

The secret to enhancing consumer valuation and addressing the climate crisis: Introduce circular take-back programs

November 1 2023, by Marilyn Stone



Credit: Markus Winkler from Pexels

Researchers from Boston University published a *Journal of Marketing* study showing that tapping into consumers' sense of ownership prompts

them to place a higher value on products from a circular economy.

The study is titled "[Affording Disposal Control: The Effect of Circular Take-Back Programs on Psychological Ownership and Valuation](#)" and is authored by Anna Tari and Remi Trudel.

Governments worldwide view a [circular economy](#) as part of the solution to the climate crisis. In the U.S., several states such as California, Connecticut, Maine, Oregon, and Vermont have implemented Extended Producer Responsibility (EPR) laws that hold manufacturers accountable for the entire life cycle of their products, including disposal and repurposing.

However, implementing circular take-back programs under EPR regulations faces challenges as policymakers grapple with prioritizing these programs when faced with limited consumer awareness and support. Manufacturers resist these programs due to potential cost escalation, shrinking profit margins, and the perceived burden of passing costs onto consumers, potentially compromising their competitiveness in the market.

The researchers discover that consumers exhibit a higher willingness to pay for products that are part of a circular take-back [program](#). Tari explains that "the driving force behind this willingness lies in a concept known as psychological ownership. Circular products offer control over the disposal of the product, which taps into consumers' sense of ownership, prompting them to place higher value on these items. This finding could alter how businesses and policymakers approach the implementation of circular programs."

A circular economy can decrease supply chain risk by increasing the security and price stability of a company's supply chain through the use of recovered materials. Circular programs may also allow firms to

develop new markets, gain new customers, and build their brands and reputations as environmentally friendly and innovative organizations.

Several companies have recognized the benefits of the circular economy. For example, clothing retailer H&M encourages consumers to participate in its circular take-back program by returning their used clothes to the retailer. Depending on the type of clothing and its condition, H&M donates the clothing to charity, recycles it, or reuses it to make new clothing to sell. IKEA has committed to being 100% circular by 2030 and has implemented a take-back scheme promoted extensively in stores. Zara has expanded its "Closing the Loop" initiative to include home collection services.

Eight experiments that study a variety of products demonstrate that people ascribe more valuation to circular program products. The increase in valuation is due to a factor unique to circular program products: disposal control. This control does not in itself increase valuation; rather, it increases the capacity for a circular economy product to evoke psychological ownership.

Lessons for marketers and policymakers

The study offers valuable lessons for chief marketing officers:

- Manufacturers need to reassess their concerns about cost implications. The study illuminates the potential for consumers to accept price adjustments associated with circular programs.
- Companies can make take-back programs product-specific and allow consumers to directly return products they no longer need to the manufacturer or retailer. This gives consumers more control over disposal, as opposed to relying on a broader curbside recycling system.
- Implementation of a take-back program does not seem to require

product discounts or the need for companies to offer convenient pick-up services.

It also emphasizes lessons for policymakers:

- Foster awareness and understanding among consumers and boost political will for these programs.
- Focus on policies that can lead to increased investment in regulatory frameworks, infrastructure, and financial incentives to support such programs.
- Promote policies and encourage companies to participate in these programs by providing them with guidelines on how to do so. When companies are informed that consumers value circular program products, they may be more willing to invest in them, creating a potential positive cycle of engagement where consumer demand and corporate engagement reinforce each other.

The insights from this research hold important conclusions. Trudel says that "businesses can align their strategies with consumer values; policymakers can foster support for sustainable initiatives; and consumers can make choices that resonate with their values. It is time to embrace the circular economy not just as a theoretical concept, but as a tangible force for positive transformation in our society."

More information: Anna Tari et al, EXPRESS: Affording Disposal Control: The Effect of Circular Take-Back Programs on Psychological Ownership and Valuation, *Journal of Marketing* (2023). [DOI: 10.1177/00222429231196576](https://doi.org/10.1177/00222429231196576)

Provided by American Marketing Association

Citation: The secret to enhancing consumer valuation and addressing the climate crisis: Introduce circular take-back programs (2023, November 1) retrieved 29 April 2024 from <https://phys.org/news/2023-11-secret-consumer-valuation-climate-crisis.html>

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