

THE DRIVING FORCE

The Circular Economy Task Force is working to speed up the UK's move to a circular economy. Maxine Perella speaks to the Green Alliance's Dustin Benton to find out what part retailers can play in the move



Green Alliance's
Dustin Benton

The emergence of circular economy thinking in recent years has not escaped retailer attention yet discussions about how best to move towards this concept, where waste is effectively designed out of the industrial system, often leapfrog this particular sector. Those that are heavily reliant on materials supply and flows such as manufacturers, product designers and reproducers feel they have most to gain from circular economy realisation. Retailers, however, remain unsure of their role – despite the fact they represent a crucial circular pivot.

One initiative that is mapping out how different business stakeholder groups can best collaborate to advance progress in this space is the UK's Circular Economy Task Force. Set up two years ago as a business-to-business platform to help inform government thinking on resource security issues, the Task Force currently has eight members (see box out) including retailer Boots and Unilever. Its work is led by the Green Alliance, an influential environmental think tank, which has captured some of the initial learning in its 2013

report 'Resource resilient UK'.

According to the Alliance, one issue at the forefront of Task Force discussions is the need for more market pull for recycled materials. It's an area where retailers can create some push, primarily through their procurement processes, by demanding more 'circular ready' products and services from their supply chain. This could include the specification for more recycled content, or building in better design for disassembly so product component parts can be recovered at end-of-life for easier reuse or remanufacture.

The Alliance's head of resource stewardship Dustin Benton, who oversees the work of the Task Force, says that retailers wield a lot of supply chain power and should start using that influence. "If a big retailer decides to say to its supply chain 'We want you to start building us circular economy compatible products', the supply chain will deliver – and that's key to getting some of the smaller companies, which right now don't have enough supply chain power, to get really involved in the circular economy," he maintains.

Consumer demand

At the other end of the value chain, Mr Benton says the business-to-consumer model that retail is based on offers another way of capitalising. “Right now [retailers] own the relationship with consumers and that’s where they’ve got their biggest opportunities,” he observes. “A lot of the circular economy involves understanding consumers and when they might want to take a service instead of a particular product, or when consumers want retailers to make a good decision on the environment.”

Benton acknowledges that the retail sector has been slow to exploit these opportunities, and says appetite among retailers for circular economy transformation is “very variable”. This is concerning given the trend for disruptive business models, such as the leasing or hire of consumer goods that traditionally would have been sold in stores. Such leasing models, if done well, will undoubtedly have repercussions for retailers.

“A lot of them haven’t yet seen that they are at risk here,” notes Benton. “These type of leasing models from suppliers, manufacturers or brands – tool hire being just one example – can start to eat into retail business models quite quickly. While some retailers recognise it as both an opportunity and a threat, some haven’t yet picked up on it.”

Alternative models

Benton points to another trend – that of the manufacturer/retailer model merging as certain brands, such as Apple, look to vertically integrate their models. “The interesting thing about that vertically integrated model is it gives you control over both design and relationship with consumers. If you can get somebody into a shop, you’ve got a lot of opportunity there to help them out – through offering an in-store repair or advisory service, for example. But it won’t work for every business model,” he says.

Growing demand for repair – and making this repair both easy and convenient for the customer – is an emerging circular economy model that retailers would do well to learn from, Benton adds. “Companies would be wise to think about ‘How can I empower my consumers to maintain the quality of their products, to life extend them in the best possible way?’ Especially for some of the retailers that are purchasing products where repair is a potential cost – that’s an area where much more could be done.”

Looking ahead, the Task Force is looking to build on its thinking in this space by recruiting more members and identifying where government intervention is needed. Benton notes that manufacturers are desperate to get access to more secondary materials, but misaligned incentives in the waste disposal and material recovery markets are proving to be a significant barrier; the gatekeeper role of local authorities in handling material flows being just one example.

“Having done this work for the past two years we’ve got a much better sense of where government really does need to help. We could do quite a lot more to rejig some of the policy around local authority collections, and commercial and industrial waste, to improve the availability and access of materials” concludes Benton. “The principle [should be] one where we try to do what is best for the material. A lot of the current systems are organised around existing political boundaries, which are important and relevant for politics, but largely irrelevant for the materials that flow through society.” **RE**

TASK FORCE PERSPECTIVES: WHY GO CIRCULAR?

The Circular Economy Task Force currently has eight members, representing different business stakeholder groups. They are: BASF, Boots, Interface, Kyocera Document Solutions, Unilever, Viridor, WRAP and Veolia Environmental Services.

MANUFACTURER PERSPECTIVE:

“It has been very valuable to have the opportunity to work with professionals from other business sectors and understand their successes and challenges regarding the transition to a circular economy. It definitely provokes fresh thinking when you have the opportunity to learn from best practice in other industries”

– Tracey Rawling Church, head of CSR, Kyocera Document Solutions UK

WASTE CONTRACTOR PERSPECTIVE:

“Viridor has long argued that in addition to environmental stewardship, the case for going green stacks up for British business. But too often the various components of our economy have taken a fragmented approach to resource efficiency. Defining those barriers with clear, considered, cross-sector recommendations from some of the UK’s leading corporates is a welcome outcome”

– Dan Cooke, director of external affairs, Viridor

FACILITATOR PERSPECTIVE:

“The key finding to come out of the Task Force so far is the importance of cross-sectoral collaboration across supply chains, and the value of an honest broker in enabling such collaborations. This is something we are already very aware of in the context of our voluntary agreements. However, the Task Force work has been very helpful to us in increasing our understanding of the barriers that can prevent some businesses from engaging in such collaborations”

– spokesperson, Waste & Resources Action Programme (WRAP)

RETAILER PERSPECTIVE:

“Circular economy thinking is entirely in line with the holistic approach of Boots to product sustainability that takes account of the entire product journey from raw materials to consumer use and end-of-life. Applying circular economy thinking at a macroeconomic level opens up exciting collaborative opportunities and the potential for new business models”

– Andrew Jenkins, sustainable development manager (products), Boots UK