CIRCULAR ECONOMY IN RELATION TO COMPANIES PRODUCING KITCHENS

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KITCHEN USE

- Product lifecycle = 20 years
- Changed every 10 years on average.
INTRODUCTION

- Society
  - Climate change
  - Resource depletion
  - Throw-away culture
- The CE system
PRODUCTION

• Production development over time.
GAP

• Leasing in relation to the kitchen industry.
BUSINESS OPPORTUNITIES

- PSS = Product Service Systems
  - Leasing
- Demanding consumers
- Tendencies:
  - Larger than necessary
  - Trade-in system as a customer acquisition proposal
BUSINESS MODEL CANVAS

Key Partners
- Franchisees/Sellers
- Recycling depot
- Selling recycled goods
- Leasing plans for new products
- Key hub for maintenance

Key Activities
- Primary
  - Producing Kitchens
  - Primary
  - Leasing out kitchens
- Secondary
  - Assembly service
  - Network

Key Resources
- Designers
- Production facilities
- Network
- Sales
- Assembly
- Maintenance
- Logistics
- Financial

Value Propositions
- Direct service systems PSS
- Replace product functions with Service functions
- Danish Design for Low Cost
- Trade-in old kitchens for lower initial pay on new leased kitchen service

Customer Relationships
- Acquisition
  - Trade-in System
- Retention and upselling
  - Leasing service

Channels
- Franchisees stores
- Kiosk web pages
- Commercials
- Radio and Web-based

Customer Segments
- Primary Customer
  - High income families with high quality and design requirements
- Secondary Customer
  - Low income families
  - Appreciating the DIY Assembly system
- Housing associations with high demands regarding high volume, low prices and steady supply

Cost Structure
- Raw materials
- R&D
- Fixed costs
  - Variable costs
- UTL
- Logistics
  - Trade-in service

Revenue Streams
- Leasing contracts
- Assembly service
- Recycled materials: Decomposed materials = revenue
- Sales
- Re-selling materials
RECYCLE LOOP

1. Initial customer contact;
2. Financial strategies;
3. Installation of new kitchen;
4. Maintenance;
   1. Through service contract;
5. Expansion of product lifetime;
   1. Replacement of broken parts;
6. End of leasing agreement by means of prolongment or product collection;
7. Disassembly of products, recycle reusable parts;
8. Stockpile useable parts.
Example

- Standard kitchen after 10 years of use

<table>
<thead>
<tr>
<th>Kitchen parts</th>
<th>Reusable</th>
<th>Refurbishment</th>
<th>Scrap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cabinet</td>
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<tr>
<td>Front</td>
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<tr>
<td>Drawer tray</td>
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<td>Drawer slides</td>
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<td>Faucet</td>
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<td>Sink</td>
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<td>Plinth leg</td>
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<tr>
<td>Cutlery tray</td>
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<td>x</td>
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<tr>
<td>Garbage can</td>
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<tr>
<td>Countertop</td>
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<tr>
<td>Rubber mat</td>
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<td>Oven</td>
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<td>Refrigerator</td>
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<td>Freezer</td>
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<td>Cooktop</td>
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<td>Microwave oven</td>
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<td>Extraction Mechanisms</td>
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</tbody>
</table>
CALCULATION

• By implementing the business model the environment could over at ten-year period save:
  • 19% in produced kitchen items
  • 40% reduction in CO₂ on transport (calculation done on fronts and particle board)
CONCLUSION

• The business model was found plausible if using these methods:
  • Using leasing and trade-in strategies
  • Implementation through incremental steps
  • The new BM has to coexist with the old