

Circular Economy








The impact of business-led action on future consumers

CommBank Consumer Insights – October 2022





Contents

	Foreword	3
	About the Australian circular economy	5
	Expert View: Lisa McLean, CEO, Circular Australia	7
	A circular groundswell	10
	A heightened focus on waste and consumption	11
	The household items gathering dust	12
	From awareness to action	13
	Case Study: Winning Group	14
	Stimulating the circular economy	16
	Embracing circular principles	17
	Making circularity easy for consumers	18
	What consumers look for and support	19
	Case Study: ettitude	20
	Circular strategies	22
	Buy-back, resale and recycling programs	23
	Buying and selling items online	24
	Case study: Paradise Valley Hotel	25
	In summary: business' pathways to circularity	27
	Learn more	28

Foreword

The past few years have been disruptive for Australians. Against the backdrop of a global pandemic, continued extreme weather patterns, and now the rising cost of living, people are adjusting their behaviours and mindsets.

One of the standout findings from our last Consumer Insights Report was that amid these major global events, more consumers were supporting businesses that authentically pursued their social purpose.

That theme continues in our latest report. In this edition, we shine a light on the shared value consumer businesses can create by working with customers to reduce waste and lead the transition from a linear to a circular economy. That is, the move to a more sustainable framework for production and consumption that keeps materials, goods, and services in circulation for as long as possible.

We found that 85% of Australians are concerned about the total amount of waste and consumption in society. Younger consumers, in particular, link the issue directly with climate change. Many consumers also actively reduce waste, mainly where it's convenient and part of their daily lives.

While that's encouraging, there is scope to do much more. Fewer consumers are participating in waste reduction activities that require effort and planning, leaving potential environmental, social, and commercial benefits on the table.

A lack of awareness of the circular economy, its principles and its power may be why it is still emerging in Australia. But while only around one in four Australians know and understand the term, 66% embraced the principles of the circular economy once it was explained, plus there's a healthy appetite to learn more.

Almost two in three consumers are also calling on businesses to increase their support for the circular

economy and make participation easier. Up to 80% of consumers say they'll join in business-led programs that facilitate donating items, buy-back, resale, recycling and repair programs.

This highlights the vital role businesses play in educating consumers and encouraging behaviours that lower waste and consumption. It's also one way to align with a large proportion of the population that now expects circularity and prefer to shop with businesses and brands that support it.

In this report, we also hear from experts on the circular economy and businesses implementing circular initiatives. Including these perspectives, alongside the research findings, is part of our goal to explore practical strategies that help businesses adapt and thrive in a more circular future.



Jerry Macey
Executive Manager, Consumer
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About CommBank Consumer Insights

CommBank Consumer Insights is an exclusive, wide-ranging analysis of the Australian consumer with this edition focused on understanding consumer attitudes and expectations in relation to the circular economy. This edition is based on an online quantitative survey conducted by ACA Research on behalf of the Commonwealth Bank. The survey was conducted in July and August 2022 and was completed by 5,633 consumers of goods and services.

Each respondent answered questions from one category within each of the following two questionnaire sections:

- One of the following categories in which they own one item they don't use, including: recreational sporting and outdoor goods (n=763), printed books, games, music and media (n=767), motor vehicle parts and accessories (n=750), consumer electronics (n=761), DIY building and garden tools and equipment (n=762), homewares and household appliances (n=764), fashion items (n=769). There were also 297 respondents that didn't have any unused items in these categories.
- One of the following categories which they use at least once a year, including: food and beverage services (n=1,395), fast food and quick service restaurants (n=1,395), accommodation (n=1,394) and personal care services (n=1,397). There were also 52 respondents that didn't use these services.

The sample was selected to ensure the results are nationally representative. All statistics and references to consumers in this report are based on the responses to the survey unless otherwise stated.





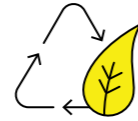
About the Australian circular economy



No. 3

Highest rate of materials consumption globally

Source: OECD • Data is 2019 or latest available



52%

Increase in recycling of core waste in the past 13 years

Source: National Waste Report 2020, National Waste Database



\$US1.28

Economic output per kilogram of materials consumed, lower than the global average

Source: OECD • Data is 2019 or latest available



9.2%

Municipal waste used for energy recovery, compared to world-leader Japan at 74%

Source: OECD MSW Recycling, National Waste Report 2020



500kg

Municipal waste per capita in 2018-19, down 20% from 2006-07

Source: OECD MSW Recycling, National Waste Report 2020

CommBank Consumer Insights research reveals that while awareness of the circular economy is low among consumers, almost every Australian is participating in some way. It also shows significant room for businesses to adopt or advance circular practices to make it easy for consumers to increase participation, and that most consumers expect it.

What is the circular economy?

The definition for circular economy used in the report is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing, and recycling existing materials and products for as long as possible¹. That requires a transition from the traditional linear economy where natural resources are extracted, used and ultimately discarded to an economic system that does not rely on virgin resources and reshapes how products are made, used and recovered.

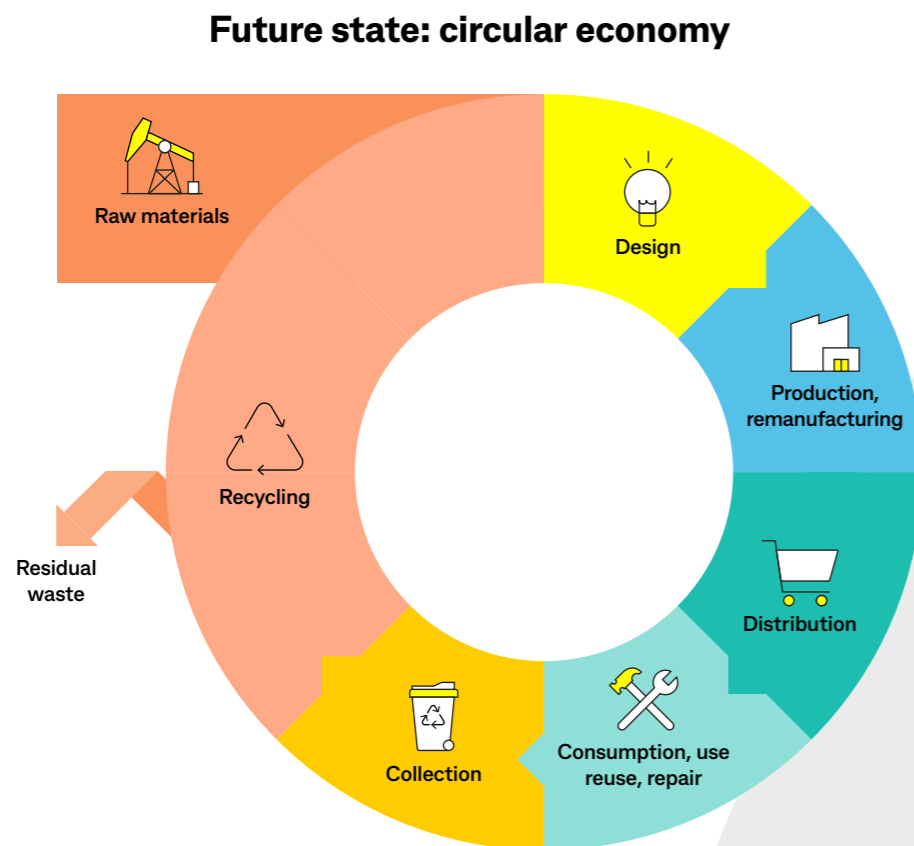
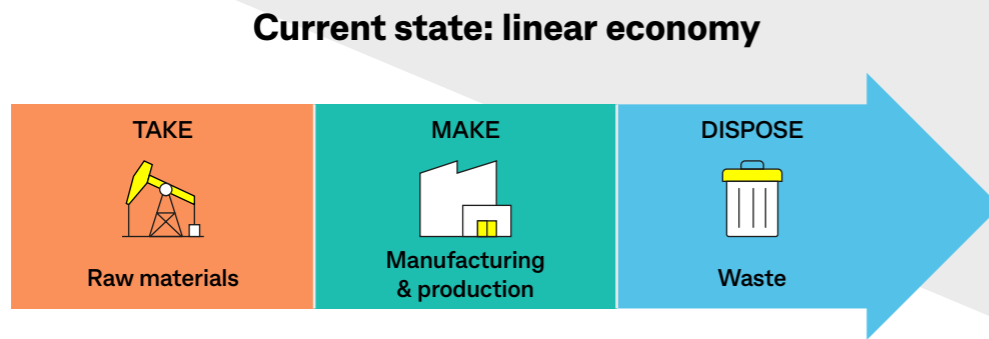
¹ Circular economy: definition, importance and benefits | News | European Parliament". www.europarl.europa.eu. 2015-02-12.

"So how do we grow our local and global economies in a resource and carbon-constrained future? The answer is the circular economy. By decoupling economic growth from the consumption of finite resources, the circular economy provides the sustainable framework we need to build the jobs and industries of the future. There are big rewards for those organisations making the circular transition – it's a \$2 trillion economic opportunity for Australia²."

-Lisa McLean, CEO, Circular Australia

² <https://www.pwc.com.au/media/2021/circular-economy-to-grow-australian-gdp.html>

The transition to a Circular Economy³



The 'Nine Rs' of circularity⁴

Smarter product use and manufacture	0 Refuse	Make a product redundant by abandoning its function or by offering the same function with a radically different product
	1 Rethink	Make product use more intensive (e.g. by sharing products or putting multi-functional products on the market)
	2 Reduce	Increase efficiency in product manufacture or use by consuming fewer natural resources and materials
Extend lifecycle of products and parts	3 Reuse	Reuse by another consumer of discarded product which is still in good condition and fulfils its original function
	4 Repair	Repair and maintenance of defective product so it can be used with its original function
	5 Refurbish	Restore an old product and bring it up to date
	6 Remanufacture	Use a discarded product or parts in a new product with the same function
Useful application of materials	7 Repurpose	Use a discarded product or parts in a new product with a different function
	8 Recycle	Process materials to obtain the same or lower quality
	9 Recover	Incineration of materials with energy recovery

³ Circular economy: definition, importance and benefits | News | European Parliament". www.europarl.europa.eu. 2015-02-12.

⁴ Adapted from Potting, J., Hekkert, M., Worrell, E. and Aldert Hanemaaijer (2017), 'Circular Economy: Measuring Innovation in the Product Chain', January, PBL Netherlands Environmental Assessment Agency, The Hague. <https://www.oecd.org/cfe/regionaldevelopment/Ekins-2019-Circular-Economy-What-Why-How-Where.pdf>



Expert View: Lisa McLean, CEO, Circular Australia

As the world mobilises to reduce carbon emissions, achieving zero carbon alone will not be enough to prevent catastrophic biodiversity and resource loss. With 10 billion people on the planet by 2050, there are simply not enough finite resources to continue our throw-away and flush-away habits. The continuous landfilling and incineration of disused products containing precious resources such as gold and silver highlights the importance of zero waste as well as zero carbon.

Australia is the largest material user per capita in the Asia-Pacific region and the third largest in OECD after Chile. Australia landfills 20m tonnes (27%) of waste per year compared to 2% in the Netherlands.

Solar panels, electronics, white goods, textiles, appliances, and organics destined for the dump contain earth's valuable and usable resources. For example, there is now more gold and silver in a tonne of iPhones than a tonne of ore from a gold or silver mine.

So how do we grow our local and global economies in a resource and carbon-constrained future? The answer is the circular economy. By decoupling economic growth from the consumption of finite resources, the circular economy provides the sustainable framework we need to build the jobs and industries of the future. There are big rewards for those organisations making the circular transition - it's a \$2 trillion economic opportunity for Australia⁵.

The circular economy isn't just about managing waste; it's a systems transition. Every single sector - business, government, community and consumer - has a role to play by changing their behaviour and changing supply chains to design out waste. They're still getting what they need, but not always by consuming and throwing away.

For Circular Australia, success relies on three principles, designing waste and pollution out of the existing system, keeping products and materials in use and at their highest value, and regenerating natural ecosystems.

Capitalising on a 'perfect storm'

In Australia, a 'perfect storm' is occurring, bringing the circular economy to the forefront. The introduction of the Australian federal Recycling and Waste Reduction Act 2020 is banning the export of waste streams and forcing organisations to be responsible for domestic waste streams in plastic, paper, and other recyclables. The disruption of global supply chains caused by the COVID pandemic and the impact of the geopolitical landscape on trade, including the war on Ukraine, is changing the status quo.

A great example is Circular Australia's work in the healthcare sector. Through its Circular Supply Chain Alliance Program, St. Vincent's Hospital Sydney, Allmould Plastics in Orange NSW, and the University of NSW worked together to create a new supply chain for plastic waste.

⁵ <https://www.pwc.com.au/media/2021/circular-economy-to-grow-australian-gdp.html>



During the height of the pandemic, the hospital collected plastic ampoules and needle caps that would otherwise be incinerated or landfilled. These high-quality plastics were redirected to the Allmould Plastics facility, where they were moulded into roller door wheels and wind farm components. Savings equating to 40 new nursing and 10 new regional manufacturing jobs were identified if this circular approach were scaled across NSW public hospitals.

The complexity of managing the supply chain process highlights the importance of collaboration, as the task is too big for one government, sector or business on their own.

Education is the first step

Today, Australia's circular economy remains nascent compared to more advanced global peers. Estimates suggest that 4% to 5% of Australia's economy is circular compared to Finland, which is targeting 100% by 2025.

Like the trajectory for mitigating carbon emissions, our journey starts by increasing transparency of data and disclosure. We need to make data around waste streams more accessible to businesses and to all Australians; this will help catalyse new business opportunities and build awareness for action.

The next step is reporting on what products are made of and educating businesses and consumers about harmful chemicals. Once that's established, mandating bans on certain materials, policies that design them out of the process and supply chain and creating best practices can follow.

Gaining critical mass

Consumers also need every opportunity and motivation to participate in the circular economy; encouragingly, we are seeing more and more services emerge.

According to Gumtree, participation in the circular economy is up 26% this year and people could earn about \$7,000 just by going to their cupboards and reselling on the platform. When considering value in reuse, Facebook Marketplace is also just as vibrant. In addition, we're seeing 'as-a-service' alternatives, such as shared mobility, fashion, or white goods-as-a-service, have a similar impact. Here consumers are saving thousands by not paying upfront costs to own a car, fashion or white goods - but still getting what they need through a subscription instead.

The trend here is that personal economics can change for consumers, and they are engaging with those incentives. Convenience and collaboration also make it easier. We see this through the positive response to council programs, initiatives like tool libraries where you can borrow a mower, or community produce farming.

At Circular Australia, we talk about the 'Nine R's' as a hierarchy which can make a substantial economic impact if accompanied by a consumer mindset shift. The first is refuse, where someone can decide not to buy something new and look for a sustainable alternative. Rethink is the second, which is about questioning behaviours. That's followed by reducing and reusing where online marketplaces can play a role, then repair, refurbish, remanufacture, and repurpose. The final 'Rs' are recycle and recover, which come at the very end.

The business imperative

There is no doubt manufacturers and businesses that procure products must take responsibility for what's in the products they make. Products must be safe, recyclable and designed to stay in the economy for as long as possible - and here, product stewardship plays a critical role.

While supply chain issues may create a barrier for businesses sourcing sustainable materials, taking early action starts with knowledge. Big or small, businesses can take proactive steps to understand what is in their products. They can then account for it, examine waste streams, and where these go once collected. It's only then business practices can be changed at scale.

Just as boardrooms began the carbon reduction journey by disclosing their carbon footprints a decade and a half ago, they must again be brave and now look to disclose their waste streams, taking action to design out waste. Almost half the emissions we need to cut to meet our net zero emissions targets are embedded in products and food. We simply won't get to net zero without a circular economy to tackle these hidden emissions.

Many consumer-facing businesses are making great strides in advancing the circular economy. Just take a look at The Circle Awards to see some amazing circular businesses offering awesome products and services. These join companies like Phillips offering 'lighting-as-a-service' by leasing bulbs and Glam Corner and their fashion-as-a-service where high-end garments remain in the economy.

Above all, at this early stage of such a crucial transition, we don't need a handful of people doing zero waste perfectly; we need millions of people doing it imperfectly.

www.circularaustralia.com.au





A circular groundswell

Consumer intentions and behaviours

Recent events are underpinning consumers' commitment to reducing waste and consumption. But there is more to be done to increase participation for everyone's benefit.



A heightened focus on waste and consumption

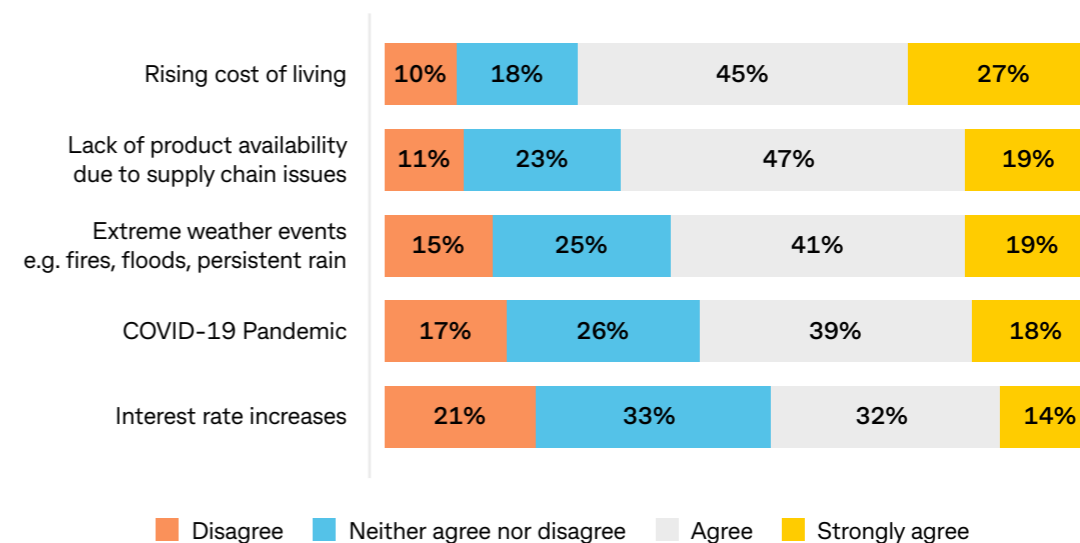
In light of recent economic, social, and environmental events, Australians see many challenges facing the nation over the next five years. The rising cost of living stands out above the rest, as a concern for more than three in four people. For consumers, sustainability also features among the top issues. Almost half are worried about climate change, and 21% see waste reduction as a significant medium-term challenge, with these issues more likely to be viewed as important among Generation Z consumers.

These issues are bringing consumption and waste further into the public consciousness, with 85% of consumers voicing their concerns about how much society consumes and wastes, including 31% who are very concerned. As pictured to the right, rising costs, supply chain issues and extreme weather events are also lifting awareness. Despite elevated concern, the research suggests most consumers are comfortable with their contribution to reducing waste and consumption, with 58% rating their commitment as stronger than their peers, and a further 35% saying they are equally dedicated.

Overall, people are motivated by reducing landfill waste, doing the right thing, and saving money. However, examining motivations across the generations reveals they express the waste and consumption problem differently. Older Australians are more likely to equate their efforts with reducing landfill while tackling climate change provides far greater impetus for younger consumers.

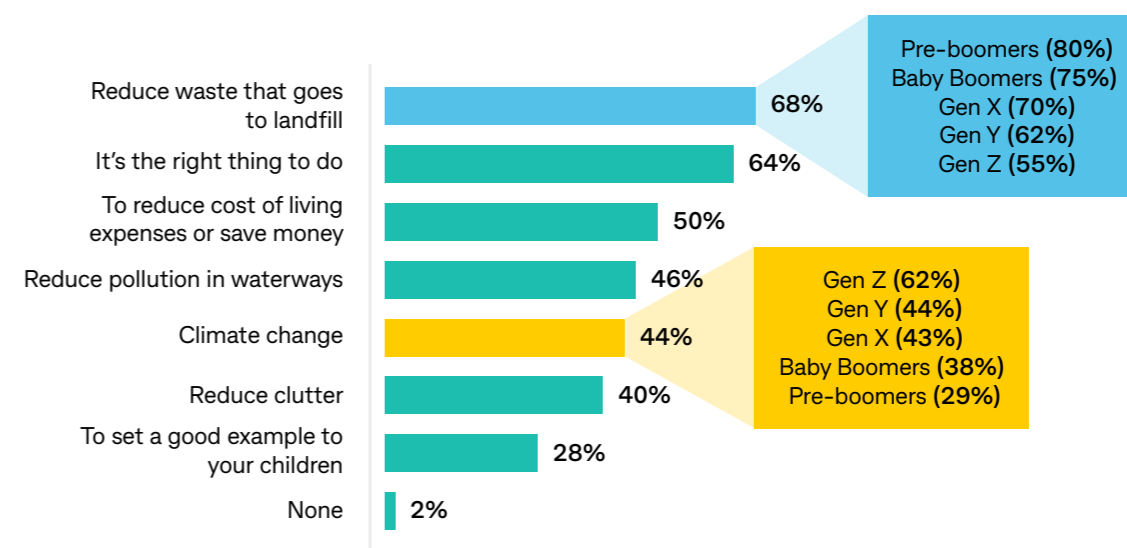
Heightened awareness of waste reduction

Events that triggered greater awareness of consumers' consumption and waste



The impact of waste reduction

Personal motivations to reduce household consumption and waste





The household items gathering dust

While consumers are committed to reducing waste and consumption, the quantum of unused items in households suggests there is more to be done. Aside from motor parts and accessories, most Australians have goods across every retail product category that have been unused for the past 12 months.

The most common are printed books, games, and music, with almost one in three consumers having over 20 unused items. Clothing and footwear accumulation is the next largest, with 19% of people having 20 or more items unworn in the past year. To put this into perspective, the 38% of consumers with more than 10 items of unused clothing collectively have at least 146 million items sitting in their closets.

There is a spectrum of reasons why unused items are being kept. While expected future use is the top-rated driver, some consumers find recycling or reselling inconvenient (13%) or too expensive (8%).



Disposing of unused items








The need to declutter is the top motivation to clear out unused items, with consumers discarding them at varying frequencies. Around two-thirds of Australians clean out their fashion items at least once a year, and almost half say the same of homewares and household appliances. They are most likely to hold onto recreational and sporting goods and DIY, building and garden tools, with around one in five never undertaking a clean-out of these items.

Encouragingly, the most popular method of disposal is giving items away or donating them (62%). However, far fewer consumers are reselling using online marketplaces (26%) and recycling (23%), and some are even sending products directly to landfill (14%).

the 38% of consumers with more than 10 items of unused clothing collectively have at least 146 million items sitting in their closets.

Unused household items

The number of items consumers own that have not been used in 12 months

	None	1-5 items	6-10 items	11-20 items	20+
 Fashion items, including clothing and footwear	14%	25%	23%	19%	19%
 Printed books, games, music, and media such as vinyl records, tapes	19%	21%	16%	13%	31%
 Recreational goods such as fitness equipment, sporting goods, camping, fishing, surfing, or boating gear	38%	42%	13%	5%	2%
 Homewares and household appliances including furniture, TVs, small kitchen appliances, washing machines, dryers	45%	39%	10%	4%	2%
 DIY, building and garden tools and equipment, including lawn mowers, power tools, chainsaws	46%	37%	11%	4%	2%
 Consumer electronics including computers, tablets, smartphones	49%	39%	7%	3%	2%
 Motor vehicle parts and accessories, including engine parts, batteries	72%	18%	6%	2%	2%



From awareness to action

Australians are undertaking various activities to reduce their consumption and waste and actively assessing how to dispose of unused items in more purposeful ways.

Most Australians regularly participate in circular activities like using reusable shopping bags (91%), recycling (87%) and carrying reusable water bottles (77%). These Stage 1 actions have become part of their daily lives and now require little effort or behavioural modification.

As more effort, planning and costs are involved (Stage 2 and Stage 3 actions), participation begins to decline. For example, 53% of consumers claim to often or always buy higher quality products that last longer to reduce waste or 48% who think about how they will dispose of an item or its packaging responsibly prior to purchase.

Still, most Australians will at least occasionally adopt behaviours that require far greater pre-planning, research, and commitment. For example, in addition to the 31% of consumers that often or always choose brands with waste reduction policies and initiatives, a further 44% said they sometimes do.

The sliding scale of participation suggests that consumers are more likely to engage in activities that are convenient and are supported by businesses and local government. As we will shortly discover, consumers are also calling on businesses to make participation easier.

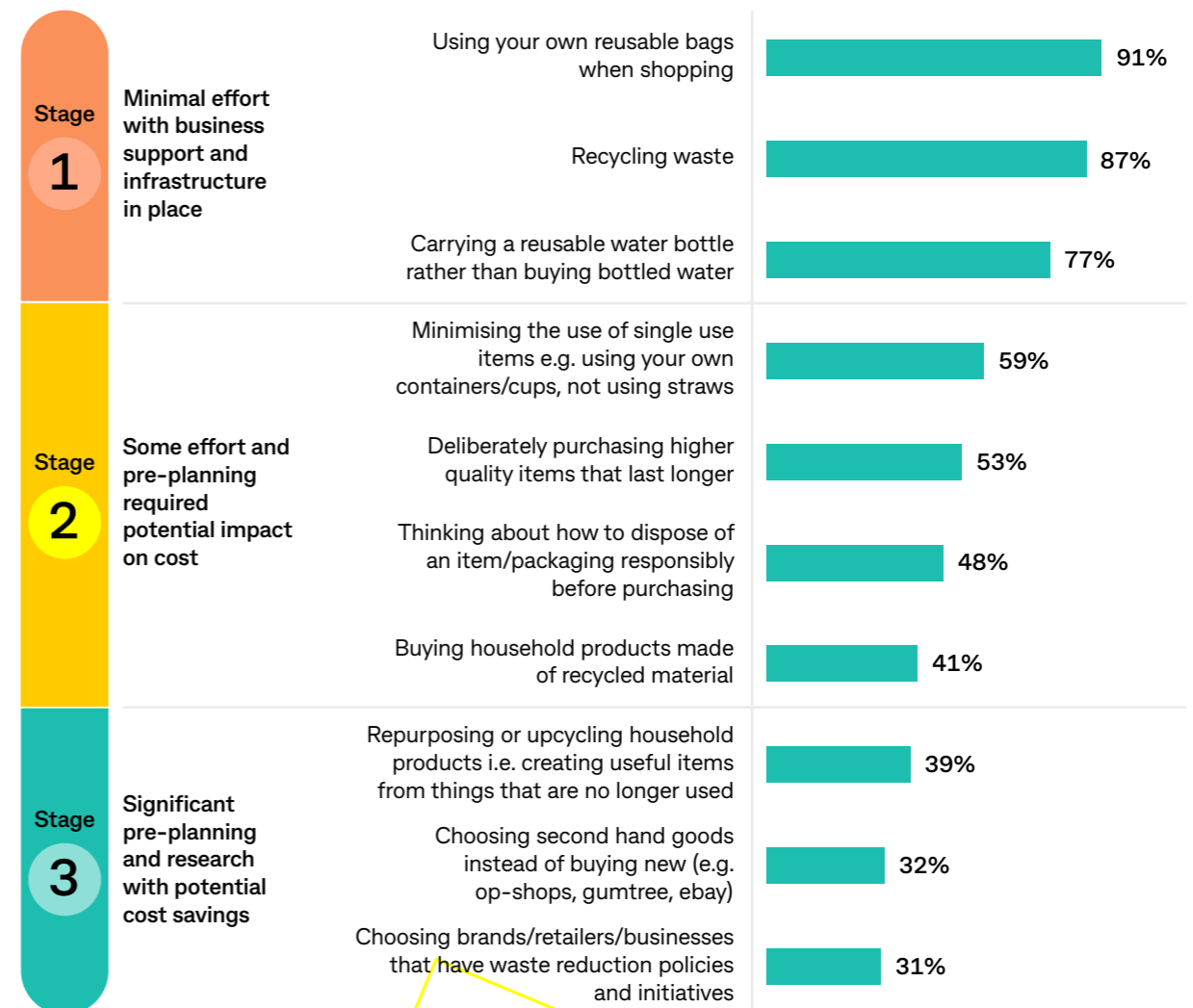


Business-led action

Businesses can change practices and influence behaviours to reduce waste and consumption. This includes supporting consumers by making policies and product information clear and accessible to minimise the pre-planning required ahead of a purchasing decision.

Participating in waste reduction

Activities consumers undertake to reduce their household consumption and waste



“in addition to the 31% of consumers that often or always choose brands with waste reduction policies and initiatives, a further 44% said they sometimes do”



Case Study: Winning Group

Fourth-generation, family-owned Winning Group is on a mission to increase its participation in the circular economy and use its ecosystem of customers and suppliers to drive a positive impact.

For Chief Executive Officer, John Winning, this forms a key plank of the company's broader sustainability strategy. Alongside its net zero ambitions, Winning Group now has firm 2025 targets in place to recycle 100% of packaging, divert waste from landfill and stimulate demand for sustainable product choices.

The operations of the national business that operates the Winning Appliances, Spence & Lyda, Rogerseller, Appliances Online and Andoo brands, span the supply chain. Through its technology, retail, distribution, and logistics capabilities, Winning Group not only implements circular practices but is driving broader adoption.

John explains that Winning Group is taking a customer-centric approach to increasing circular economy practices. The business intends to educate customers on how to prolong the life of their appliances and collaborate with suppliers to launch initiatives.

"We are focused on using our reverse logistics strength for good through recycling old appliances, mattresses, and packaging, which we offer to customers free of charge," John says.



Increasing participation through product stewardship

To maximise the company's role in the circular economy, John says it's crucial to remove the barriers that restrict customers from participating. That's why Winning Group is focused on making it convenient, easy and accessible for consumers.

"Since 2005, we've offered free removal and recycling of old products, which is a key reason why people shop with us," John says. "The initiative has resulted in the company helping customers recycle more than 80,000 tonnes of electronics and appliances to date".

Winning Group also expanded its recycling program to include mattresses and packaging, launching new initiatives and partnerships.

Since December 2020, Winning Group has collected approximately 2000 mattresses in partnership with social enterprise, Soft Landing. This free, take-back program has directly contributed to creating more than 50 jobs for people experiencing hurdles to employment.

The company also unboxes products when they are delivered, and takes away the packaging to recycle it. According to John, this initiative diverts 75% of customer packaging from landfill, which is "especially significant for the waste stream of expanded polystyrene as this is very difficult to recycle for customers".

"We also sell appliances that have cosmetic imperfections, are out-of-box or end of the line through our business Home Clearance, reducing the number of products going to the scrap heap," John says.

John strongly believes that convenience is a huge differentiator for Winning Group. The impact on the customer experience is also neatly captured by one customer who said, "To me, a perfect shopping experience. Delivery is timely and well-informed, and the clincher was taking the old appliance away for recycling for free".

The power of education to change behaviours

John says educating customers and staff to get the most out of their appliances and raising awareness for circular initiatives can encourage new behaviours.

In early 2022, Winning Group launched the 'Maintain Campaign', educating customers on sustainable ways to use their appliances. Approximately three months post-purchase, an email is sent to customers with advice about getting the most out of their appliance, contributing to long-lasting, sustainable habits.

"We are teaching consumers how to look after their appliances, so they last longer, and are looking into opportunities to increase repair and serviceability of appliances," John says.

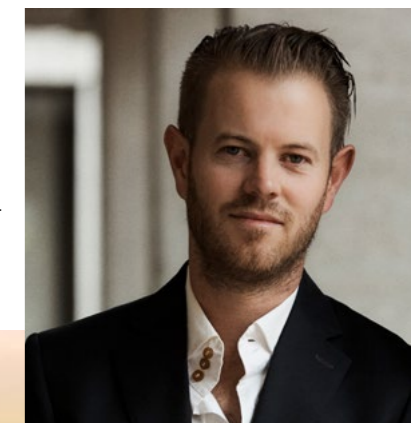
Winning Group is continuously looking to improve and increase its recycling and recovery of high-value materials from returned appliances. John says it also plans to work more closely with suppliers to increase collaboration "because these challenges are too big for any company to solve alone – we need to work together".

He expects that with ambitious sustainability targets in place, over the next 10 years, Winning Group will transform the way it operates with, and within, its ecosystem to create a positive impact on people and the planet.

"We acknowledge that we are at the start of a long journey. However, we are committed to continuous improvement and working in partnership with every stakeholder across our supply chain to achieve our goals."



John Winning
Chief Executive Officer
Winning Group



www.winninggroup.com.au

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Stimulating the circular economy

Opportunity for business leadership

Awareness of the circular economy and its principles remains low for now, but most consumers embrace its benefits. While calling on businesses to do more, they're also offering support.





Embracing circular principles

There's evidence that when waste and consumption reduction activities are made easy, almost all consumers will participate, especially younger Australians.

However, waste and consumption are only part of the story. In this report, the circular economy refers to a production and consumption model involving sharing, leasing, reusing, repairing, refurbishing, and recycling existing materials and products for as long as possible.

While almost 40% of Australians have heard of the term 'circular economy', only 24% have some grasp of its principles and benefits. Among business-decision makers, this is slightly higher at 29%. Once a definition was offered, two in three consumers agreed it can combat consumption and waste, with a similar number saying businesses need to do more.

Consumers also see the potential for the circular economy to accelerate waste reduction across all categories. While people are more certain about its impact in consumer electronics, printed books, games, music and media, many also recognise the potential in the food and beverage, hospitality and accommodation sectors.

Despite consumer advocacy for the principles of the circular economy, proactive involvement is still low. One in three agree they practice the principles of the circular economy, and the same number will pay more to support businesses that do.

The younger generations are driving this movement with consumer involvement highest among Generation Z, with 47% practising the circular economy principles and 53% willing to pay more to support participating businesses. That compares to only a quarter of pre-boomers that are active.

Consumers are open to learning more about the circularity initiatives businesses are undertaking. If done well, this may help positively influence the 38% of consumers that are sceptical of brands that align with sustainability-related causes.

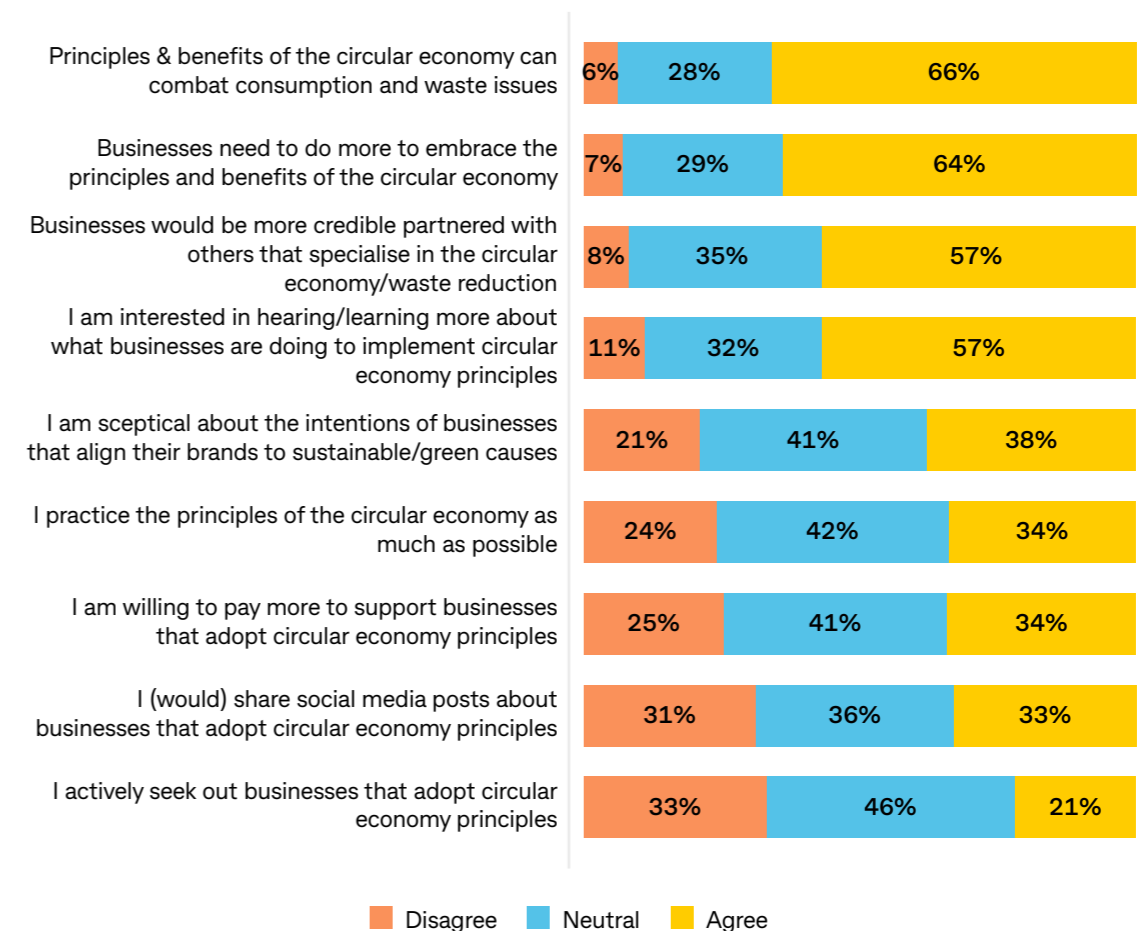


Business-led action

Many consumers want businesses to embrace the circular economy, are receptive to education and will pay more to support credible brands. There's an opportunity to communicate with consumers about circular initiatives and partner with experts, or introduce new practices that align with consumers' emerging expectations.

Views on the circular economy

Consumer perceptions and support for the circular economy and its principles



“almost 40% of Australians have heard of the term ‘circular economy’, only 24% have some grasp of its principles and benefits”



Making circularity easy for consumers

The research shows that consumers respond to, and participate in, convenient opportunities to reduce waste and consumption. Given most expect businesses to do more, it is instructive to explore what can spark participation. When asked what would generally encourage them to reduce waste, the most common response among consumers is more buy-back, resale, and recycling programs (50%). Many Australians also want convenient local drop-off points (49%) followed closely by financial incentives to participate (46%). Older Australians are more likely to seek websites that accept, pick up and recycle unwanted items and kerbside collections. Meanwhile, Generation Z are more likely to be motivated by education and knowledge about activities that reduce waste (36%) and food purchasing, management and waste (30%).

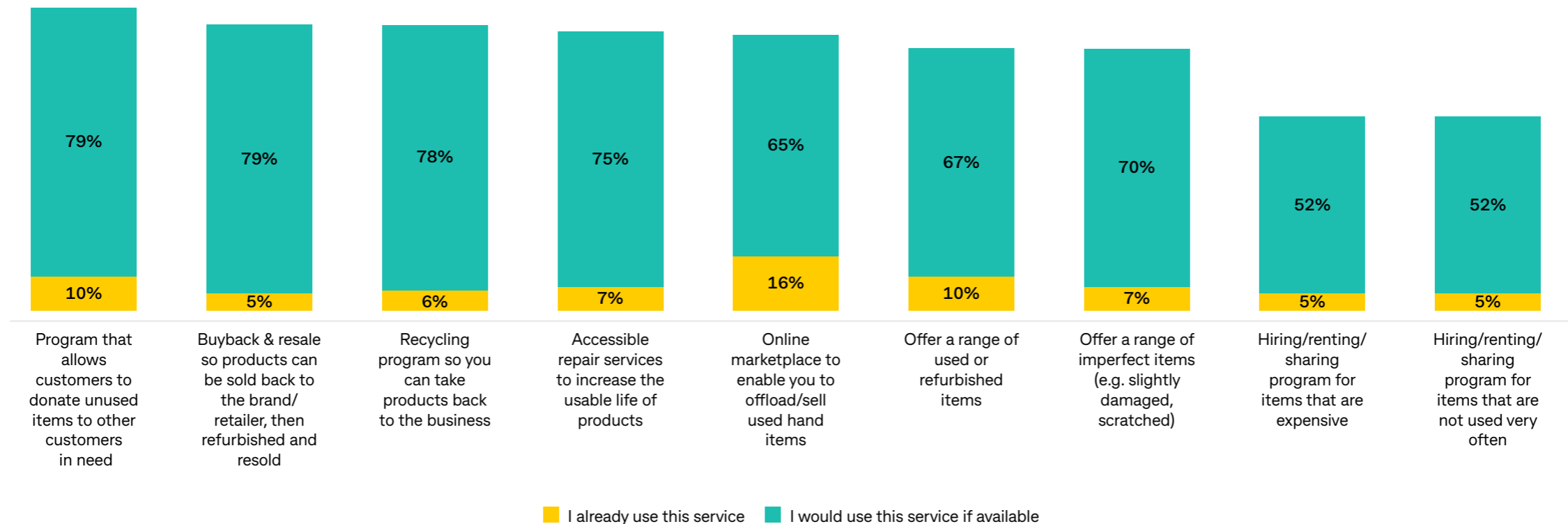
Consumer engagement with business-led initiatives

While only 33% of consumers currently use waste reduction services offered by businesses, they indicated a high level of interest in these programs. One in 10 consumers already use programs that allow them to donate unused items to others in need, but 79% said they would use it if it was available to them. Similarly, 5% of consumers currently use buy-back and resale programs where products can be sold back to businesses, but these programs are of interest to 79% of consumers. Similar numbers were seen for business-led recycling, repair and refurbishment options.

This again demonstrates the need for businesses to raise awareness for initiatives they may already be offering or intend to launch in the future that will encourage consumers and reduce the barriers to participation in the circular economy.

Business-led programs that consumers want

The services consumers think businesses should provide to help reduce consumption and waste





What consumers look for and support

When considering the accommodation, hospitality, food and beverage and personal care services categories, many consumers deem sustainability practices to be table stakes. In the cases of some initiatives, many people are willing to pay a higher price to jointly support the cause. Support for local communities was a notable theme across all categories.

Accommodation

	Want it provided	Will pay more
Cook with local produce	36%	30%
Use renewable energy	30%	20%
Emergency lodging for those in need	27%	24%

Quick Service restaurants

	Want it provided	Will pay more
Donate unused food to charities	53%	38%
Use recyclable packaging	49%	30%
Cook with local produce	43%	36%

Hospitality venues

	Want it provided	Will pay more
Donate unused food to charities	48%	36%
Cook with local produce	42%	36%
Grow own produce	19%	30%

Personal care services

	Want it provided	Will pay more
Minimise single-use items	36%	29%
Use eco-friendly	30%	30%
Free services for the vulnerable or disadvantaged	21%	28%

Case Study: ettitude



“Not only is using the off-cuts cost neutral, but it’s also higher quality fabric which creates a better customer experience when someone receives and touches the item for the first time.”



As an eco-conscious consumer, Phoebe Yu, Founder & CEO of ettitude, wanted robust, sustainable products made from materials with minimal environmental impact. This desire to reduce her carbon footprint led Phoebe to create ettitude, a portmanteau for eco and attitude, which produces and sells products made with its proprietary, patented CleanBamboo™ fabric.

What started as a sustainable lifestyle brand has evolved into a textile material science company. According to Phoebe, the company is focused on using more sustainable, innovative textiles and a range of ethical practices to develop its products and conduct its operations.

“The majority of available products are conventional cotton, with only a small percentage made from organic cotton and linen, which are more sustainable but significantly more expensive. There is a lack of sustainable textiles at an affordable price point,” says Phoebe. ettitude is now looking at innovative reusable materials, including hemp, seaweed and biomass, to create new sustainable fabrics.

Evaluating all aspects of the company’s sustainability and waste reduction has helped ettitude embrace circular principals and an ambition to support regeneration from day one. Today, the business is working towards the “holy grail”, where fabric will be returned, recycled and fed back into the production process, much like paper or plastic.



Currently, Phoebe says ettitude uses a range of sustainable and circular practices, including its Australian textile recycling program, Loop, and donating used and faulty items to the homeless and animal shelters. “We are also one of the first to use fabric cut-offs to make our packaging bag,” says Phoebe. “When making a product, you have leftover textiles, which we turn into our packaging instead of using polyester”.

“Not only is using the off-cuts cost neutral, but it’s also higher quality fabric which creates a better customer experience when someone receives and touches the item for the first time.”

Phoebe explains that the company only uses recycled plastic for some of its alternative quilt fillings. Otherwise, there’s no plastic in its supply chain. ettitude also reduces its carbon footprint by opting for sea over air shipping, says Phoebe.

Working with external partners

As ettitude progresses its circular economy initiatives, Phoebe says it’s important to openly communicate with suppliers to affect broader change across the supply chain. This includes introducing a Code of Conduct agreement with all new factories and suppliers to ensure they uphold ettitude’s ethical and legal standards.

“It’s crucial to engage with partners, so they know our values such as ‘innovative’, optimistic and conscious,” she says. “It means we can explain our standards and look at compensation for any expenses a change may create.” Those costs are something the company can and should absorb, says Phoebe.

The answer to balancing financial and sustainability considerations might not be obvious, says Phoebe. “It might also take a couple of attempts, but brands need to keep thinking about it and use innovative ways to find an answer”.

“Sometimes it will work out to be more expensive,” says Phoebe. “But we work with our partners to balance costs with the quality, performance and environmental impact of the materials we use because we believe it is essential to the company’s value.”

Waste not want not

Phoebe believes in transparency around the supply chain of ettitude’s products because consumers are discerning.

“Many companies claim to be sustainable but aren’t putting in the additional work,” Phoebe says. “I think consumers are astute and can see insincerity in sustainability messages from miles away”.

Phoebe is adamant that the “burden is on the brand, not the consumer”. Brands need to make recycling their products easy, to the point where a customer can print a shipping label or have many drop points where they incentivise consumers to recycle.

“Our Australian recycling program gives people \$25 store credit when they send in their textile waste. It takes the cost and burden away from the consumer and allows our partners to recycle the unwanted material,” Phoebe says.

The system is no different from trading an old iPhone. According to Phoebe, “if you consider what circular means, it’s essentially a case of ‘your waste is my resource’. The waste is not wasted, it’s turned into material which gives it value”.

Rallying support from customers

Phoebe believes in educating customers about the sustainability of ettitude’s products. The company partners with other like-minded brands and

appears on podcasts to discuss its textile practices. Social media, information on its website and direct communication to different audience segments also helps to raise awareness and engagement.

According to Phoebe, a key part of the education process is being transparent with customers about the impact of ettitude’s products. This includes evaluating every product against life cycle and other sustainability metrics to ensure they meet or exceed the highest industry standards.

“Providing consumers with the data they need to compare the impact of each of our products means they are better equipped to make purposeful purchasing decisions,” Phoebe says.

“We’re also focused on our broader impact and demonstrating to customers that we are authentic in pursuing sustainability in every area of our business. Among multiple other initiatives, we’ve achieved Climate Neutral certification, are B Corp certified, and are a member of 1% for the Planet.”

www.ettitude.com.au

ettitude

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“if you consider what circular means, it’s essentially a case of ‘your waste is my resource’. The waste is not wasted, it’s turned into material which gives it value”.

A woman with brown hair tied back, wearing a yellow t-shirt and blue nitrile gloves, is focused on sorting through a large wooden bin filled with clear plastic bags of waste. The setting is a recycling facility with industrial machinery and other workers in the background. A large yellow diagonal graphic element is on the left side of the image.

Circular strategies

Business initiatives that engage customers

There are a range of circular initiatives that businesses can advance to shift consumer mindsets, overcome scepticism and elevate the customer experience.



Buy-back, resale and recycling programs

Consumers believe an increase in the number of buy-back, resale and recycling programs would encourage them to reduce waste and consumption over all other initiatives. These types of programs are the preferred way to dispose of unwanted items for one in three consumers.

Eight in ten also expect businesses to offer such a program and will participate if it was available. Again, businesses that adopt buy-back, reuse and recycling programs can align to consumers' needs and help embed the principles of the circular economy into their day-to-day activities.

However, while some consumers can readily recall programs from leading global and local brands, participation and awareness remain low on average. Overall, less than one in ten (8%) Australians have used a buy-back, resale or recycling program to date and a further 25% are aware these programs exist. A further 52% were not aware but expressed interest in the concept.

Generation Z are the most likely to be active users (17%) and more are aware (40%) than the national average. While usage and awareness declines with age, interest increases, presenting an opportunity to educate older consumers about available programs.

When asked where buy-back, resale and recycling programs could most effectively reduce waste, consumers ranked homewares and appliances, consumer electronics and recreational goods highest. While less frequent users of programs overall, older generations were more likely to see the opportunity for these programs to have a positive effect on waste levels across every product category.

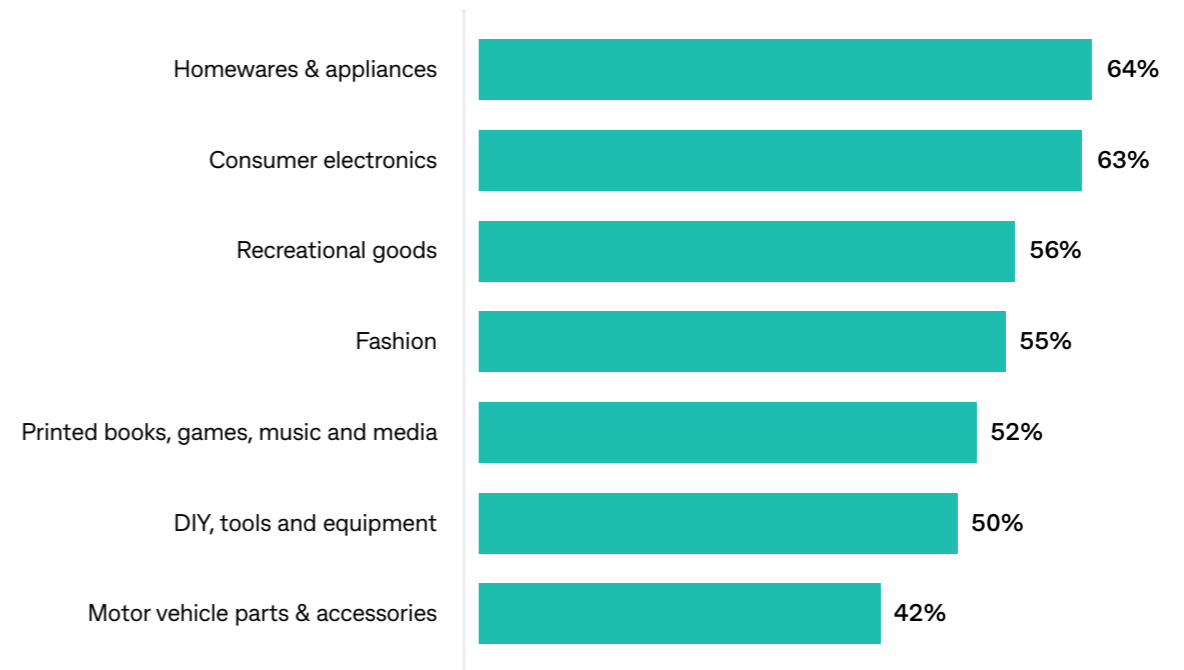


Business-led action

Businesses, particularly in homewares and electrical goods, recreational items and fashion, can confidently consider launching buy-back, resale and recycling programs with the strong support of customers. Low usage and high interest offers an opportunity to engage customers and tap into the segment that are also willing to contribute to the cost.

Impact of buy-back, resale and recycling programs

Consumers' views on the categories where programs will be most effective



What is a buy-back, resale, or recycling program

A brand initiative that allows customers to return their used products in exchange for money or store credit. Retailers then refurbish the items and resell them in-store or online for a reduced price. Any items that are not resold are recycled.

“businesses that adopt buy-back, reuse and recycling programs can align to consumers' needs and help embed the principles of the circular economy into their day-to-day activities.”

Buying and selling items online

Almost one in four Australians prefer to dispose of unused goods by reselling them online, rising to 33% for Generation Y and Z, respectively. Among the online marketplaces and e-commerce sites that consumers use, the larger platforms such as Facebook Marketplace, Gumtree and eBay are the most popular.

Simply offloading unused items is the top motivation for 52% of sellers, while most buyers use online channels to save money (55%). While few consumers say their primary motivation is reducing waste, anyone buying or selling second-hand items online is advancing circular principles.

Whether buying or selling, a lack of trust and high level of effort required are key hurdles to using these platforms. Buyers and Sellers also both rate scams among the top challenges, and in addition, sellers lament timewasters while a lack of return or refund options, accurate product information and limited range are problems for buyers.

Despite the challenges, a quarter of consumers claim to have made money over the past year by selling products online, generating an average of \$517 in additional income per person.

Many consumers believe that peer-to-peer marketplaces also play a role in the circular economy. This includes the 46% of consumers saying they provide access to underutilised goods and services and help reduce landfill, and conserve natural resources (31%).

While ridesharing and holiday rentals are the most widely used, there is an emerging set of consumers engaging with shared vehicles, self-storage and parking, pet sitting and fashion rentals. Overall, younger consumers are more likely to use these services as both a customer and provider, taking advantage of new income streams while practising circular principles.



Business-led action

Many consumer businesses already address the challenges facing self-directed buying and selling among consumers online. Businesses can launch their own online communities or participate in popular marketplaces and leverage their brand reputations, established refund and return programs and range to promote participation and develop loyalty.

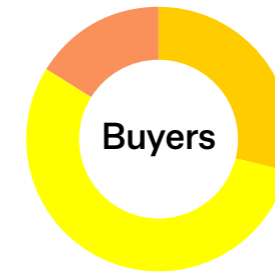


Drivers of online activity

Primary motivation to buy and sell second-hand items



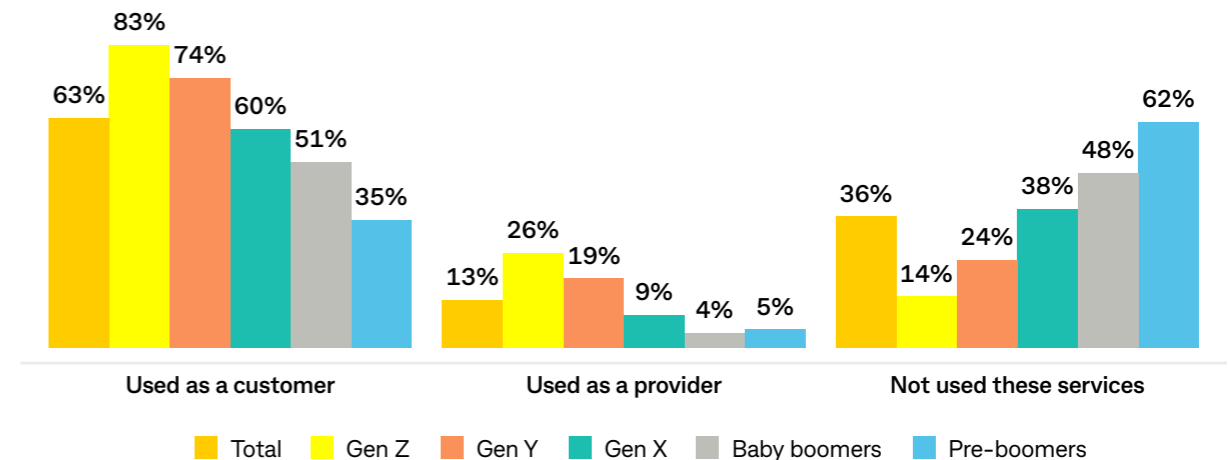
- 52%** To offload items you no longer want, need or use
- 39%** To generate some extra money
- 9%** To reduce waste



- 29%** To buy items you really want or need
- 55%** To reduce cost of living expenses/save money
- 16%** Reduce waste

Participation in peer-to-peer marketplaces

Usage of peer-to-peer marketplaces as customer or provider



While few consumers say their primary motivation is reducing waste, anyone buying or selling second-hand items online is advancing circular principles.

Case study: Paradise Valley Hotel



The Paradise Valley Hotel in Victoria's Dandenong region first started life as a general store with a wine license in the 1900s. In 2019, Mark Protheroe, Joe Durrant and Steven Nelson, took over the establishment and set out to improve the venue and quality of the offering, starting with the kitchen.

At that time, Mark described Paradise Valley Hotel as a classic country pub, serving the town of Clematis and neighbouring townships that consider it their local. For Mark, the support of these communities is vital to the establishment's success, which has informed the focus on high-quality food, local supplier relationships and sustainable business practices.

The Paradise Valley Hotel is intent on reducing the food and general waste the business produces. This has spurred various initiatives, from sustainable sourcing of stock to donating unused food and recycling programs.

"While we don't regularly use the term circular economy, what we're doing fits into its philosophy," Mark says. "We see supporting the local economy as part of doing business and strive to positively impact the community, which includes our staff and patrons," Mark says.

Mark explains that patrons aren't always aware of all these programs, but they matter to the venue's key stakeholders – its people. Mark says sharing sustainability goals with employees is vital to get them on board and behind these initiatives.

Support for and from the community

During the COVID lockdown, the Paradise Valley team launched the Idle Hands initiative, donating meals to vulnerable people in the local community. Mark says it helped community members in need and generated goodwill in the process.

The program provided free ready-to-eat meals delivered in recyclable packaging. People could nominate themselves or someone they know, with their permission.



“When COVID hit, we wanted to do something for people struggling financially or had challenges feeding themselves,” Mark says. “Most people in the program were living alone or were in poor health.”

Keeping it fresh and local

According to Mark, the Hotel’s reputation is grounded in its food and beverage offering, and sustainable food sourcing and preparation keep quality at the forefront.



While sustainable practices aren’t new to the food world, with farm-to-plate initiatives around for decades, the venue is focused on “sourcing locally to drive flavour and quality, which is a spin-off of that,” Mark says.

“The chicken we use for our award-winning parma is bought whole from our local butcher,” says Mark. “We bring it to the kitchen, chop it ourselves, and then use the tenderloins for another dish. For our sauce, we use Australian produce where we can, and our cheese blend is prepared on-site.”

Tackling waste streams

As well as sourcing locally, Mark says that working closely with suppliers to minimise waste is vital. From the Hotel’s perspective, having an ordering system ensures the venue procures only what it needs to avoid over-ordering and surplus production.

“We use our ordering system to trim our waste as much as possible,” Mark says. “We look at our daily requirements and order enough fruit, vegetables and meat only for the day, so we don’t have anything left over.”

Mark and his team also collaborate with suppliers to reduce waste in other areas of the business. “Our house gin is from a small local distillery, and we’ve recently changed how we order with them”.

“Instead of buying individual 700ml bottles, we asked to receive the gin in 40-litre containers. That way, we can refill the bottles instead of wasting glass.”

“We also work with the local fish mongers, returning the styrofoam boxes the seafood arrives in, and the same with the non-recyclable wax-lined boxes used by our fruit and vegetable supplier. Even our milk bottles are picked up and used again.”

Mark explains that these initiatives are designed to minimise the business’s environmental impact and build alignment among suppliers. It’s also important for our staff to know that we take sustainability issues seriously.”

Much more to be done

Mark says that while the hospitality industry is making strides to implement sustainable and circular practices, operators are still early in the journey. He has many initiatives in the pipeline that will help deliver a more positive impact.

“We currently don’t have any suppliers that use freight companies with electric vehicle fleets, but that is something we are interested in,” says Mark.

Mark and the team are in the market to find an energy supplier, and renewable options are at the forefront. The team would also consider solar generation once roofing issues were fixed.

Outside of energy, Mark says his team also want to get its kitchen garden up and running in the next six months, saying it could help with herbs, in particular, saving money and reducing travel costs.

Mark reiterates that one of the most important parts of advancing these initiatives is communicating openly with the team, who come from nearby towns and are strong advocates for the business and the local economy.

“We make sure to engage staff around our goals and philosophies. As a result, our staff turnover rate is the lowest it’s ever been and having enough staff to serve patrons is crucial to customer service and our reputation,” Mark adds.

www.paradisevalleyhotel.com



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In summary: business' pathways to circularity

Opportunities for businesses to advance the circular economy



Consumer viewpoint

64%

want businesses to do more to embrace the circular economy

91%

use own reusable shopping bags, but the number drops as effort and planning rises

57%

want to learn more about businesses' circular initiatives

88%

use and would use buy-back and resale programs if available (only 5% do already)

23%

prefer to dispose of unused items online, but trust and effort are barriers



Business-led action

Shifting mindset to adopt circular principles and embed more sustainable practices

Making participation in circular activities accessible and convenient for shoppers

Promote awareness and education, from product composition to programs. Tailor messaging by audience

Launch, test or increase communication relating to buy-back, resale and recycling programs

Leverage reputation and processes to be more active in marketplaces or launch dedicated online communities



Opportunity

Increase impact and align to current and future consumer expectations

Positively influence consumer behaviour, uplift the customer experience and build loyalty

Increase engagement with customers across channels and personalise the experience

Confidently engage motivated consumers, some of whom may jointly contribute to extra costs

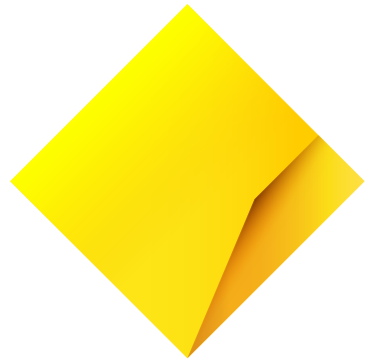
Improve consumers buying and selling experiences, enhance brand affinity and control

This edition of CommBank Consumer Insights shows that businesses have a significant opportunity to meet the expectations of their customers and society, and champion the principles of the circular economy. Importantly, it confirms that by doing so, customers may adopt more sustainable consumption patterns. As more consumers actively seek businesses that authentically promote participation, there is also the potential to activate increased customer loyalty and brand engagement.

To make it easier for people to participate, businesses can listen to consumers. Programs that take back unused items, which businesses can then resell or recycle, and donation and repair initiatives resonate. Consumer businesses also have the power to use their websites, social media, email marketing, brand-owned apps and other forms of online media to educate customers on the composition and lifecycle of their products.

As outlined in the report's expert view, transparency and comparability around the materials used in

production can help bridge the knowledge gap. It can enable higher standards for both brands and consumers and potentially lead to policies that will eliminate harmful materials. Together, these factors present some of the most significant opportunities and challenges facing Australia's burgeoning circular economy. What's clear is that businesses can be leaders, working alongside their customers so that businesses, consumers, and the planet ultimately benefit.



Learn more about how we can support consumer businesses

We have specialist teams, solutions and in-depth industry knowledge to support consumer-facing businesses in the retail and hospitality industries.



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