V: How would you briefly define circular economy and sustainable consumption in one sentence each?

P: Circular economy – I would say it is an economic model that aims at becoming more resource efficient and this means that we are trying to reuse materials as much as possible that are already in the production cycle. It means that we are trying to minimise waste and at the same time also reduces leakages or the release of hazardous substances into the environment. Because the idea is clearly not to circulate materials and products for the sake of circulating but to have a positive impact if possible on the environment. And for sustainable consumption and production – I see it as an aim whereas I see the circular economy as a mean. We want to ensure that consumption and production are as resource efficient as possible. A definition in one sentence: Sustainable consumption and production is a way of being respectful of the environment and at the same time I would say sustainable in the broad sense so that means also that it brings economic surplus. It is not only reducing the resources we use and that we consume but also that we are able to generate growth while we are consuming and producing. So, in that sense I would say the last part is very similar to circular economy.

V: How would you explain the key characteristics of the truly circular to others?

P: I go with the basic definitions first, so the circular economy is an economic model that aims at reducing the resources that we use. And then I would just give some examples. For example, I would introduce the comparison with a linear economy. A linear economy is an economy where you don’t really aim at recuperating some of the products or the materials that can still have a value for other people or other production phases and in the circular economy we are trying to keep the materials and products as long as possible in the loop to use the value in it to the maximum extent possible. As an example, I would probably take one that is very close to everyday life. So, the textile industry, which is not the first that we have addressed in the Circular Economy action plan. Textiles are used for example to make clothes and then to be clothes they have to match some criteria and some shapes and so on and when the clothes are worn what do we do? –We throw them away or we give them back into a system that is already reusing them and then it goes to the second-hand. We can do even more in the circular economy is once they are worn out and cannot be reused as clothes anymore by anyone. But they still have value and can for example be used by furniture companies for example for the filling of sofas. You don’t need the same aesthetic aspects of the clothes but still the fabric is needed and then the circular economy aims at building these bridges or paths where the material still keeps a value and then it just finds new ways of being used.

V: In this example are you talking about clothes that can’t be broken down and made into new clothes?

P: In the fabrics example, here is the perfect moment to introduce something else than just the materials and products, the business models. Precisely on the textiles, there is a Dutch company that rents out jeans. You rent jeans, bring them back and they are rented out again or send to an Italian company in Tuscany. They would destroy the fabric of the jeans to recreate the thread and that would reduce the input of new cotton needed by 20%. I really don’t remember the exact details. In that case, it was a new business model that needed to be set up to not just the clothes being reused but to reuse the material to recreate the same clothes. You understand, it is for a second use but not of the product but the material. So, there are many possibilities depending on how technical you go. In the circular economy, you really have a large variety of solutions: upcycling, just focussing on the business model or reuse. That is the beauty of the circular economy that there is a solution for almost every sector and every land but it is just so complex then that it’s not easy to bring it all together. From a theoretical principle, yes but when it comes to identifying policies and measures and priorities then it’s another story.

V: Imagine a truly circular economy – how would consumption change and why?

P: The first thing that comes to my mind, truly circular would allows consumers, me and you when we go to the supermarket for example, to have only products at their disposal that don’t even need labels because all products are already made according to the standards of the circular economy by having other recycled materials or they are made available in a way that all the production follows a lifecycle assessment and then it is the one that is more resource efficient but this is completely unachievable and utopia. So I think it is better to consider the second best option which is a place where I can go to shop and where I am always offered the possibility to have 3, 5 or 10 products and then it is clear that I can find the one that has a resource efficient label that tells me that this specific product is for real, after having gone through all the false claims and the green washing and so on, it is really the one that is according to a series of parameters offers me the best option in terms of reduced impacts on the environment, the resource use in the production but also in my consumption phase. So, it goes back to having products for which information is available, on their impact for example.

V: Ah, transparency so that users can inform themselves and make more conscious decisions?

P: Yes, and I would not just say transparency alone but that it is easy to have that information. Think of something that is related to circular economy, the waste for example. The separate collection of waste. We all know that it is better, we all know that depending on where we live it that it is more or less easy and what it is that needs to be done but some solutions are much easier than others because you need as a consumer at home to have different colours or to keep in mind too many things. If the collection of every product for example had clearly the logo of where to put it. Is it in the yellow or the blue? But targeted so much it would be much easier then of course it is not possible because the sorting categories depend on the local level administration and solution so of course you cannot really ask companies to have dedicated information that would fit every single municipality of Europe – that is completely unfeasible. There are some things that would make life easier at consumers’ level that would need to be addressed either not from the consumption perspective and not only at local level but at European level but then again you come to subsidiary issues. Just think how complicated if we were still travelling around Europe and having two different electricity plugs. You know, we almost harmonised them and with the adaptor for UK that is still different and Australia, it is continental tailored now, it makes life much easier now. I remember when I was still studying, between Switzerland, France and Italy, I was changing my electric plugs all the time. So, for waste I always said why can’t it be the same? But at the same time there are things that for some reason we managed to harmonise and nobody felt the need to call up the subsidiarity principle or the feeling that national priorities were put aside but others are for some reason just not happening. But in the idea of future circular economy these are things that should happen to make consumption easier or rather the impact of consumption. What else; more information basically and ease to have information on the production, ease to have information on the consumption on the waste part. It would probably help to have not only information on how to dispose of a product you have but to have easier access to platforms where you can actually dispose of things. And again, I am thinking still of the waste aspect unfortunately so we are another phase if you want of circular economy but the one that comes just after consumption. In some places, there has been an advancement because we have now the municipal centres for collection or something like this but they are not necessarily open all the time and when you go there you still sometimes have the impression that it all goes into the same thing. So, I think there is still a lot to do in terms of infrastructure for collection so to ease the consumption. My point on consumption is to make it easier for consumers.

V: So, make it easy for consumers to consume in a circular and sustainable way.

P: And to be an active actor of this circularity because the consumer is an actor of circularity because most of the people I know are aware of this but when it comes to act you face different challenges I think these are the ones I think we could work on.

V: The second part of the interview is based on the sustainable business model. How do you think companies should shape their value proposition when implementing circularity and sustainable consumption?

P: What we say would be that for the circular economy we always have the three aspects of sustainability so the value proposition is every product that is built along the concepts of circular economy basically offers gains for everyone at the level of economic gains for the companies that are frontrunners, they could have part of the market shares from all the less interesting, less resource efficient products at the same time a company that manages to reduce its production costs has obviously a better place on the competitor level so these are clearly economic gains and then I would say the other aspect is the environment. So, you spare the resources or you could go along the general very large picture of the fact that we still need one and a half planets. This line that is quite known that we need much more resources than we actually have then it is a consumer responsibility to contribute to this for their own benefit. It is nice when you go on holidays and you see a nice sea, a clean sea or a forest and it is still there and it is not cut down because you need wood and so on and then you extend it to the world because of course you need to have a global perspective and then the third aspect of the proposition would be the social. I would see two things, one is the job creation because if the first proposition, that is economic growth, is true then a company would gain market shares and would then be able to hire so this is the job creation aspect. And then at the same time social would improve citizens’ life and quality of life. The general line that you see everywhere and I would not try to see more myself because it has been explored so much the problem is really understanding that it really has an impact and that you can really contribute for real. I think consumers often don’t see their own impact of their individual actions. So, any value proposition would have to put the individual action in relation with the global impact. Or even at the city level with the city impact that is already much larger than the individual one. The value proposition should be of a sort that manages to raise the sense of responsibility and the contribution that one person can do to a bigger project.

V: How do you think in this context of the transition companies should shape the relationships with customers and customer segments?

P: Probably not to creative but with the cost. When you buy jeans you either buy it or you rent. You have an immediate advantage for your purse and that probably helps selling the idea and the product. So, they could devise systems where the economic advantage is clearly shared not only among the companies and with benefits for the company but with the consumers. Setting up a system with points where, like the fidelity cards are everywhere. Every shop every supermarket offers you a fidelity card. They should probably go a little deeper or a little further and encourage further green attitude. For example, and this one of my best practices ever on consumption I think, the South Korean Green Card Program. So, they have set up a system where they have Visa, Green Visa Credit Card, then products that are considered green so based on some criteria so either that they have an ecolabel or other criteria that they have determined would allow you to collect points just like the points you get for flight miles. You get more points if you buy green products. And then you can spend them on Amazon or other products that are of interest for the consumer. So, this already is a nice system because it encourages green consumption and on a large level because you involve Visa or a company that has an enormous impact. You have the Gold or the Platinum Visa think of having the Green Visa and everyone will want that, you put a super nice face of an actor using it and then you’ll have the entire world wanting to use Green Visa and it becomes a status symbol, you see. Then you really want that and you purchase all with that and the green points would need to be made available for purchase of further green consumption. For example, you would have to team with municipalities and allow for free tickets, or actually you can buy tickets for public transport with your own green points, your own green Visa. You know, the avenues for developing green consumption patterns are unlimited. But again, we are not really doing much with that. I know that there are some credit cards and some banks that are offering this but it is not a major mass movement and that could be interesting to develop.

V: How do you think should products and services change in order to achieve sustainable consumption and circularity?

P: The products, you could make them more easily dismountable, for the consumer as well, or repairable – this is what we often say. And then I would say more the services then because that is what I was been saying to have platforms or allowing for sort of a transmission belt of the product to the next consumer or the next company that would remanufacture it. The services could be when you buy a product now you basically are always offered an insurance or a guarantee. Now the guarantee is two years, sometimes they offer an extension of the guarantee for IT products for example. Think if they were offering you also the information about a guaranteed take-back schemes or a guarantee that if you go to company such and such, so not necessarily the producer but another one with whom the producer has paired up with, it will be taken back and then dismantled and then you would get 1% or €1 or €5 reduction on your next purchase. Something that gives immediately the value, tangible value to the consumer. Services would change in a way that it would allow the consumer to see the tangible benefit. The dismantling and all these eco-design aspects are said very often but I think for consumers what really would make it easier is that when you want to get rid of something you never know what to do and where to put it. If you know that you are going to get some money out of whatever you are disposing off for insurance schemes for taking it back or something like that. Because at the moment we have to pay. I bought a fridge a while ago and there was a percentage of the price that was a contribution to a take-back scheme. What the consumers know and gets is the rewards, okay I am also paying for that, it is a personal feeling reward if you want but I think an economic benefit should be explored further. Especially since it already exists. At least here in Belgium when you go and buy in some supermarkets you have points, just to go back to the same concept again, and every €250 of spending you get a point and every 2000 points you have €5 [numbers by interviewee but highly unlikely to be true] to buy again there you see and you are encouraged to buy again in that shop.

V: Yes, and if that would be transferred to better products like you said in the context of the Green Visa then it could also stimulate that. You also touched upon partners and suppliers. What do you think, how should companies shape the relationship with partners and suppliers in the transition to a circular economy?

P: I think it depends on the sector and on the type of supply chains because there are different ones of different natures and depending on which one we are talking about you might have one major actor and then many smaller suppliers, the one who is the major actor is a real monopolist situation and they can do a lot to influence because they can for example request to be supplied with materials, parts or components that are already made of recycled materials or with a sustainable source so in that respect I think it is easier if you are the monopoly company in a supply chain because you don’t have to come up to too many terms with this. If the supply chain is more varied or international, then you have a lot more challenges I think and the best way would be to invest in discussion so not just setting up a criteria showing that there is an economic benefit for the supplier to go along some of the principles or supply a material rather than another one so I think sharing the benefits. We are talking about benefits for circular economy let’s see how consumption could be improved by sharing the benefits along the supply chain and with consumers but of course the benefits are reduced for the producer in the end so it is a touchy question. I don’t see any way out of this because at the moment there are only obstacles and then in the supply chain is very easy to take some of the benefits at the beginning of the supply chain and let all the cost at the end. Then is never going to become circular if all the actors in the supply chain will not find their own advantage. That can be of different nature and different size but there is clearly needs to an economic interest to start with.

V: Okay, and how do you think should companies shape their activities in the transition?

P: The communication policy should change, in the sense of marketing. I am starting from the point that they have already decided to go circular.

V: So do you think they will communicate sustainability or circularity?

P: I think sustainability is better. As I said we see the circular economy as a mean but because depending on where you are and the time marketing is also dependant on trends, very much. Using circularity if it is the trend and the word of the moment it could focus on the circular aspect. In a country where nobody talks about circular economy there is no point. And same thing in Europe I think from what I have seen the awareness around circularity, as one way to become more sustainable, has won a lot of momentum. In some areas and some countries it is clear that you want to focus on circular aspects of your products or the contribution to circular economy and maybe in two years nobody is talking about circular economy anymore and maybe resource efficiency comes back as the main key word and fine. So, clearly marketing is an area where companies need to change. Also communication now with social media has changed, the world has changed completely, so I think companies could invest a little bit in the new communication channel.

V: You mean that they have fully implemented circular economy and then they should invest in marketing?

P: Yes, that was my initial assumption. If you want to talk about the companies that are not sustainable now, then they should start first by implementing some genuine measures and depending on the sector and what they are doing that should clearly be step number one. Because otherwise you enlarge the problem because you would sell something as circular that is not sustainable at all. Basically, increasing the problem of greenwashing and false claims and so on.

V: So, which are the main activities that you think they should change?

P: Mapping is probably a starting point. Mapping their resources, flow of their resources in their product. And mapping the costs. Thinking about companies there is a super best practice, Werner Mertz, a German company that produces detergents. So, they have a long standing of being history sustainable and they just want to improve all the time and then they thought about what they should do. So, they assessed all the products and the resources and all the materials that came into their end products. They looked at the detergent but also the bottle so the packaging. So, by assessing the products they looked at the raw materials – 90% of a detergent is water. Where are we getting the water? Where is the company getting water? So, they found two inputs for water – one was the heating system because they needed water to heat the plant and the second one was the product. Then they said: Are there technologies? What are we doing with the water from one or the other? Clearly the water that was going into the product was lost because the product was sold no way to recover it but the other one there was a way to recover it. By changing completely the production lines and then the plant they decided to reuse the water of the heating system, after of course the appropriate treatment, as their own raw material so it became a secondary material and they cut their more than half. So, this is I think step number one mapping the resources you are getting in but in a broad perspective of all the materials and resources that you as company are getting in. The first step I think is mapping flows.

V: To see how you can best improve them depending on your company?

P: Absolutely.

V: Talking about resources, what do you think will be the role of resources in the transition?

P: Again, depends on the sector and the products but clearly the human resources are also key. There are two aspects, one is how much you as a company involve your own employees in the transition. You can communicate better and in the end they are consumers so they might be your first clients so you want to raise their awareness to what they can do as consumers so that is one step. The human resources and at the same time focussing on creating new jobs and in that sense you would speed up your resource and you can make them part of the project in that sense. And then the intangible, it depends you might want to focus on the open. For example, the patent, trying to replicate or encourage other companies to replicate what you did. Of course, it is tricky because if you make your own competitive edge with in innovation you want to keep that competitive edge so I think it is a little trickier there and I don’t know whether a company can really do much onto the patents and the intangible assets like that. I think it is maybe more of a role for public authorities. That would be it but there might be others. Let’s take the example of a company. They have research teams so you would want to try to involve them and make them more collaborative in different countries for the same company to come up with solutions for the same problem. So, they set up an internal competition for a more innovative material that would cost less or something like that. But this is more production than consumption.

V: What about distribution channels – so the way a firm goes to market and how it actually reaches its customers – how do you think companies should change this in the transition to the circular economy?

P: Well, I think it has already changed and in fact because with the digitalisation with the online sales you are cutting some steps of distribution, the retailers. It is odd because at the same time we focus on the retailers as really important partners in all this because again they are the ones advertising the product and deciding to sell one series of product rather than another so they so in that sense they are really part of it. At the same time for the direct sales that nowadays can happen and for which we have developed guarantees and so on, they are actually cut and we should look at the impact on the environment also of new ways of distribution or consumption. For example, our colleagues at DG connect here are the European Commission are going to look at that. When you purchase online you are changing the transport routes of products because you don’t go into a shop and buy several things but you might have several little trucks that are bringing different products to your house. The impact might be more from the transport aspect so it is important the changes in consumption patterns are assessed also in the input in circularity and environment. When you assess the advantages or the benefits of online sales you include these aspects of your possible negative impacts which are difficult to quantify because of data and so on.

V: What role do you think could technology and product features play in the transition?

P: If you have QR-codes that include all the information on the environment that could be helpful for the consumer or on the barcode you include the information relevant for the consumers. That would be one of the advancements of technology that allows to be more conscious about the impact of our consumption habits. I know we are working on kind of a product passport but then it becomes very tricky because then to which level of complexity of information do you want to give. Do you want to give technical assessments or just an easier series of labels? It is very difficult because on one side you need to simplify and on the other you are trying to measure a more complex than ever relationship between activities. I don’t really have a solution for that, I only know that more education and awareness would help with that.

V: The final aspect is value capture – how do you think should companies change the way in which they capture financial value and value for the environment and society?

P: I know we are working on accountancy rules because we have an issue with… I didn’t explore it in detail it is not really my area but I remember that there is in the finance reporting the way they are structured now that really doesn’t allow for highlighting the benefits that would for example allow a public authority to grant VAT or tax breaks. I think there is a need to work on accounting rules – knowing it is always on national level. On European level it becomes difficult but already if countries some member states would do something along those lines it would it would help as a best practice. I know Sweden has adopted some measures precisely to grant VAT exemptions and tax breaks on repair services.

V: So, on the company level how do you think cost structures and revenue streams are going to change that make new accountancy rules necessary?

P: I must confess that I don’t know. Again, I think it is way too technical to have any more specific than just a broad endorsement than that it is an area where we need to do something. You would need to refer to somebody who has studied this question. I know it is really challenging because when you touch accounting measures it gets very quickly national and you know they are already struggling with normal finance.

V: How do you think should companies shape their growth strategy in order to achieve circularity?

P: I would not see a difference from linear but the same time it should, if you really want to be progressive but is maybe too much to ask from a company but individually be more of a larger exercise. You know about all the studies of measuring growth, happiness and beyond GDP measure of wealth. You know, you have other indicators and criteria but I think that is going to happen at a macro level. Investment companies should start looking into that. The whole investment and then taking into consideration other value. I don’t see it as a responsibility of producing companies but more of companies in the financial world that deal with investment and I would ask them to be more innovative and more open to this discussion what it really is that generates wealth and well-being. A little bit of this exercise has been done with renewable sources of energy. In the past years, in the past decades we have seen a change in the assessment of the investment values and then insurance companies have started giving value to soil and other aspects that were not necessarily taken into consideration, because of climate change for example. It would be to follow the same progressive thinking of enlarging and not just looking at wealth in terms of money.

V: That was very interesting and you mentioned some really great examples. Drawing on these examples, what should be the next steps for these companies in your opinion in order to really achieve the circular economy?

P: Well, there are many examples to start with and they are not all known. What a company should do in general is to decide to change and then find where they would have their benefit. So, it is not changing because there is a benefit but decide to change and then look where the benefit is.

V: I believe all the companies we talked about already decided to change, for example the company Werner Mertz that you talked about earlier.

P: That is a good example because they tell us that change is endless and improvement is endless. And over the past 10 years they have shown how they could continue improving because again you don’t have a magic solution anyway from the very beginning. So, you improve based on where you are arriving. One thing is to have the idea, the mission let’s say, vision and then you set up this whole mechanism either from research or marketing or so on and this brings you to a certain point, a certain level, in this case it was that they had to change their entire production plant in order to reuse the raw material and then they went, okay we can actually do more, we can improve the packaging! Now they have set up whole work streams for how to make the packaging that it is easier to recycle or to collect. They improved on another aspect, they changed the design so the product was responding to additional criteria of circularity that they had set up for themselves. So, you need to have a sort of faith in wanting to improve constantly. Then the action depends on where you are and I get from this company and others that the improvements are not necessarily exponential they probably reduce actually but they are constant. There is always a way to improve. If you ask yourself the right questions of course.

V: And this company has done quite lot already, can you think of things this company should change in order to achieve a holistically circular business?

P: I would say, they really have a lot of future developments in R&D for the ingredients to improve them because they are really going a long way on the packaging already. I think from my position in the European Position we will never have enough knowledge on what is going on in a company to tell them what they should focus on especially when they are already so far advanced. You can say to somebody who is starting: Why don’t you look at this? Why don’t you map your cost? Why don’t you take on a label? Why don’t you improve your communication strategy? Why don’t you look at other best practices? But this company that I mentioned is really at the forefront at the super edge of what you can do. I think we should focus much more on public authorities. Public authorities still have a super long way to go to sustainability and then sustainable consumption. As consumers themselves, as purchaser. I am opening up all the things on green public procurement. There is a lot that should be done there. When we move away from the exact question you asked me about companies and look at purchasers I think public authorities need to adopt green procurement much wider. Because now in public authorities for procurement criterion number one is cost against performance so the best performance depending on the cost. If we move away from the cost - it does not mean that all the green technologies and green products cost more quite the opposite but still there is still this perception and in some cases it is still the case precisely for the investment in infrastructure for example. If there was a way to move slightly away from the cost and then maybe put in as one aspect of the cost the cost of health. Public authorities could make a link between selecting a product to reduce the pollution due to transport in the purchase of public bicycles. Making cross-reference to benefits in other areas that could help but it is difficult as well. I think more risk taking also could be one way to go for companies and investment companies at the same time. Because there are some companies that are willing to risk but not too much so the still count on public money for example to cover the very risky part of an investment. Think of a retailer for example. They could decide to offer only or a vast majority of green label products, not just EU-eco-label but green-label products. In fact, you can already see that because there are some supermarkets that are offering this. So, this is a risk. But not the big chains necessarily. Here in Belgium for example Delhaize decided to offer a large and continuously enlarging number of bio-products. Bio-products are not necessarily circular but it is a marketing positioning so that is risky while those supermarkets that are only selling bio-products have an even larger risk. Of course, they are cutting themselves from potential consumers that don’t care about it.

V: They are addressing a very specific customer segment I suppose. Do you have any final thoughts?

P: There is one thing I would like you to retain because your work is on consumption – the difficulty to have a coordinated consumption policy at European level so that means there is a greater responsibility for consumption policy at national level. Precisely because of the subsidiarity issues. Because although I think at European we could do more and more effectively on consumption there are some issues that are from the policies and from the national levels that blocks us in going further and even more so I think the national authorities have a larger responsibility for pushing for greener consumption behaviour. It is controversial at European level. Circular economy can be very much implemented at local level.