Configuring New Business Models for Circular Economy through Product–Service Systems

Product—service systems (PSSs) are often outlined as potential enablers of new business models for circular economy. However, not all business models based on product-service systems have superior circularity potential. This research demonstrates how the application of a previously developed business model configurator for circular economy can support the design and assessment of customer value, economic and resource decoupling potential for product-service system business models in practice. By applying action research in two Nordic manufacturing companies from the furniture sector, different business model concepts based on product-service systems were proposed and assessed. Results indicate positive uptake by companies regarding the usefulness of the obtained outcomes. This research identified two key findings about ‘product-service system business models for circular economy’: (i) their configuration should fulfil certain simultaneous conditions—i.e. superior customer value, economic growth, and resource decoupling potential—to contribute to circular economy; and (ii) they are often ‘niche solutions’, fulfilling specific needs and customer segments, and more likely to flourish with certain types/characteristic of products, segments or geographical locations. Lastly, a framework outlining the conditions and trade-offs for assessing the circularity potential of business models based on product-service systems is introduced as one of the key contributions.

General information
Publication status: Published
Organisations: Engineering Design and Product Development, Department of Mechanical Engineering
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Number of pages: 22
Publication date: 2019
Peer-reviewed: Yes

Publication information
Journal: Sustainability
Volume: 11
Issue number: 13
Article number: 3727
ISSN (Print): 2071-1050
Ratings:
BFI (2019): BFI-level 1
Web of Science (2019): Indexed yes
Original language: English
Keywords: Business model innovation, Circular economy, Product-service system (PSS), Configuration, Action research
Electronic versions:
Pieroni_et_al_2019_Configuring.pdf
DOIs:
10.3390/su11133727
Research output: Contribution to journal › Journal article – Annual report year: 2019 › Research › peer-review