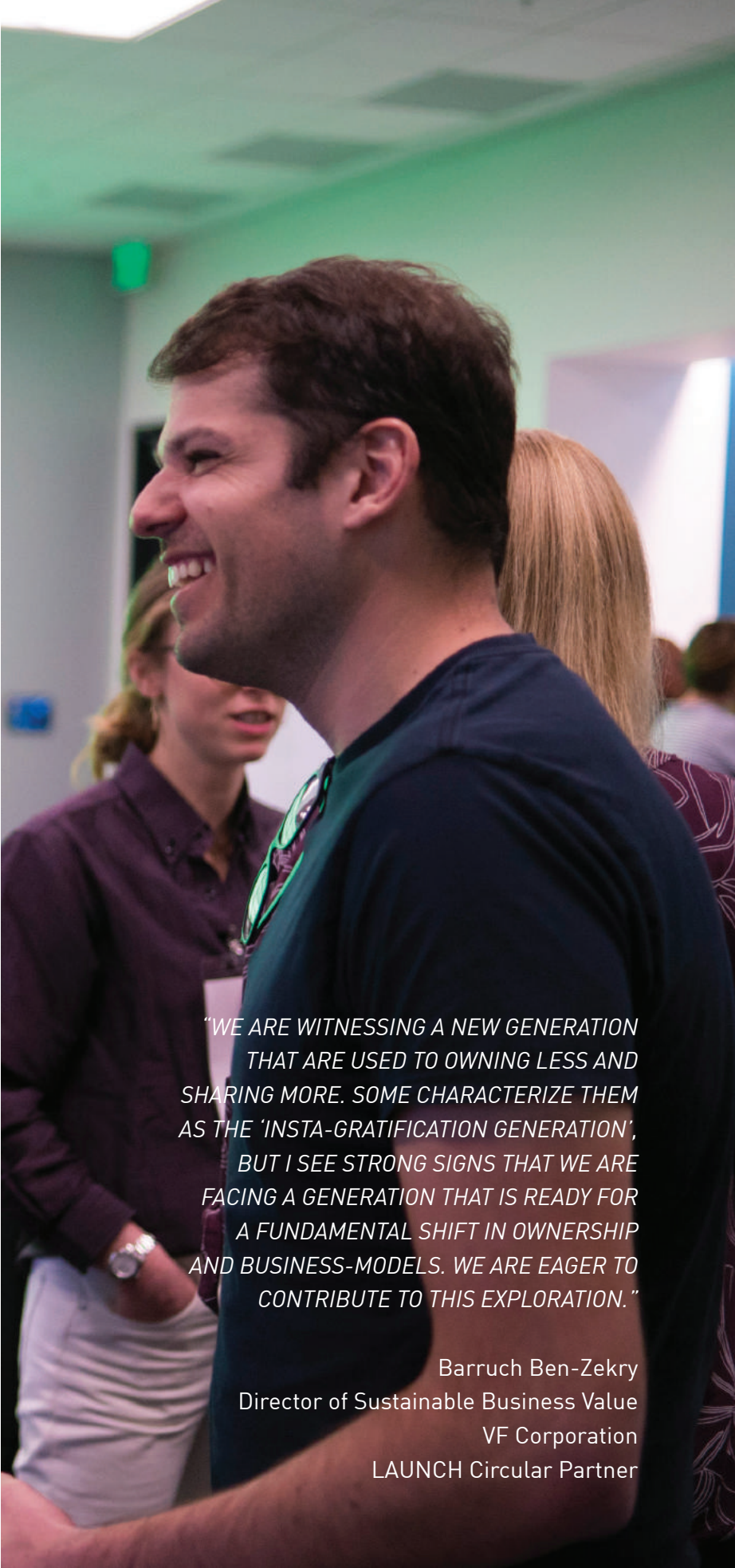
**KEY LEVERS OF CHANGE**  
In discussing the key levers of customer engagement around new circular business models, four thematic areas surfaced:

- Trust
- Experiences
- Ownership
- Transparency

The content below reflects the insights and experiences of the people in the room. This report should not be read as a final and conclusive solution to building a Circular Society, rather it is a recognition of the different systemic levers we should consider engage to move forward.

*“WE ARE WITNESSING A NEW GENERATION THAT ARE USED TO OWNING LESS AND SHARING MORE. SOME CHARACTERIZE THEM AS THE ‘INSTA-GRATIFICATION GENERATION’, BUT I SEE STRONG SIGNS THAT WE ARE FACING A GENERATION THAT IS READY FOR A FUNDAMENTAL SHIFT IN OWNERSHIP AND BUSINESS-MODELS. WE ARE EAGER TO CONTRIBUTE TO THIS EXPLORATION.”*

Barruch Ben-Zekry  
Director of Sustainable Business Value  
VF Corporation  
LAUNCH Circular Partner



# TRUST

Mentioned most often and at the heart of the discussion was the concept of trust - the recognition that in the transformation towards a Circular Society, trust is the core currency. We recognized that we need to better understand what factors enable trust, as well as how trust can be lost or destroyed. The conversation also touched on how customers, in practical terms, utilize services and platforms to support trust-building.

In viewing the concept of trust from the position of a 'customer' in a Circular Society, there were two primary areas of discussion: Customer-to-company, and customer-to-customer.

## CUSTOMER-TO-COMPANY

The first is the trust customers place in companies - that the product being sold is designed within the frame of a 'Circular Society', and that the private/public infrastructures are in place to effectively handle the circular flows of products and materials. This kind of trust is built through the perceived actions of companies, and is in part an extension of the brand management

and customer relations. Importantly, in a Circular Society, the responsibility a company has for its products and materials throughout their lifetime may change significantly, with the customer relationship shifting towards being more of a 'partnership' or co-responsibility for products as they shift through their life-cycle phases.

## CUSTOMER-TO-CUSTOMER

The second concept is the trust between people during personal interactions and transactions. This is key in a Circular Society, because products have multiple life cycles being reused, repaired, and upgraded in a continuous flow. So if I buy a reused or repaired product, I can trust that it will meet my expectations, and the person selling it can trust that it will be treated properly. Some of these person-to-person trust mechanisms are already being explored on online (re)selling platforms and in sharing economy models, but the width and scope of this is expected to increase as more and more of these transactions take place within the framework of a Circular Society.



# EXPERIENCES

As indicated earlier, the Big Think participants saw a clear need for circular products/models to be the "best value" choice, i.e. not a choice made because of sustainability concerns, but because they best meet our needs and aspirations. This idea led to discussions within the group on what constitutes "best value" among customers in 2030 - what is the value proposition circular products should enable and leverage?

## EXPERIENCES ARE THE KEY VALUE

The key reflection was that experiences, relationships, meetings and connections to community and nature will play a much larger role in our activities around evaluating, accessing and using products and services. Circular products and models are strongly positioned to deliver on these changes in aspirations and behaviour.

## DRIVEN THROUGH STORIES

These experiences are, of course, driven through the stories we tell, establishing the circular product as an enabler of a better life. In addition to understanding the stories behind products, how they are made, where they have been, and where they are going, the experiences are about:

- **Convenience and accessibility:** The experience of having access to a superior product, potentially without needing to own it, and the convenience of being able to access it wherever and whenever the need arises.
- **Relationships and connections:** The shift from a classical retail store/warehouse model to an offering of meeting places and experience points, digitally or physically, where the circular transaction of products and services, whether purchasing, leasing, borrowing or exchanging, is seamlessly integrated. Both as branded experiences, but also as community meeting places.
- **Personalisation and customization:** Utilizing the Circular Economy drives modularity, upgradeability and repairability to allow us to tailor a product even more towards what we need and desire.

While these are trends that can be recognized in retail in general, circular products and models are strongly positioned to leverage these trends towards a positive impact.



# OWNERSHIP

The third broadly recognized lever across the participant groups is the concept of ownership. The shift towards a Circular Society cannot be decoupled from a shift in our understanding of acquisition and ownership, changing our relationship with products and services.

This transformation of ownership can take a number of forms, but the central idea is that we, as consumers, will only consider ourselves users and caretakers for a shorter period of a product's total lifecycle.

For example, in the case where I have purchased a product in the traditional sense, it will be part of my ownership role to maintain the product for optimal reuse value, as well as to ensure its handover to a new user once it stops providing value to me.

In order to shift the mindset of ownership, some key enablers were identified:

- Legislation
- Financial incentives
- Shifting social norms

There is an existing mindset for these new models and platforms to help customers understand and participate in these alternatives to ownership. In fact, there are already quite a few that exist in the 'sharing economy', where platforms have opened up millions of customers to the idea of alternative ownership, by shifting the con-

cept of freedom. In the past, freedom was associated with owning a product, whereas today services offer freedom by way of accessibility and reliability.

**PRODUCT-AS-A-SERVICE**  
Participants agreed that a fundamental and transformative shift towards product-as-a-service is happening now. In this model the product is only part of the offering, with experiences, relationships, and personalization playing a much greater role. Customers increasingly care for a wide variety of choice to be available and for someone to take care of it (make, assemble, deliver, take away). As customers embrace these types of services, companies will need to assume responsibility for their products in a deeper way, shepherding them through the full life cycles of the products and materials. The participants also recognized that there are significant regional differences in the approach to ownership, and that in some regions of the world, personal product acquisition and ownership is still a strong aspirational ideal and identity building factor.

# TRANSPARENCY

The final opportunity that was identified was transparency. On one hand, product and value chain transparency is seen as a necessary component in engaging customers in the shift toward a Circular Society. On the other hand, to achieve full and complete transparency in a fragmented and globalized value chain will be very difficult, if not impossible. In addition, creating transparency within new circular chains and models, may require new approaches and methods towards gathering and using data and insights.

**CHANGE DRIVER OR DECISION PARALYSIS?**  
The information available to customers, thanks to transparent practices, can be a valuable driver in shifting habits, giving us the ability to understand the consequences of the purchasing choices we make. However, too much or wrongly applied information can create information overload, decision paralysis or even counter-actions towards

simpler choices. Information is critical to building trust, however, and once the trust is established, we as consumers do not want to be encumbered with large amounts of information. We just want access to the product or service. Today, we are seeing an increasing number of companies engage in supply chain transparency and product tracking initiatives - either due to legislation or as part of their drive towards circular and sustainable products and business models.

So the question remains: How can transparency best be utilized in engaging customers, especially concerning the creation of trust around new or redesigned products and business models based on circular principles.





# A FINAL NOTE DIVERSITY IN PERSPECTIVE

**SUSTAINABLE LIFESTYLES  
ARE GLOBALLY DIVERSE**  
Customer engagement around new circular business models is and should be a global discussion, and is a natural part of the drive towards Agenda 2030 and the Sustainable Development Goals (in particular SDG 12).

As such, circular business models and sustainable lifestyles will be globally diverse in the way the solutions and models will be implemented in practise, depending on region, culture and target group.

There was recognition amongst the participant group had its own biases and blind spots. Additional themes, opportunities and barriers that may enable or hinder circularity will be identified through the further inclusion of diverse stakeholders.

As with all societal transformations, it is critical that we continually ask ourselves: Who is being excluded in a Circular Society and in a circular value chain? Are there any losers in the Circular Economy? And whose voices are we not hearing in this conversation?

## NEXT STEPS

The LAUNCH Big Think is the kick-off of the 2018 LAUNCH Innovation Challenge, where the purpose is to identify the most critical needs and biggest innovation opportunities within the theme.

Throughout the month of May 2018, the LAUNCH team and Circular partners will analyze insights from interviews, research, and the Big Think. These ideas will shape the 2018 Challenge Statement and innovation criteria, ensuring that diverse perspectives are represented.

The Challenge will be announced in June 2018 - seeking innovations, solutions and new business models from around the world that collectively support building a Circular Society. Innovators will have until the deadline, September 1, 2018, to submit their solutions. Up to 10 innovators will be selected and announced on October 16, 2018, and will be invited to this year's LAUNCH Accelerator Forum on December 5-6, 2018.



# LAUNCH CIRCULAR PROCESS



## WHAT HAPPENS

+ Domain specialists from **LAUNCH** partners and network identify the key challenges and innovation opportunity areas within the yearly theme.

## KEY OUTCOMES

+ Emerging trends and early partner opportunities are identified as well as inputs for the Challenge statement.



## WHAT HAPPENS

+ Engagement of 100+ key system influencers as ambassadors for the yearly challenge.

## KEY OUTCOMES

+ Industry, educational, government and media mobilisation and engagement.



## WHAT HAPPENS

+ Reach out to business hubs, academic and governmental institutions, incubators and other organisations to identify the Innovators with the most promising solutions to this year's challenge.

## KEY OUTCOMES

+ Identification of 100+ Innovators from all over the world



## WHAT HAPPENS

+ Expert panel reviews and shortlisting, with final 5-10 Innovators being selected by the **LAUNCH** partners.

## KEY OUTCOMES

+ 5-10 innovations representing key solutions to innovation challenge areas.



## WHAT HAPPENS

+ Innovators and **LAUNCH** Council participants engage in Impact Rotations on scaling innovations.

## KEY OUTCOMES

+ Commitments in the form of Creativity, Capital, Connections, Capacity, and Credibility from Council members to test, pilot, invest in and scale innovations.



## WHAT HAPPENS

+ **LAUNCH** team works in collaboration with each Innovator providing the core **LAUNCH**Accelerator curriculum, along with customized acceleration plans.

## KEY OUTCOMES

+ Innovator support, pilots, video, promotion, engagements, and collaborations.



## ABOUT LAUNCH

LAUNCH Circular is a partnership of global companies and organizations committed to the vision of a circular, sustainable and inclusive society where people, businesses and communities thrive. We understand that to achieve this vision we must push for system level change, build trust and enable long-term collaboration between people and organizations, independent of their purpose, culture or geography.

Today's global consumption and production of goods and services are based on processes that degrade and deplete our natural ecosystems, sustain social inequality, and limit equal access to opportunities for economic growth.

Creating a circular and inclusive society re-quires a transformational shift toward sustainable consumption and production practices, and rethinking the way we make and use the products and services that are core to our everyday life. This means:

- Promoting a shift of consumption patterns towards goods and services that support sustainable lifestyles.
- Securing quality of life for all, in a form and way that are in balance with nature, and without compromising the resource needs of future generations.
- Applying life-cycle thinking to the design, manufacturing and consumption

of goods and services - creating circular resource streams and business models.

Making this shift is far beyond the scope of what any one company, organization or person can achieve alone. LAUNCH Circular is committed to supporting the systemic, long-term approach to collaborative innovation among companies, innovators, consumers, researchers, investors and policy makers.

LAUNCH was founded in 2009 by NASA, the U.S. Agency for International Development, the U.S. Department of State and NIKE, Inc., who joined together to identify, showcase and support innovative approaches to sustainability challenges.

In 2013 IKEA Group, Novozymes, Kvadrat, and Nordic government organisations founded a movement within LAUNCH, today 'LAUNCH Circular', with a specific focus on sustainable consumption and production and the transformation towards a Circular Economy.

Since its inception LAUNCH has run 12 innovation cycles, 8 of which have focused on the Circular Economy, including challenges on design and manufacturing; closed loop solutions and recycling technologies; smarter chemistry; new types of materials, and green chemistry. Fifty nine sustainability innovations from around the world have been supported and integrated into the LAUNCH Circular innovation ecosystem to date.



*"AT IKEA, WE FOR YEARS HAVE BEEN INNOVATING TO EMPOWER CONSUMER TO LIVE MORE SUSTAINABLE THROUGH INSTALLING LED-LIGHT BULBS, SOLAR CELLS ON THEIR ROOFS AND WATER SAVING SHOWERS IN THEIR BATHROOMS. BUT OUR AMBITION GOES BEYOND THIS! I LOOK FORWARD TO THIS YEAR'S LAUNCH CHALLENGE WHERE WE WILL EXPLORE WAYS OF ENGAGING CONSUMERS TO SHAPE A MORE CIRCULAR SOCIETY AND SUPPORT MORE SUSTAINABLE WAYS OF LIVING."*

Håkan Nordkvist  
Head of Sustainability Innovation, IKEA Group  
LAUNCH Circular Partner



# LAUNCH CIRCULAR ROADMAP



## GLOBAL 2030 VISION A CIRCULAR, SUSTAINABLE AND INCLUSIVE SOCIETY WHERE PEOPLE, BUSINESSES AND COMMUNITIES THRIVE







*"EBAY AS A PLATFORM CONTRIBUTES TO GIVING PRODUCTS A SECOND AND THIRD LIFE. IN THAT WAY YOU CAN SAY THAT OUR PLATFORM IS ALREADY AN IMPORTANT VEHICLE IN THE CIRCULAR ECONOMY. A KEY FACTOR IN BRINGING CUSTOMERS AND CITIZENS ALONG ON THIS JOURNEY TOWARDS A CIRCULAR SOCIETY IS CONVENIENCE. WE ARE EXCITED TO HOST THIS YEAR'S BIG THINK AND TO EXPLORE THIS TRULY IMPORTANT CHALLENGE WITH WORLD CLASS PARTNERS AND THINKERS."*

Chris Librie  
Senior Director, Global Impact and Giving, eBay  
LAUNCH Circular Partner



*"WHAT HAS BEEN REALLY INTERESTING TODAY HAS BEEN TO EXPLORE THE ROLE OF A CIRCULAR SOCIETY. I THINK THERE ARE NEW CONVERSATIONS THAT ARE GOING TO EMERGE, BUT ULTIMATELY THIS IS JUST ABOUT SOMETHING THAT'S BETTER THAN THE BROKEN SYSTEM THAT WE'VE CREATED."*

Del Hudson  
Head of US & North America Operations  
Ellen MacArthur Foundation



## CONTACT

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## THANK YOU

Thank you to all the Big Thinkers for helping define this year's theme of how to engage customers and introduce new business models that support a Circular Society. Imagining a circular, sustainable and inclusive society in 2030 and how that will look from a customer's point of view is challenging, but through your insights, experience, and the many important questions you posed, we are now one step closer.

Thank you again to eBay, particularly Chris Librie and Amy Millington, for hosting us. We are also grateful to the notetakers, that captured, in detail, all the many opportunities and obstacles of the challenge ahead.

Please don't hesitate to reach out to us if you have questions, business inquiries or challenge input at [circular@launch.org](mailto:circular@launch.org)

On behalf of the LAUNCH Partners,  
IKEA, eBay, VF Corporation, Novozymes, Kvadrat, Region Skåne, The Danish Ministry of Foreign Affairs, The Danish EPA

Best Regards,  
The LAUNCH Circular Team

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