

Eva Hanuláková – Milan Oreský

CIRCULAR ECONOMY

Eight Challenges for Business and Marketing

© prof. Ing. Eva Hanuláková, PhD.
assoc. prof. Ing. Milan Oreský, PhD.

Reviewers: dr. hab. inž. Stanislaw Gędek, Prof. PRz (PL)
prof. Ing. Vojtech Dirner, CSc. (CZ)
prof. Ing. Ferdinand Daňo, PhD. (SK)

First edition

All rights reserved.

This work or any part of it may not be reproduced without the consent of the rights owners.

Approved in the Editorial Plan of the University of Economics in Bratislava for the year 2021
as a scientific monograph.

Publisher:
RAM-Verlag
Stüttinghauser Ringstr. 44
D-58515 Lüdenscheid
Germany
RAM-Verlag@t-online.de
<http://ram-verlag.eu>

The publisher cannot be held responsible for any linguistic errors in book:
Such responsibility is only up to the authors.

ISBN 978-3-96595-012-2

ABSTRACT

The monograph deals with the current topic of circular economics and its implementation in business processes and strategies. It discusses this topic both on a general level and on the basis of several examples in the conditions of the Slovak Republic.

The aim of the monograph is to clarify the principles of circular economics and relevant contexts. These related aspects are described as challenges for business and marketing in the form of opportunities or potential risks that may be associated with the transition of companies from a linear economy to a circular economy.

The monograph contains 15 pictures and 8 tables. The knowledge base in writing the monograph consisted mainly of foreign literary sources.

Keywords: circular economy, sustainability, circular business model, circular product, producer responsibility.

ACKNOWLEDGMENT

This book and the research behind it would not have been possible without the exceptional support of the Scientific Grant Agency of the Ministry of Education, Science, Research and Sport of the Slovak Republic and the Slovak Academy of Sciences (SAV), which financed the project: *1/0587/19 Possibilities and perspectives of marketing during the transition period on the circular economy in Slovakia as a new business model.*

CONTENTS

PREFACE

1	FROM LINEAR ECONOMY TO CIRCULAR ECONOMY	1
1.1	Pillars of sustainable development	1
1.2	The concept of the circular economy – from linearity to circularity	4
1.3	The current situation and challenges of the circular economy	10
1.4	Similarities and differences between sustainability and circular economy	11
1.5	Structure stratification of the circular economy and limits of the concept	13
2	OBJECTIVES OF TRANSFORMATION MANAGEMENT FOR THE CIRCULAR ECONOMY	17
2.1	Circular economy goals as a dynamic social process and accelerator of circular economy potential	17
2.2	Strategies for all levels of circular economy based on objectives and goals	20
3	SUPPLY CHAINS FOR THE CIRCULAR ECONOMY	29
3.1	Circular supply chain	30
3.2	The main characteristics of supply chains to support the circular business model	31
4	AN OVERVIEW OF THE RESULTS OF THE ORIGINAL RESEARCH AND INSPIRATIONS FOR CONTEMPORARY RESEARCH TOPICS	33
4.1	Environmentally responsible business behavior research	33
4.2	Research in the field of material productivity	37
4.3	Application of the Balanced Scorecard approach for Responsible Business Index creation	42
5	DRIVING FORCES OF BUSINESS IN THE CIRCULAR ECONOMY	51
5.1	Environmental behavior of companies as a basis for the implementation of the principles of the circular economy	51

5.1.1	Environmental policy and strategy	52
5.1.2	Environmental policy instruments	54
5.2	Environmental management of the company	57
5.3	Environmental image and behavior of companies	59
5.4	Strategic approaches to support environmentally oriented business activities	63
5.4.1	Competitive advantage and environmentally oriented business	63
5.4.2	Environmental factors of business	65
5.5	The impact of environmentally oriented consumer behavior on business	69
6	NEW MARKETING IN CIRCULAR ECONOMY	75
6.1	Interaction between the current marketing concept and the circular economy	75
6.2	Sustainable marketing as a tool of circular economy	77
6.3	Sustainable marketing and sustainable consumption	80
6.3.1	Consumption in sustainable marketing	80
6.3.2	Pro-environmental behavior and consumer awareness	82
6.4	Marketing tools and their use in the conditions of circular economy	88
6.4.1	Product from the point of view of circular economy	88
6.4.2	Circular product design	89
6.4.3	Brand and its importance in the circular economy	91
6.5	Reverse logistics	92
6.6	Marketing communication	93
6.6.1	Traditional forms of communication in the circular economy	94
6.6.2	Crisis communication in the conditions of the circular economy	98
6.6.3	Digital marketing communication as a new form of communication in the circular economy – strategies and tools	109
6.6.4	Other modern forms of marketing communication	113
6.7	Marketing strategies for the circular economy	113
7	BUSINESS MODELS IN THE CIRCULAR ECONOMY	117
7.1	What is a business model?	117
7.2	Business idea	120
7.3	Business risk	122
7.4	CANVAS business model	125
7.5	Circular business models	129

7.5.1	Principles and elements of circular business models	129
7.5.2	Characteristics of the CANVAS model in the conditions of circular economy	132
7.6	Business model of a startup in the conditions of a circular economy	135
8	BUSINESS OPPORTUNITIES IN THE CIRCULAR ECONOMY	139
8.1	Sectoral approach as a business opportunity	139
8.1.1	The new textile and clothing industry	139
8.1.2	Circular business models in the new textile and clothing industry	141
8.2	Circular product as a source of business opportunity	145
8.2.1	Properties of the circular product	147
8.2.2	STERED circular product	
	CONCLUSIONS	151
	REFERENCES	157

PREFACE

The aim of a scientific monograph very intensively oriented to the circular economy is not only to provide the results of intensive activities within project No.1/0587/19 “Possibilities and perspectives of marketing during the transition period on the circular economy in Slovakia as a new business model”, financed by the Scientific Grant Agency of the Ministry of Education, Science, Research and Sport of the Slovak Republic and the Slovak Academy of Sciences (SAV).

At first glance, the content of a scientific monograph clearly defines broader ambitions. The individual chapters of the book formulate the challenges for business and marketing. The author, as experienced academics with extensive knowledge and personal practical experience, formulate eight challenges. The individual challenges form separate chapters.

The first challenge is a clear and now indisputable way to turn the linear economy into a circular economy. The second challenge directly affects the level of companies, where transformation management must emerge, which can define the company's goals in the transition to a circular economy.

The third challenge and the third chapter are the need to change the linearity of supply chains to circular and what this means in the supply chain management concept.

The fourth challenge not only provides an overview of the results of several types of research by the authors of the text but also motivates others, points out the pitfalls. The research was carried out in business sectors within the Slovak economy.

The fifth challenge deals with a scientific view of the driving forces of business in the circular economy. And then follows the sixth challenge, which brings one of the first comprehensive texts on marketing in the circular economy.

The seventh challenge elaborates business models for the circular economy and emphasizes the importance and necessity of managerial management of business management through business models.

The final eighth challenge focuses on the textile and clothing industry, which is very problematic in terms of the transformation to a circular economy. Finally, another innovative circular product is listed.

The monograph concludes with a section of conclusions and a very extensive list of references.

Despite the main motif of the monograph, which is the circular economy, it is clear despite the individual challenges that the authors focus their academic and professional orientation on areas such as business marketing, applied marketing, business models, supply chain management, consulting in transforming into new business goals.

The authors welcome any discussion to presented topics and comments from readers.

Authors