

# CIRCULAR BUSINESS MODELS IN SPORTS

## Summary & Best Practices

Companies are increasingly adopting Circular Business Models to deliver and retain value, thus combining the ambition to create positive environmental, social and commercial impact. The movement is out of the starting blocks and gaining momentum across industries, including sports and outdoors. Especially in these sectors, sustainability and the circular economy are no longer a 'nice to have' but are quickly becoming a market differentiator and driver of brand value.

We see three types of business model patterns emerging with nine best practices already being applied in the sports sector and beyond (see below). Exploring these opportunities is relatively easy but building truly circular business models is more challenging. These models follow a different value logic and create returns on different time scales. They require full lifecycle thinking, different capabilities across your team and often new forms of partnerships.

Circular business models in sports and outdoors are set to evolve and mature over the coming years. Developing and getting these models right also takes time, so starting early pays off, even if it is small and incremental. Companies that succeed will create superior value and strengthen customer relations with existing and new customer segments.

### Model Patterns

### Best Practices

#### IMPLEMENT A CRITICAL RAW MATERIAL AND RECOVERY STRATEGY FOR RESILIENCE

#### A1

Approach **recycling as strategic sourcing**, diversify supplier landscape and embed recovery into net-zero strategy.

#### A2

Implement **track and trace solution** for key material flows (supply chain, product).

#### A3

Drive **value chain and cross industry collaboration** to solve system challenges.

#### TEST REFURBISHMENT AND RESALE OFFERING, DECOUPLING SALES FROM NEW PRODUCTION

#### B1

Understand **customers segments, secondary market patterns** and dynamics.

#### B2

Evaluate potential **own trade-in, refurbishment and resale** business model.

#### B3

Explore **repair strategy and offering** (remote, partner network).

#### EXPLORE SERVICE-BASED, DATA-DRIVEN BUSINESS MODELS TO DRIVE GROWTH

#### C1

Develop **use-phase data platform** and monitor and support **customer engagement**.

#### C2

Explore **integrated product and service design** (rental, product-as-a-service).

#### C3

Think in **utility/outcomes of the product** and respective additional services (insurance, nutrition, consumables).

### Sport Examples

### Other Industry Examples



Cloudprime, Cloudneo, Cyclon



Battery Recycling



Made-to-be-Remade



Natural biopolymers



Sustainable fabrics



Track & Trace



Worn Wear



Refurbished



Regear



Circular Edition



Refurbished



Restored



Bike-as-a-Service



Workwear-as-a-Service



Rental



Pay-per-part



Equipment-on-demand



Electronics rental

## How to Get Started



### Ideate and describe the key strategic dimensions

**quickly:** Ideate relevant models and prioritise based on hypotheses. Describe the key choices that drive the initial concepts on a higher level. Often, circular strategies depend on the type of product and direct customer access. Ask yourself: how easy is it to get back products and recover value?



### Assess business model, operating model and impact

**case:** Define a clear business case and operating model before you test. Develop a quantitative business case and impact perspective. Remember: value drivers go beyond the product; they include service components, trade-in schemes, the data side and brand value.



### Start small and iterate together with customers (and company leaders):

Circular business models are akin to impact ventures – test small, in certain markets or product segments, iterate, refine and build on successes and failures. Building a solid data tracking and monitoring system from the start will help to analyse results and adapt quickly. Top tip: leadership support and commitment are key to success - securing buy-in, resources and headcount is critical to getting any model of the ground. Without, it is hard for circular initiatives to scale and become core business.