The Tipping Point: Building trust in the circular economy

Consumer Retail sector

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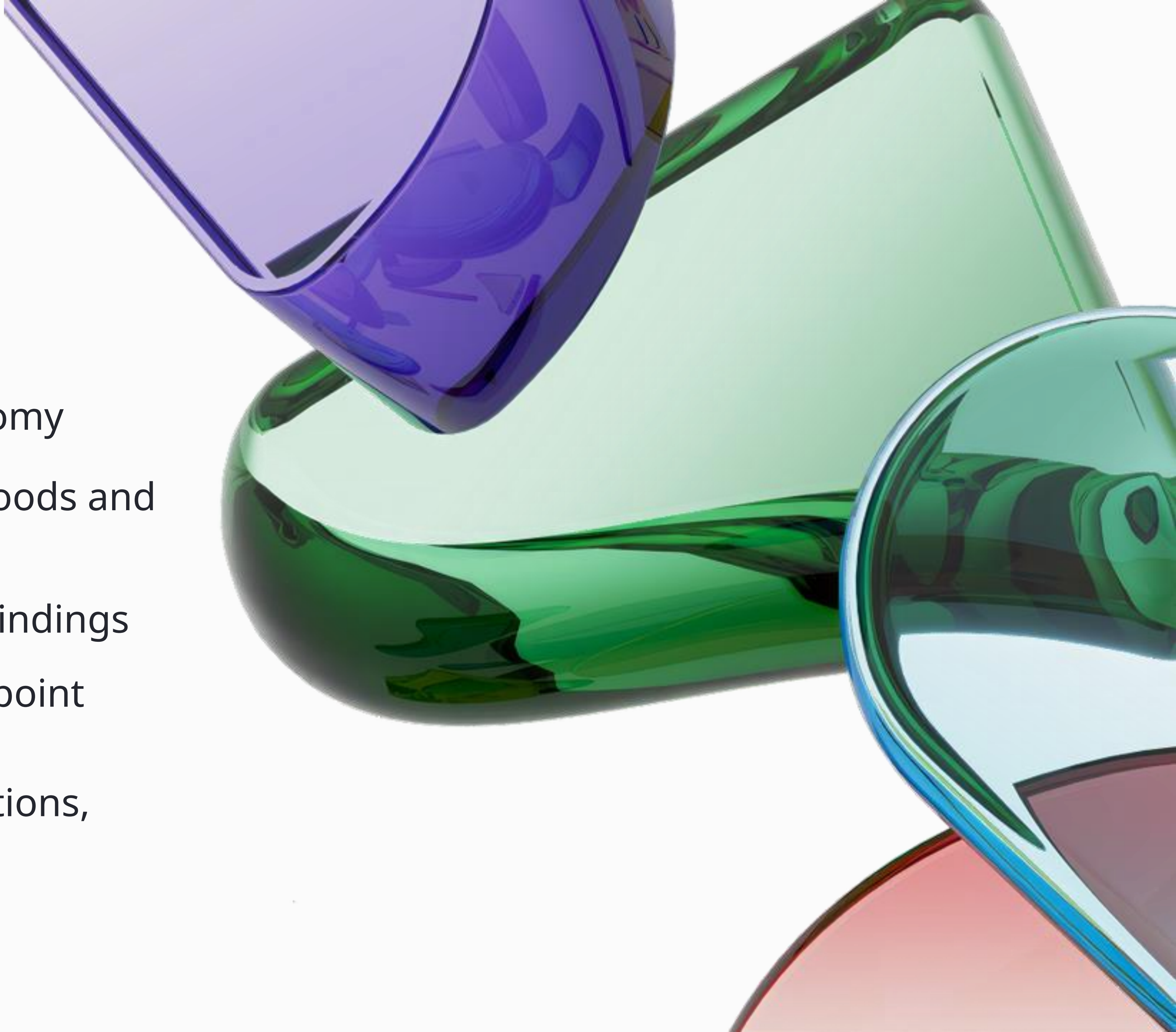

01 – Introduction

A circular approach is an opportunity to rethink how we manufacture and use consumer products, including clothing and technology. Despite all the conversations around sustainability, most consumer products still follow the traditional linear model. They’re designed for short-term use and quickly discarded. In fact, UNEP reports that 92 million tonnes of textiles and over 62 million tonnes of electronic waste are thrown away each year, with only a small fraction ever recovered or reused.

At present, many products are simply not designed to be repaired or recycled. On top of that, the infrastructure to support large-scale collection, repair, and reuse is still lacking. Business models continue to prioritize volume over durability. Even when consumers want to make circular choices, as our research shows, concerns around the quality, hygiene or image of second-hand goods often hold them back. For global brands, constantly shifting regulations add another layer of complexity.

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There are promising developments. Resale platforms, rental models, and circular product designs are gaining momentum. Consumers are becoming more mindful too, asking for transparency, trusted certifications, and clear proof of impact before making a purchase.

If we can design products to last, invest in the right systems, collaborate across the value chain, and build genuine trust with consumers, we can drive meaningful change. The retail sector has a powerful opportunity to lead, not just through small steps, but through bold, lasting action that benefits both people and the planet.

Titi Susanti, BSI Global Director - Consumer, Retail & Food

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02 - Trust in the circular economy

Our current dominant economic model operates on a linear trajectory: extract resources from the earth, manufacture products, use them – often briefly – and then discard them as waste.

This linear ‘take-make-waste’ system, fuelled by the assumption of abundant resources and limitless disposal capacity, is increasingly revealing its inherent flaws. According to the UNEP's International Resource Panel, global material consumption has more than tripled since 1970, and continues to rise.

At the same time, global waste generation is also on an upward trajectory. The World Bank estimates that global municipal solid waste generation will increase by 70% by 2050 if trends continue.

According to estimates in the 2024 Circularity Gap Report, the global economy is only 8.6% circular; a slight decrease from 9.1% in 2018. The unsustainability of this linear path is no longer a distant concern – it is a present reality demanding a fundamental shift in thinking.

86% globally think circularity should be a priority for business and governments in addressing environmental challenges

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The circular economy (CE) offers a compelling and necessary alternative. It represents a systemic shift towards an economy that is intentionally designed to be restorative and regenerative. While the economic and environmental logic of the CE is compelling, its successful widespread adoption hinges on a less tangible but equally critical factor: trust.

This transition requires significant shifts – not only to consumer behaviour, but also expectations from all participants in the economy. Business must embrace new operational models, invest in reverse logistics, redesign products, and often collaborate more deeply across the value chain. Consumers are asked to engage differently – accepting refurbished or remanufactured goods, participating actively in take-back and return schemes, opting for product-as-a-service models over ownership, and potentially altering long-standing consumption habits.

Trust in the circular economy is the result of deliberate, consistent actions and verified commitments. Building trust requires acknowledging and addressing several barriers that currently impede progress. However, these challenges also present opportunities for businesses willing to lead the way. By building trust in the circular economy for businesses and consumer alike, we can accelerate progress towards a tipping point whereby a circular approach becomes the go-to approach.

56% of people said a lack of trust in quality might prevent them from buying or using circular products

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03 - Circularity in consumer goods and retail

The consumer goods and retail sector, particularly fashion and electronics, is under growing scrutiny due to its substantial environmental footprint and high-volume waste generation. The ‘fast fashion’ model has normalised overproduction and short product life cycles, contributing to the annual disposal of an estimated 92 million tonnes of textiles globally. Meanwhile, the electronics sector generates over 50 million tonnes of e-waste each year, reaching a record 62 million tonnes in 2022. Recovery rates for valuable materials therefore remain critically low.

Despite increased awareness, linear production and consumption remain dominant. Garments are frequently produced using non-renewable resources, then discarded after minimal use. In electronics, frequent product upgrades, deliberate design obsolescence, and limited repair options shorten product life spans and undermine resource efficiency.

Both sectors also suffer from complex supply chains that limit visibility into sourcing, labour practices, and environmental impact. While sustainability commitments have become more visible, industry-wide transformation remains fragmented and uneven.

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Barriers

Common barriers to circularity include:

- **Product design and material complexity**: Most clothing and electronic devices are not designed with end-of-life considerations in mind. Mixed fibres in textiles hinder recycling, while tightly integrated electronic components make repair difficult.
- **Infrastructure:** Collection, repair and remanufacturing systems are underdeveloped, especially outside high-income markets. The absence of convenient and affordable services discourages participation in circular schemes.
- **Economic pressures**: Many business models are still built around fast turnover and volume-based profitability. Investments in durability, recyclability or reverse logistics can appear financially unattractive in the short term.
- **Consumer perceptions**: Despite growing awareness, circular options, such as second-hand or refurbished goods, are still stigmatized in some markets. Concerns around hygiene, quality, and social status persist.
- **Legal and Regulatory Gaps:** While Extended Producer Responsibility (EPR) and eco-design regulations are evolving, they remain inconsistent across regions. Intellectual property restrictions also limit third-party repair services.

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Signs of momentum

Despite the barriers, several developments suggest growing readiness for a tipping point towards circularity:

- **Growth of resale and rental markets:** Second-hand fashion platforms, such as Vestiaire Collective, Vinted and ThredUp, have become mainstream, particularly among younger consumers. The global resale market is projected to more than double by 2027. Clothing rental services like HURR and By Rotation in the UK further show a cultural shift towards access over ownership.
- **Circular design and innovation:** Brands like Stella McCartney and PANGAIA are pioneering the use of bio-based or recycled materials and investing in mono-material design for easier recycling. Initiatives such as the Ellen MacArthur Foundation's Jeans Redesign programme encourage circular design principles across the sector.
- **Corporate-led circular initiatives:** Major brands are launching take-back and refurbishment schemes. Zara's pre-owned service and H&M's Looop recycling machine pilot are examples of attempts to close the loop within retail environments.

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Signs of momentum

- **Repair and modular electronics:** Companies such as Fairphone and Framework are designing modular electronics that prioritise repairability. The EU's introduction of mandatory repairability labels for smartphones and laptops is reinforcing this momentum.
- **Refurbished technology market:** The global market for refurbished smartphones is forecast to exceed $140 billion by 2030, driven by platforms like Back Market and Swappie. Tech giants, including Apple and Samsung, now operate certified refurbishment schemes, offering warranties and support.
- **Regulatory progress:** The EU is leading on circular policy, with developments such as the Circular Economy Action Plan, the proposed Ecodesign for Sustainable Products Regulation, and the Digital Product Passport initiative, aimed at enhancing product traceability and circular performance.

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04 - Global Consumer Survey Findings

Our global survey* found that under half of people (43%) are familiar with the concepts of circularity and the circular economy, rising slightly to 48% for those who work within the retail sector. This suggests that there is an opportunity for the sector to upskill and educate workforces on the circular economy and circular opportunities.

After being provided with a description of the circular economy and examples of circularity within the retail sector, public attitudes towards circularity are positive with 86% of people saying they believe circularity should be a priority for businesses and governments in addressing environmental challenges. In addition to this, 68% of people ranked creating positive impacts for the environment as a top three driver for them personally to adopt circular behaviour.

** Burson/Focal Data survey, commissioned by BSI, 8,225 adults in eight countries between 7-11 April 2025, in the UK, US, Germany, The Netherlands, China, Japan, India and Australia*

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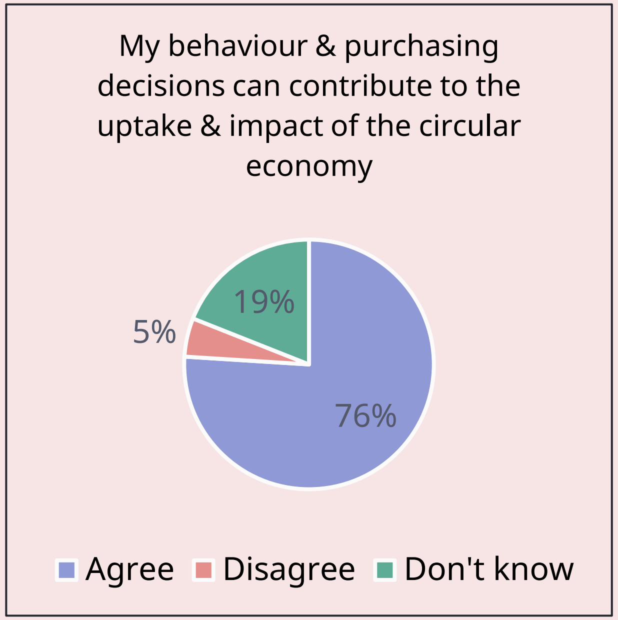
Barriers to buying circular

76% of people globally believe their behaviours and purchasing decisions can contribute to the uptake and impact of circularity and the circular economy.

However, when asked about what influences their purchasing decisions, over half (56%) of people said a lack of trust in quality might prevent them from buying or using circular products, followed by 50% who cited a lack of trust in safety and 49% who cited a lack of trust in reliability.



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Evidence is critical for trust

Alongside lower costs, people selected evidence of quality and reliability, and safety and hygiene, as the key factors they consider when purchasing circular clothing, technology and household appliances and fittings.

This suggests that, with the right evidence in place, barriers to trust in the quality of these products can be overcome.

Consideration	Circular item		
	Clothing	Technology	Household appliance/ Fitting
Evidence of quality/ reliability	53%	57%	58%
Lower costs	48%	45%	46%
Evidence of safety/hygiene	41%	36%	42%

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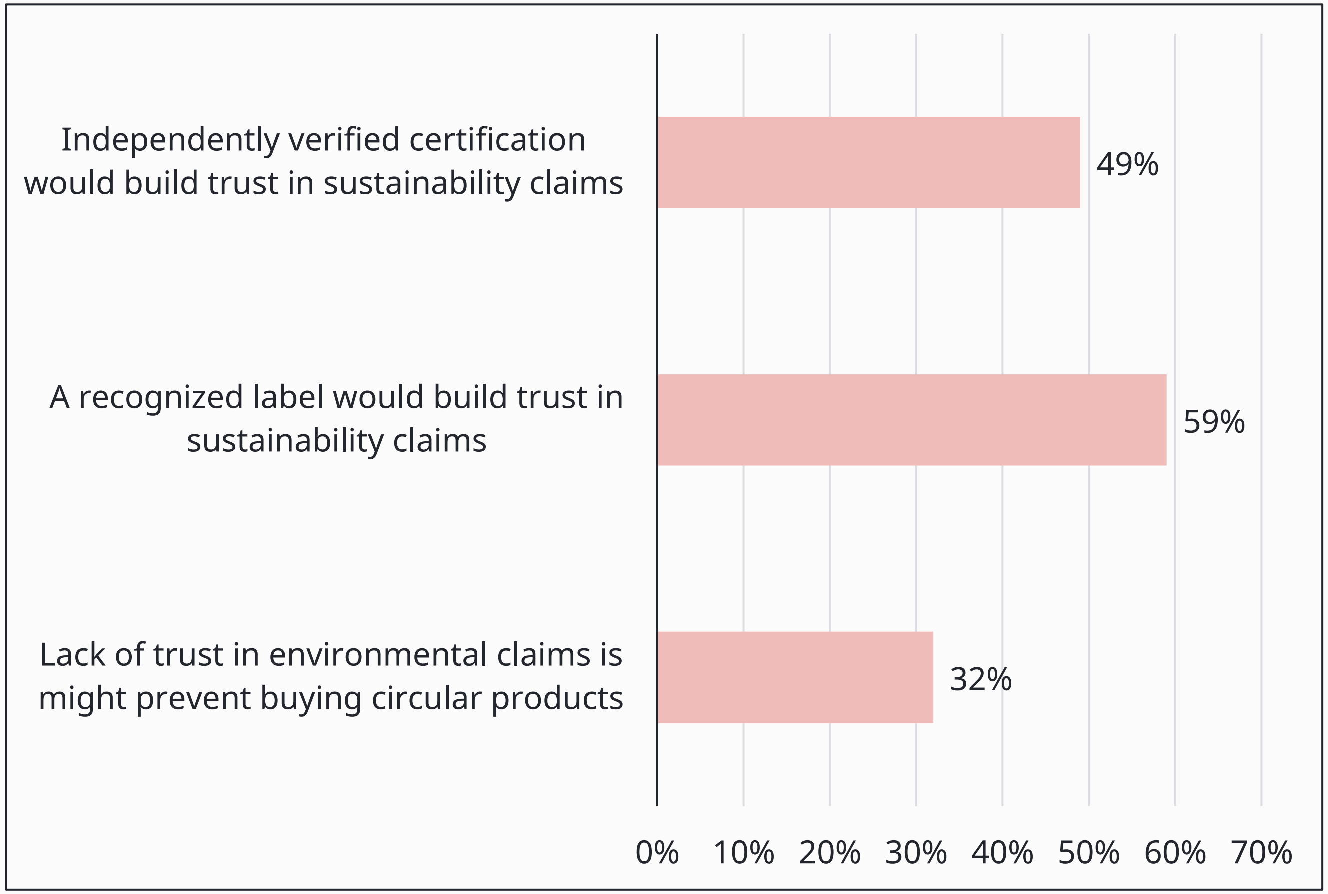
Trust in circular sustainability and environmental claims

A third of people (32%) said a lack of trust in sustainability and environmental claims is a top barrier that may prevent them from buying or using circular products.

Further demonstrating the positive impact of evidence in building trust, 59% of people said they would be more likely to trust sustainability and environmental claims of circular products where there is a recognized label to support the claims (such as a Fairtrade label, B-Corp Label, BSI Kitemark™). 49% said the same where independently verified certification of the claims was provided.



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05 - Case studies and tipping point analysis

Through our research with CISL, we conducted in-depth interviews numerous retail organizations to understand their progress on circularity. We evaluate the organizations approaches based on “tipping point elements" at both the product/service level and the system level

For each element, we analyse the organizations initiatives and explain how trust is established or influenced within that specific context.

Tipping point elements at product and service level

For circular products and services to scale and become mainstream, they must reach a tipping point: generally defined as a moment at which adoption moves beyond early experimentation and becomes self-reinforcing across the market. Drawing upon tipping point theory and circular business models, we set out below the key conditions that need to be in place, both at the circular product level and the service level, for tipping points in circularity to occur.

Circular value credibility

Circular offerings must first demonstrate they are financially and functionally competitive. This means offering a lower total cost of ownership or improved resource efficiency, and also meeting or exceeding quality and reliability expectations.

The Harvard Business Review highlights that successful circular businesses begin with a strong understanding of where and how value is created, ensuring their circular proposition does not compromise customer outcomes.

Customer appeal

Circular products must resonate with customers' personal values and cultural aspirations.

This involves aligning branding with the evolving lifestyle choices and consumer preferences. Crucially, circularity must be embedded into the identity and desirability of the product at the design stage, not perceived as an afterthought.

Accessibility and processing

The ease with which customers can engage with a circular product or service is a decisive factor in its ability to scale.

Infrastructure must support collection, repair, redistribution or renewal processes in a way that integrates into the user's experience. This includes physical logistics, digital platforms, after-sales services, and clear customer communication.

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Tipping point elements at system level

Without sustained momentum, the advancements at product-service level risk being limited to small-scale pilot/'hero' projects that 'never fail, but never scale'. Creating the system-level enabling conditions for a circularity tipping point involves shifting drivers from primarily sustaining the current linear 'take-make-waste' model to actively disrupting it and reinforcing circular practices.

Policy and regulation

Policy and regulation need to shift from favouring linear models (e.g. subsidising virgin resource extraction) to the active promotion of circularity.

This involves creating incentives (such as taxes on waste/virgin materials and extended producer responsibility schemes), setting standards, supporting circular infrastructure development, using public procurement to create demand, and removing regulatory barriers for circular businesses.

Market maturity

Achieving system-level circularity critically depends on a mature market, which drives down costs through economies of scale and establishes robust infrastructure for reverse logistics like collection and recycling.

It also fosters widespread consumer demand and creates stable supply chains for secondary materials, making circular options economically viable and competitive

User preference

A shift in consumer mindset and behaviour is crucial. This includes embracing service base models over ownership, participating in take-back schemes, demanding transparency about product lifecycles, and potentially exerting pressure through activism and voting.

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Company A –

Asia-based personal and home care products company

Company A focuses heavily on reducing plastic use. Its circular initiatives are anchored in three strategies:

- Reducing plastic volume
- Increasing the use of post-consumer recycled (PCR)* materials
- Exploring alternative materials, such as bamboo.

These initiatives span product innovation, supplier partnerships, consumer engagement, and government collaboration. In China, partnerships with platforms such as Alipay's Ant Forest incentivize sustainable purchasing behaviours, while co-investments with suppliers aim to lower PCR costs and improve material quality.

CE efforts are seen as essential for long-term risk mitigation and brand positioning, with internal reporting systems tracking quarterly PCR usage and plastic reduction. Despite economic challenges, the company views circularity as a future growth driver, with trust built through financial incentives, transparent communication, and active collaboration with stakeholders.

**PCR refers to plastic materials that are collected, recycled, and reused after being discarded at the end of their lifecycle. Formally defined in the ISO 14021 standard*

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Company B –

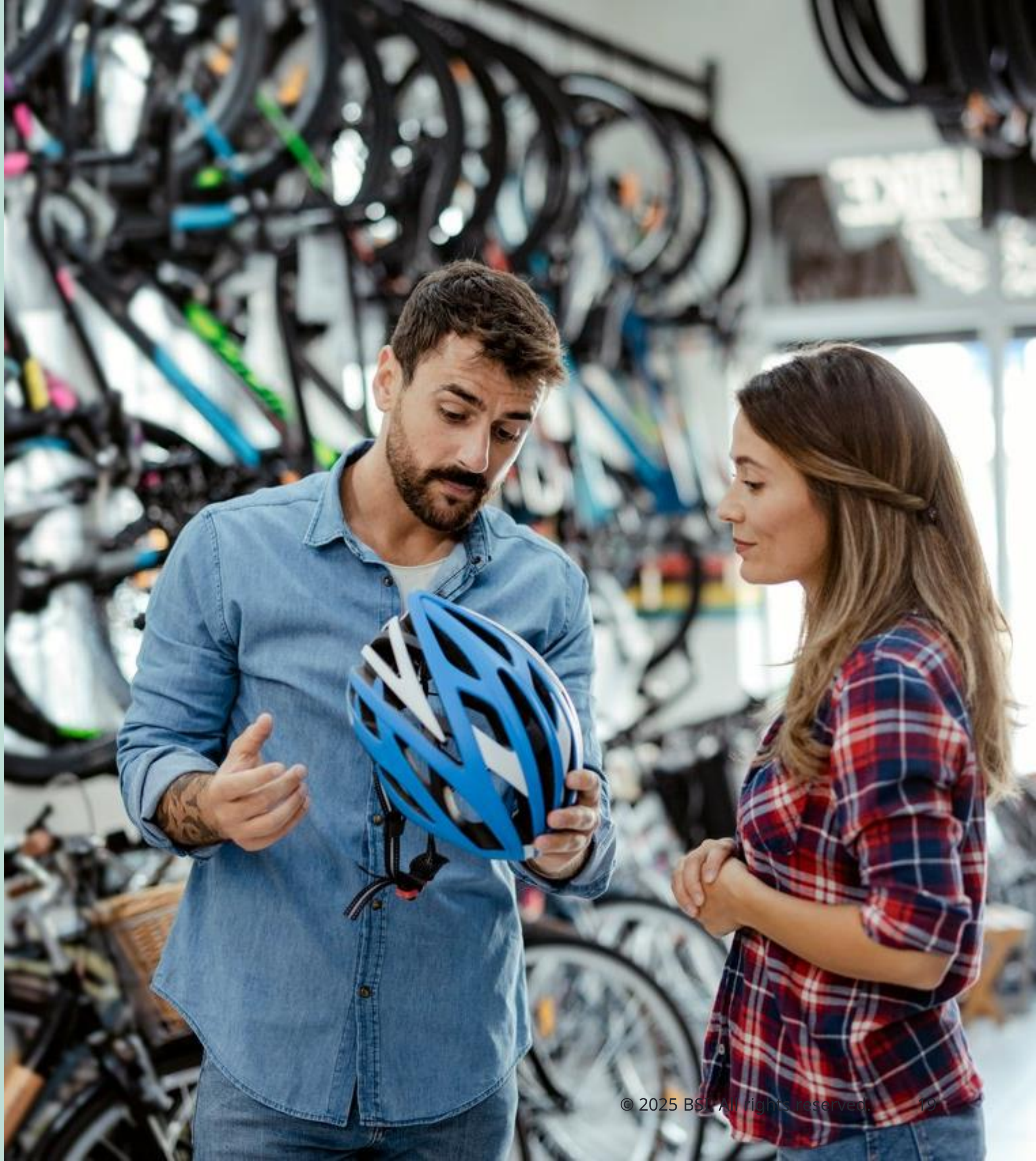
UK-based sports equipment firm

Initially introduced to support emission reduction, circularity is now embedded as a strategic priority across Company B’s global operations and recognized as a major driver of commercial growth. The company operates initiatives including repair services, product refurbishment, resale through ‘second life’ models, and buyback programmes. Rental services were piloted but have been paused to strengthen other models.

Circularity is fully integrated into organizational structures, with dedicated teams, employee training, and performance targets tied to circular outcomes. Financial transparency is maintained through clear profit and loss reporting for each circular activity, while real-time data systems track revenue, repair rates, and material recovery.

To overcome operational and consumer trust challenges, the company has invested in reverse logistics, in-store repair hubs, and quality assurance processes that align second-life warranties with those of new products. A strong emphasis is placed on product design for durability and repairability, with developers incentivised to meet repairability targets.

Other opportunities identified include: expanding second-hand markets, recapturing the value of idle products from consumers, and transforming physical stores into community hubs offering circular services. Circular initiatives are now a core component of this company's sustainability and commercial strategies.



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Product-service level analysis

Tipping Point Element	Company A	Company B	Trust
Circular value credibility	Circular initiatives (PCR use, plastic reduction) are strategically important but face cost barriers (PCR 30% more expensive than virgin plastic). Business case focuses on future risk mitigation (policy, consumer demand) rather than immediate profit.	Circular business now seen as a commercial strategy with monthly revenue targets tracked per store/channel and 50% of employee bonuses tied to circular KPIs. Second-life products given warranties equivalent to new products.	Trust is built through transparency: clear acknowledgment of cost benefits and challenges of circular products within the organisations and consumers.
Customer appeal	Sustainability positioned as aspirational among younger consumers. Partnerships like Ant Forest gamify eco-behaviours. However, consumer preference for perfect product aesthetics (e.g., PCR-induced discoloration) still presents a barrier.	Quality assurance processes standardised and repairability targets (e.g., 80% repairability) embedded in design phases to enhance perception and extend the life of the products. Shifting consumer perceptions to focus on price, quality, and convenience, rather than solely environmental benefits.	Honest communication about quality trade-offs (e.g., repairability, material degradation) helps influence consumer choices. Emotional connection is growing especially if supported by economics.
Accessibility and processing	Initiatives focused on improving access to high-quality PCR via supplier partnerships and factory investments. Reverse logistics for end-of-life products still limited; focus mainly upstream (materials).	Strong in-house control over refurbishment due to 80% own-brand production making spare part harvesting more efficient. Reverse logistics, IT integration, and operational processes have been adapted to support flow of returned and refurbished products.	Trust built through operational reliability and consistent access to circular product streams. In-house investments and co-investments with suppliers signal long-term commitment rather than short-term opportunism.

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System level analysis

Tipping Point Element	Company A	Company B	Trust
Policy and regulation	Active engagement with government through standards-setting (e.g., BSI collaborations) and participation in global treaties. Recognised as sustainability leader but not yet fully mainstream in Chinese policy due to focus on protecting local SMEs.	Actively addressing compliance by navigating regulatory standards for demonstrating the quality of returned products i.e. PPE, helmets, e-bikes and for waste management.	Proactive regulatory handling and dedicated teams increase stakeholder trust in product safety and compliance. Company leadership is beneficial for broader industry development.
Market maturity	Circularity adoption uneven: Higher in tier-1 cities (low awareness elsewhere). Economic slowdown shifts consumer focus to affordability over sustainability. Circular market not yet mature i.e. PCR materials still niche.	Strong growth in second-hand and refurbishment markets, especially in bikes and sportswear rental, paused to focus resources but resale/buyback scaling rapidly (stores redesigned to support circularity).	Market trust is emerging but context sensitive. Urban consumers increasingly trust sustainable branding contributing to market expansion into retail while rural consumers still prioritise price and quality over sustainability claims. Economic climate creates volatility in trust levels.
User preference	Younger consumers more receptive to sustainability messaging if positioned as trendy. Broader consumer base still driven by price and product aesthetics. Significant education and incentive efforts needed.	Shifted messaging from eco-focus to price, quality, and convenience; understanding that affordability and product reliability are key to mainstream user adoption.	Trust is achieved through cultural alignment and incentives. Success depends on making sustainability desirable. Take-back schemes and retail partnerships (e.g., Alipay) build incremental trust by rewarding sustainable behaviours.

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Explore the full research

[**The Tipping Point**: Building trust in the circular economy]

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06 – Appendix
Recommendations, tools and solutions

Framework for implementing the principles of the circular economy in organizations (BS 8001)

BS 8001 was the world's first standard to offer a practical framework for organizations to implement the principles of the circular economy. Relevant to organizations from all sectors, the standard provides guidance and recommendations that will help an organization turn the circular economy concept and theory into practical action.

This framework can provide a structured approach to managing resource flows, evaluating risks, fostering collaboration across the supply chain, developing innovative business models, and adopting a holistic perspective throughout the entire product and service lifecycle.

Learn more about BS 8001
Explore BS 8001 training

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Recommendations, tools and solutions

Life Cycle Assessment (LCA) (ISO 14040 & ISO 14044)

ISO 14040 and ISO 14044 are foundational standards for Life Cycle Assessment (LCA), which is a critical tool in advancing circular economy practices within the clothing and consumer retail sectors. These standards provide a structured framework for evaluating the environmental impacts of products and processes across their entire life cycle, from raw material extraction to production, use, and end-of-life. ISO 14040 and 14044 can support in identifying opportunities to reduce waste, improve resource efficiency, and design for reuse, recycling, or biodegradability.

Learn more about ISO 14040 – Life Cycle Assessment Principles Framework
Explore ISO 14044 – Life Cycle Assessment requirements and guidelines

Environmental Management Systems (EMS) (ISO 14001)

Environmental Management Systems support organizations in identifying environmental impacts and optimizing processes to reduce waste, energy and emissions across the food supply chains enabling continuous improvement toward more circular and sustainable operations.

Explore ISO 14001 – Environmental Management Systems

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Recommendations, tools and solutions

Quality Management Systems (ISO 9001)

ISO 9001, as a quality management system standard, addresses concerns about product quality and reliability by ensuring consistent performance. Its implementation builds customer trust in the durability and functionality of products, supporting circular economy goals by promoting reuse and extending product lifecycles.

Learn more about Quality Management Systems

Carbon neutrality (ISO 14068-1)

Achieving carbon neutrality is vital for retailers embracing circular economy principles. ISO 14068-1 provides a global framework prioritizing emission reductions and removals across the value chain. Our consultancy helps develop carbon neutrality strategies, engage suppliers, and communicate progress transparently. Partnering with BSI enables retailers to build trust, enhance reputation, and turn sustainability into a competitive advantage.

Learn more about ISO 14068-1

Greenhouse gases – Carbon Footprint of products (ISO 14067)

ISO 14067 enables retailers and manufacturers to measure the carbon footprint of products across their entire life cycle, supporting circular economy goals by identifying emissions hotspots and opportunities for eco-design, recycling, and waste reduction. BSI helps organizations implement ISO 14067 through carbon footprint assessments, certification, and expert guidance. Empowering businesses to reduce greenhouse gas emissions, improve transparency, and deliver more sustainable, circular products to the market.

Learn more about ISO 14067

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