

How can SMEs that follow a circular business model use branding to influence customers to buy their products?

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Master Thesis

06-09-2019

Executive Summary

The following research project is composed of two parts: a systematic literature review and a qualitative case study. It aims at answering the question how can SMEs that follow a circular business model use branding to influence customers to buy their products?

The research resulted with a conceptual framework named circular brand equity model. The model involves four aspects that build a strong circular brand. Later the conceptual framework is tested in the lens of Tier1 Asset circular business model.

This project aims at opening the new perspectives on B2B branding and circular economy, and what does it take to build a strong brand equity that will trigger customers to buy circular products.

Table of Contents

1. Introduction.....	3
3. Delimitations.....	4
4. Research design	5
5. Research methodology	6
5.1. Method of literature review.....	6
5.2 Qualitative research method.....	7
Motivations for semi structured interviews.....	8
5.2.1 Interview methodology.....	9
5.4 Philosophy of science behind the research method	14
6. Analysis.....	16
6.1. Literature Review Analysis	17
6.1.1. Findings of the Literature Review.....	19
6.2. Qualitative Analysis.....	33
7. Validity and Reliability of the analysis	42
8. Conclusion:.....	42
9. Reflections and Further Research.....	43
10. Limitations	44
Bibliografy.....	45

1. Introduction

The interest of this research is based on the latest trends regarding sustainability and Sustainable Development Goals that are prevailing now in the global society. In 2015, UN global leaders established a set of global objectives that the world needs to reach by 2030. (Nations, 2015) The primary objective of them is to improve the state of the global community from social, economic and environmental perspectives. Social perspective lies within promoting equality and offering opportunities for each human being. Economic perspective focuses on developing a more sustainable process of economic development by limiting the use of natural resources, CO₂ emissions, and environmental intoxication in general, and the environmental aspect bases on human activities for the protection of the environment: waste, soil and air. Therefore, as the most reoccurring concept within economic framework is circular economy (Bureau, 2019), the research interest is oriented towards it.

The circular economy has the ecology-cyclical material flows at its base, and aims at introducing the regenerative industrial transformation that would slow down or close material loops within the supply chain. (Korhonen, 2017)

Circular economy is not a new economic concept, but it has gained more attention in the last decade when the environmental issues have become more and more predominant in the business world and policy makers. (Reike, 2017) Circular economy is an alternative industrial concept to the conventional linear economy. The nature of circular economy is regenerative and aims at reducing waste and resource scarcity by keeping the raw materials in use for as long as possible. Closing and slowing down material loops within the supply chain is the main goal for the implementation of circular economy is business. (Nasr, 2018)

Circular economy concept emerged from theories such as cradle-to-cradle, laws of ecology, looped and performance economy, regenerative design, biomimicry and the blue economy. (Geissdoerfer, 2016) The reviewed definition was established by Ellen MacArthur foundation as: “an industrial economy that is restorative and regenerative by design, which aims to keep products components at their highest utility and value, at all times.” (Foundation, 2013)

Circular economy started to gain more and more traction around industrial businesses, but what are the triggers that make business customers to choose circular products over linear products and what is the role of branding in making customers buy those products?

In this research project, the objective is to understand what the characteristics of a circular business model are, and what triggers B2B customers to choose circular products in spite of the

products resulting from the conventional industrial model. Therefore, the problem statement sounds as follows:

2. Problem statement

How can SMEs that follow a circular business model use branding to influence customers to buy their products?

- What is a circular business model vs linear model?
 - What is the difference between products resulting from a circular business model compared to linear business model?
- What differentiates B2B branding from B2C branding?
- What is the influence of B2B branding on customers' buying behaviour?
- What triggers B2B customers to purchase products resulting from a circular business model rather than linear business model?

3. Delimitations

The following research has some delimitations that need to be taken into account because they influence the flow of the research.

First, the literature review is composed of two parts that together contribute to developing the conceptual framework of this research. The reason to that is because currently there is limited to non-existent literature on the topic of circular economy and B2B branding. Another essential factor regarding the literature review is that the academic reports were primarily conceptual papers because they had the role of explaining rather than testing a theory. The geographic location of the research papers from the literature review are primarily from Western Europe because the context of this case study is a Danish company. The period of the academic articles is 10 years; from 2008-2018 because both topics are relatively new to the academic world and the research conducted in this period is based on the existent knowledge from before.

Second aspect of the delimitations is the industry prevailing in the research. In the literature review, industry was not a screening factor, only the concepts and theories. The context of this case study is limited to only the IT hardware industry.

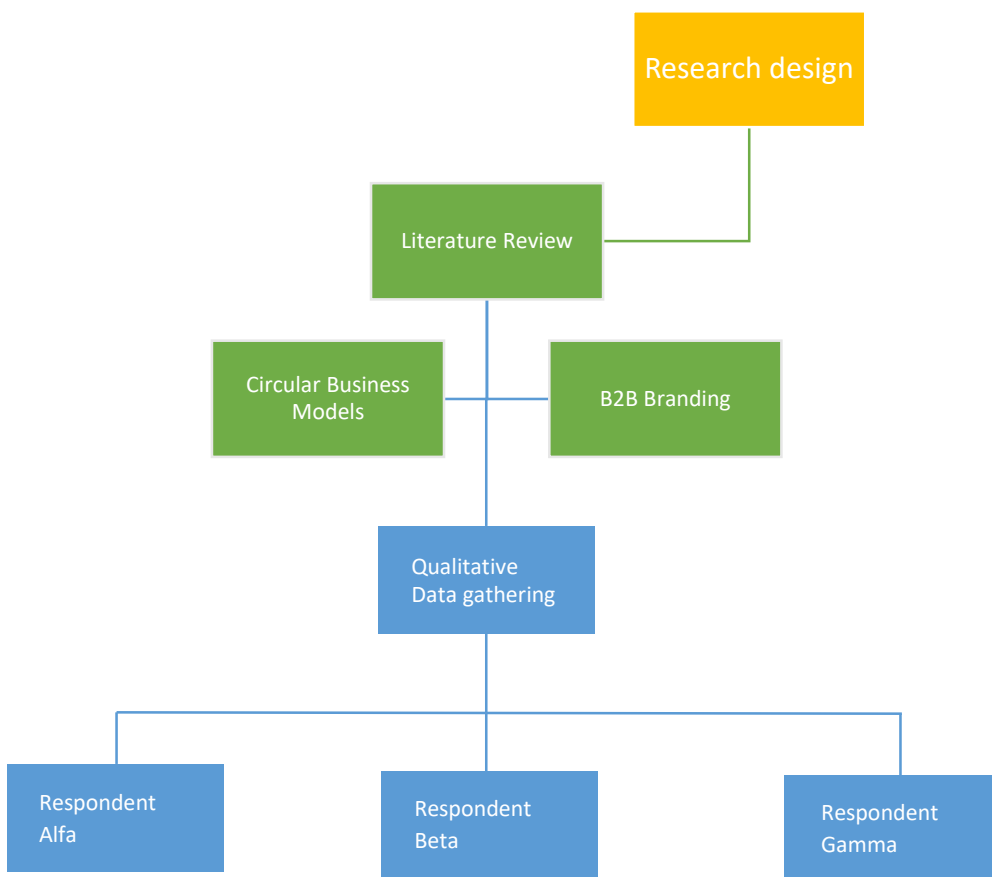
Third aspect is the focus of the research. In the literature review linear business model and linear economy is mentioned only to differentiate and explain the core of circular business models. Besides, sustainability factor is not researched in depth in the literature, because it

comes as one of the possibility to brand a circular business model and products resulting from that, not as a primary topic.

Finally, the research method chosen of this research is qualitative but not quantitative, and this is because circular economy and B2B branding needs conceptualisation and analysis first rather than testing it quantitatively. In the future research academics can consider a qualitative research of B2B branding of circular business and products, but now B2B branding of circular business model is unique and serves as an example for a future more generalizable theory to be developed.

4. Research design

The research design of this study consists of two pieces. First piece is the literature that consists of two parts. The second piece is qualitative data gathering, consisting of three interviews.



The research is progressive. First, the literature review aims to explain the main topics of the research, as well as develop a conceptual framework. Resulting from the literature review, the interview design takes place. The interview design is dependent of the findings from the literature review because the variables for the interview will derive from the literature.

5. Research methodology

The methodology of this project is divided in two essential parts: a systematic literature review and qualitative data gathering in forms of semi-structured interviews.

Literature review has the role to define, identify and correlate the prevailing theories of this master thesis, which are circular business models and b2b branding.

The literature builds the theoretical background in understanding what the difference is between a circular business model and a linear business model and the characteristics of circular products compared to linear products. The other angle of the literature is focusing on defining and identifying B2B branding particularities. Finally, a correlation between the two concepts will be established forming a conceptual framework for the project showing how circular businesses could use branding to make customers buy their products.

Qualitative data gathers through interviews with participants that have a role in Tier1 Asset branding. The purpose of the interviews is to understand what the role of branding in a company based on a circular business model is, and what triggers customers to buy products resulting from a circular business model.

5.1. Method of literature review

Literature review focuses at synthesizing the existing research and form a deeper understanding regarding a topic. It has been widely used in different fields such as business management, medicine, anthropology, sociology, etc. The goal for creating a literature review is to revise prior studies and find a connection between different academic papers of the same subject area. (Kuada, 2012)

In this research, literature review is two-folded: first of all the secondary information aims at forming a conceptual framework; secondly is to extract the variables of circular business model and branding and find correlation between them in order to have a base for the interview questions.

The function of the systematic literature review is similar to the narrative literature review: it will contribute to forming an understanding, a preview, of the topics. This method will adopt a critical approach to the topics; it determines the gaps in the existing knowledge, which can later allow forming a rationale for a study to emerge. The systematic literature review takes a deeper approach to synthesizing the information regarding circular business models and B2B branding. (Kuada, 2012)

The literature review has an important role in this project. Because the chosen concepts are relatively new for the academics, there is little or non-existent literature for the B2B branding of circular products and services. This is why in order to answer the main problem statement; were formed a set of sub-questions leading to answering the main problem statement, the answers of which result from the literature review. These sub-questions make the project progressive: starting from theoretical concepts of two different topics and finding a correlation between the two.

The circular business model will be presented in contrast with the linear business model, after which will be determined the difference between circular and linear products.

Later in the research is defined B2B branding, B2B buying process and the relationship between the two concepts.

Finally, a correlation between circular business model and B2B branding will be identified, which leads to the second part of this research- qualitative data gathering.

The variables derived from the literature review will unlock the topics for the semi-structured interviews that will aim at answering the main problem statement of: how B2B branding triggers customers to buy circular products.

5.2 Qualitative research method

Qualitative research is a method for collecting non-numerical, exploratory data. Qualitative research is essentially effective in gaining information regarding the values, perspectives, opinions, behaviours, and social contexts of specific topics from the point of view of the participant. (Kvale, 2008)

The strength of qualitative research lies in its ability to provide rich data derived from textual descriptions of people's experience of a certain phenomenon. It displays the "human" side of a topic – that is often contradictory behaviours, beliefs, opinions, emotions, and relationships of individuals. (Kvale, 2008)

Qualitative methods are known in identifying hard to measure, intangible factors such as social norms, socio-economic status, ethnicity, etc. (Kvale, 2008)

The three most popular qualitative methods are participant observation, in-depth interviews, and focus groups. (Kuada, 2012) Each method is particularly relevant for gathering a specific type of data.

- Participant observation is convenient for gathering data on naturally occurring behaviours.
- In-depth interviews are mostly applicable for collecting data on people's personal perspectives and experiences. Particularly when deeper topics are studied, as for example the development of an own business, or challenges occurring during its development, experiences, etc.
- Focus groups are effective in obtaining data on the cultural norms, experiences and opinions of a group and in generating broader points of view of particular issues of concern. Focus groups usually represent a large population, but the data is not statistical.

In this particular research will be used semi-structured interviews for data gathering because it will give the participant freedom to answer the questions on the specific topics according to his or her own will, and thus will be possible to illustrate their opinion on the research topic.

As the topic of this study is newly emerged, B2B Branding of a business build on a circular economy, qualitative data is the most appropriate tool to illustrate how B2B Branding behaves in a circular business and how it triggers customers to buy circular products.

Motivations for semi structured interviews

Usually researchers conduct interviews for a multitude of reasons: firstly as primary data gathering for collecting insights from participants about their own patterns of behaviour, their beliefs or opinions, or past or present experiences. (Kuada, 2012) Interviews can further gather background knowledge and to tap into the expert opinion, as this study pursues.

Interviews vary from “unstructured” to highly “structured.” The idea behind this is how much the researcher “controls” the respondent's answers.

In this study, semi-structured interviewing uses guidelines, questions and topics to be covered: the value propositions of a circular business model, the unique selling point, the

triggers that makes customers interested in refurbished products, and the role of branding in customers' decision making process.

The interviewer does not follow exact order in which questions are asked, but even rephrased or relocated the questions should cover the main topics mentioned earlier.

Semi-structured interviews collect in-depth data in a conversational style. This method gives the opportunity to delve deeply into the topic of how can SMEs that follow a circular business model use branding to influence customers to buy their products.

The semi-structured interview manual provides detailed guidelines for researchers on how to conduct the interviews that will provide reliable and comparable qualitative data. Semi-structured interviews give best results when the interviewer uses open-ended questions, because they evoke meaningful, explanatory answers unanticipated by the researcher. (Kvale, 2008)

5.2.1 Interview methodology

As mentioned in the previous paragraph, the method for data gathering is semi-structured interviewing. This complex process provides rich data resulting from one-to-one dialogue. The main principle for collecting information on the research topics is through an interaction between the researcher and the participant. The challenge for this research method is to avoid bias, because the process implies a lot of freedom for both the researcher and the respondent, which can make it easy to lose track of the research topics. Thus, the guidelines followed in the research procedures are the 7-stages of the interview process suggested by Steinar Kvale (Kvale, 2008), that look as follows:

1. Thematizing
2. Designing
3. Interviewing
4. Transcribing
5. Analyzing
6. Verifying
7. Reporting the results.

Thematizing is the first stage of the process characterized by the theme of the interview. The procedure implies a preliminary research of the research subject, defining the objective of the interview and setting the direction. At this stage, it is determined the *why* and *what* factors to investigate. The literature review helps to determine the variables of circular

business model and B2B branding influence on customers to purchase circular products. To be more specific, the secondary data looked at what is the difference between circular business model and linear business model, B2C versus B2B branding, the B2B buying process and what factors could have an influence on motivating consumers to buy circular products.

With these aspects in mind, the research goes to the next step, which according to Kvale is, designing the interview. (Kvale, 2008)

Designing. At this stage, the interview process is thought through. Aspects such as ethics, moral implication, questions design and preparation for gathering knowledge are taken into account. This stage also looks at all possible influences the researcher may have on the respondent and how to avoid them. In theory, these guidelines are in order, in practice all these aspects are taken into account before the interviews. Open-ended questions are prepared beforehand, in order to have a plan in mind to avoid moving away from the research topic. Also, open-ended questions give the respondents the freedom to express their point of view without any pitfalls. Besides, when designing the interview, the respondents sample is established. The study intends to gather data from different stakeholders of the company that have a role in branding circular products.

The privacy of the respondents was taken care as well. The researcher provided a consent form for the interview. The respondents' identity is hidden, therefore in the analysis they will be named as Alfa, Beta and Gama. The objective of this is to give respondents the feeling of freedom and security.

The questions prepared beforehand around subjects as: circular business model and its value propositions, B2B branding of circular products, and what triggers customers to buy circular products.

The **Interview** process entails the primary data collection that will convert later in knowledge. The interview process was partially planned beforehand, because researcher intended to gather as much data as possible, which would be facilitated only if the respondent answers freely.

The interview setting was professional. The interviews took place in the meeting room of the case company, Tier1Asset. The atmosphere was semi-formal, the researcher and the interviewees started with a small talk and later they had begun the interviewing process.

The interview was intended to flow as a dialogue, however it had narrative aspects as well, because the researcher wanted the interviewee to express his/her opinion as detailed as possible.

During the interview, the researcher followed up with questions on the responses in order to clarify the topic and/or asking for more details. Thus, comprehensive data was gathered which will be analysed in the next chapters of the project.

Transcribing. All responses were transcribed followed by the analysis. Transcription implies copying the exact words of the interviews in a document. The transcription process facilitates providing evidence by citing the exact words of the interviewee and observe the non-verbal, aural communication signs. As in the interviewing process the focus was on data gathering, listening and transcribing the interview gives another perspective of the interview flow, as the non-verbal communication signs are clearer as well.

Therefore, this phase gives the opportunity to pay attention to the details from a non-participatory perspective.

Analysing. This is the phase when the researcher transforms the data in finite knowledge. What was said in the interview may be different from what was meant, thus the researcher tries to gain deeper understanding of the meaning expressed in the words of the respondent.

Kvale suggests few types of analysis of data gathered from semi-structured interviews (Kvale, 2007). These are analyses that focus on both meaning and language. During analysis is impossible to focus on one without the other, because in principle they co-exist. However, interview analysis can also focus on either of them, in spite of the fact that there is no significant divergence in the techniques.

The meaning analysis looks at the deeper sense of what was said by the respondent, because it includes also non-verbal communication, tone of voice, the formality of the language, etc. It implies three methods: *coding of the meaning*, *condensation of the meaning*, and *interpretation of meaning*. *Coding* implies attaching one or more words to a specific communication line in order to allow an identification of the text. In the context of this study, these words will be the variables derived from literature on circular business models and B2B Branding.

When variables are allocated to each statement, the statements will be grouped based on their categories which are circular business model value propositions, B2B branding and the correlation of the two to influence customers to buy circular products.

Another method is *condensation*, where the abridgments of the respondent that express a deeper sense in short answers are determined. (Kvale, 2008) Finally, the *interpretation* method of the meaning includes a deeper analysis, focusing on decoding long sentences and grasp the symbols from the sentences.

Language is a tool facilitating the interviewers and the interviewee to express themselves in the form of a dialogue. The tools analysing language are: *linguistic analysis, narrative analysis, conversation analysis, discourse analysis and deconstruction*.

Linguistic analysis focuses on use of different linguistic forms such as passive or active voice, the tenses and the level of formality of the language, temporal and spatial references, metaphors, and pronouns. These characteristics show the meaning and propensity of the interviewee, cues that represent the attitude, the feeling of freedom and security of the interviewee, their willingness to answer the interview questions.

Narrative analysis looks at the linguistic form of the text. This method is inspired from humanities. Narrative is a story told by the interviewee, and the analysis derives from the way it is depicted.

Conversation analysis primarily is based on the dialogue and interaction. It focuses on how the interaction between the researcher and participants took place rather than the research subject. It observes the structure of the process, what was the use of words and sentences, and their influence on the process. This analysis mostly applies in therapy and psychology.

Discourse analysis focuses on how truth effects are created with discourses. Discourse is action-oriented and it can be biased. For example political discourses or how political leaders answer their questions.

Finally, *deconstruction* concept developed by Derrida, in which *destruction* and *construction* correlate. The analysis implicates destructing one sentence in sections and meanings, and constructing new ones. However, this method can easily manipulate the text and form “fake” knowledge. Deconstruction separates the textual content, disrupts the concepts taken for granted and focuses on tensions and breaks of the text. It differentiates what the phrase aims to say, and what it actually say which open-up different perspectives of the meanings from the text. (Kvale, 2008)

The primary focus of this research analysis is the *linguistic analysis* in combination with the *meaning coding*. The interview analysis of these topics and their correlation is expressed through meaning and language. The non-verbal cues and the confidence respondents in

expressing their points of view on the correlation between Circular business model and B2B branding influence of consumers buying circular products are focus areas for the research.

Verifying. Research verification aims at increasing the level of trustworthiness and transparency of the research. Verification of data helps to overcome bias. Verification expresses in the reliability and validity of the study. Compared to quantitative research method, reliability and validity in qualitative research is not expressed in the extent to which the research can be replicated but in the trustworthiness and honesty of the interview process and data analysis. *Reliability* represents the sincerity of the findings. *Validity* relates to the consistency of data, correctness and strength of a statement. Validity also looks at non-verbal cues the objectivism of the researcher in the process of data collection and analysis. (Kuada, 2012)

Due to high risk of manipulating the knowledge, quantitative researches look sceptical at validity of qualitative studies. Thus, with an objective eye of researcher, the data collection setting was established for gaining reliable and trustworthy information.

The respondents were aware of the objectives of the study. The interview design and the questions were established beforehand. The researcher made sure that respondents feel secure to answer the questions.

The analysis is also performed objectively, by following the interview guidelines. Different points of view regarding the same topic are looked at in order to avoid research bias.

Reporting is the last stage of the interview analysis. This stage strongly relies on the analysis results. This section is an overview of the information resulted from the analysis. In a short summary compresses the findings of the analysis, after which draws a conclusion.

5.3 Validity and reliability

Validity and reliability are essential for the research because they measure the degree of trustworthiness and transparency of a study. If a research is valid and reliable, it considers a scientific study. Validity looks at how much is generalizable from the research. It is taken into account during the process of data gathering. Validity lies within the choice of respondents and research method for a specific topic. (Kvale, 2008)

Reliability is the concept that looks at replicability of the study, if repeating the same research method, will the results be the same. The sincerity of the responses that the interviewee gave,

the ethics of the researcher during the data gathering process and design of the interview are factors express the reliability of the study.

The questions were prepared preliminary and they were based on the literature review. Questions were open-ended, in order to give freedom to the respondents to express their opinion as detailed as possible. The interviews were conducted with each respondent separately for ensuring that nobody influences the responses, and that they feel confident to share information that may be sensitive to other parties. The researcher did not influence the responses, but when there were misunderstandings or the responses were deviated from the topic, follow up questions were asked. In addition, for testing the statements of the same interviewee the researcher asked same questions in different forms and at different times in the interview.

5.4 Philosophy of science behind the research method

Any academic study has a philosophical foundation. The choice of the research methodology relates to the understanding and perception of researcher's reality. Kuhn (1970) argues that any field of research has its own paradigmatic foundations. (Kuada, 2012) Academics of philosophy of science delineate the paradigms in terms of ontology, epistemology, methodology and basic assumptions of the human nature. (Kuada, 2012) They guide the process of research to make the reader understand the foundations of the knowledge creation process in the research.

Ontology and Epistemology

Ontology studies the nature of being. It is rooted in ancient philosophy where was deeply looked at the reality perception in the eyes of the holder. In this project the ontology represents the perception of the reality in the eyes of the researcher. (Kuada, 2012) In addition, ontology characterises the way the researcher observes the dynamics of interactions between people: does human nature influence the social environment, or they are two separated facets. This determines what the researcher perceives as truth and how knowledge about it is acquired. (Kuada, 2012)

Epistemology, the philosophy of knowing, primarily looks at the methodology of collecting new knowledge as well as the validity and reliability of it to be considered as truth. Because the area of research are concepts based on social constructivism for now, the methodology of data gathering is qualitative.

Paradigmatic foundation of the study

The paradigmatic foundation of the study is shown in the prism of the FISl classification, that stands for functionalism, interactionism, structuralism and interpretivism. (Kuada, 2012) Functionalism comes from positivist epistemology, falling in the objectivist positivist type of research. It is mostly used in economic studies, because it is based on the idea that organisations make adaptive structural changes derived from external environment. In addition, this paradigm can be called as a biological response behaviour because is based on the environmental factors. However, some disagree with this perspective because the decision-making units might be influenced by other factors besides environment: the gut feeling, perceptions and personal beliefs. (Kuada, 2012)

Interpretivism opposed to functionalism, is characterised by the need to understand how people define situations they get themselves into based on their experiences and perception of reality.

Compared to functionalists that focus on external events, interpretivists look at their research subjects as actors participating in a continuous meaning creation and sense-making of events in the environment of their being. Investigators focus on understanding, not as much explaining.

Structuralism is explained by seeing society as a complex system of interrelated parts, the focus of which is on the collective aspect rather than the individual. An individual is characterised by the role he or she has in a social context. This approach is usually used in research on organisational structures and behaviours.

The last paradigm is interactionism, which studies human interactions. The foundation of this paradigm is that individual persons respond to the external stimuli in a predictable way, but they act through “minded behaviour” resulting with many alternative possibilities of future actions, which means that people engaging with each other create and share different meanings that are highly subjective because of their own perception of the reality they live in.

With FISl framework in mind, the paradigmatic foundations of the following study are placed between interpretivism and interactionism.

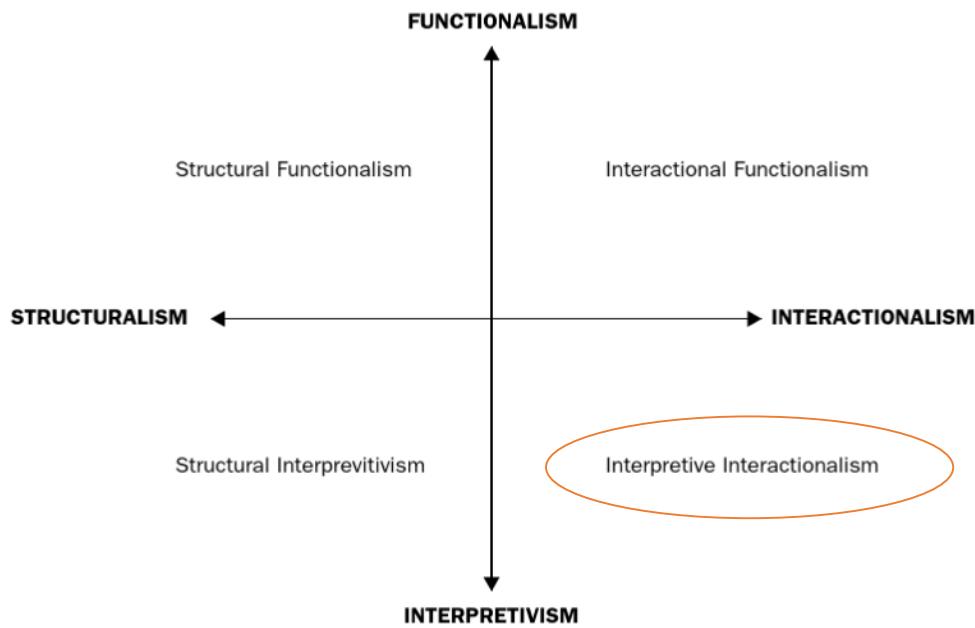


Fig. 2. FISI Classification of paradigms.

The paradigmatic foundation of this study is interpretive interactionism because the overall research problem is an emerging topic and is still at the exploratory level in the academic environment. Besides, the triggers of buying circular products are determined by the role of the actors and their needs. B2B branding is an extensive topic that includes not only marketing and reputational activities, but also the development of trust and loyalty in the network relationships. These result only from interaction. Interpretive interactionists look at how people interact within and outside their organisation. External experiences and interactions, influence their buying behaviour. Thus, the following study focuses on the subjective points of view of the individuals.

6. Analysis

In the following chapters will be analysed the literature and qualitative data gathering. The literature review aims at paving the way towards answering the main problem statement: How can SMEs that follow a circular business model use branding to influence customers to buy their products? The literature review answers the subquestions, and builds and explanation on B2B branding and Circular Business Models.

The data analysis involves the reporting phase of the 7 stages of doing interviews, and interpretation of the data in the findings sections.

6.1. Literature Review Analysis

For illustrating the framework of this project, a systematic literature review was conducted. The literature review is divided in two essential parts. Firstly, was synthesized the literature for circular economy and business models and secondly for B2B branding.

Literature review on circular business models

The literature review begun with the search in the academic databases as Elsevier, Business Source Premier and other hits led by the online library of Aalborg University. Some articles were published in more databases, which is why their reliability increased.

The screening process of the articles focused primarily on the topics that they covered. Secondly they focused on the year of publication. Finally, it was looked at the research method of the studies and their geographical proximity.

The search strings for the first phase of the literature review were: “circular economy”, “Circular Business Model”, “Circular Practices”.

The publication years were between 2008 and 2019. The reason to that was because the research on circular business models was made progressively, and the development of the circular economy concept was derived from similar theories developed before the period such as: cradle-to-cradle, blue economy, business model canvas, value chain, product life-cycle, value retention options, as well as the triple bottom line.

The literature review on circular business models resulted with 15(fifteen) articles. The literature review resulted with 5 articles solely focusing on a systematic literature review, 8 articles following a literature review and qualitative case study research, and 1 single article with a quantitative research.

The geographical aspect was secondary in the screening process of literature for Circular Business models, however most literature on circular business models came from Western Europe: Sweden, Finland, UK and Nederland, followed by one from Kenya, which was a report from the United Nations office.

Literature Review on B2B Branding

The literature review of B2B branding started in the same way as the literature review on circular business models. The search begun in the same databases, Ebsco, Elsevier, and the AUB online library that hits articles from all databases.

The search begun with the following key words: “b2b branding”, “b2b branding and circular business model” and “B2B branding and sustainability” The databases did not give any results on “B2B Branding and Circular Economy”, therefore the main focus was on screening articles resulting from “B2B branding” and “B2b branding and sustainability” hits.

The last search string, “B2B branding and sustainability”, emerged from one of the prevailing theories in the previous phase of the literature review, which was The Tipple Bottom Line theory. This was the main connection for the researcher between the two topics of this project.

The criteria for screening the literature on B2B branding was similar to the literature on circular business models. The most important criteria for the literature search was the topic, followed by period, theories and lastly geography.

The period of when the studies were conducted is the same, between 2008 to 2019. The theories prevailing in the B2B branding literature are Brand Equity Theory, Network Theory, Value Chain Theory, Decision-Making Process, and the Triple Bottom Line.

The geographical aspect was not that important, however the literature resulted with studies from: United Kingdom, Germany, and the US primarily. One article is from India, but is only has an explanatory role of the main theories from which B2B branding derived, these are Aakers Brand Equity theory and Kuhn Customers” Brand Equity Theory. (Menon, 2016)

The literature screening resulted with 12 articles in total. 5 of all articles followed a systematic literature review method, 2 followed a qualitative research, and the other 5 followed a quantitative research.

Theories in the Literature Reviews

The theories from academic articles on both main topics had some similarities, which helped to make a connection between the two subjects.

As mentioned in the previous paragraph the theories found in Circular Economy literature were cradle-to-cradle, blue economy, business model canvas, value chain, product life cycle, value retention options, as well as the triple bottom line. On the other hand, the theories found in B2B branding literature were: Brand Equity Theory, Network Theory, Value Chain Theory, Decision-Making Process, and the Triple Bottom Line.

Value Chain theory, Network theory and Tipple Bottom Line theory could be found in both areas of study, which makes a clear connection between the two subjects.

In the next paragraph, were the findings on the literature review will be highlighted, a conceptual framework based on this connection of theories will be made.

6.1.1. Findings of the Literature Review

The main role of the literature review is to pave the way towards answering the main problem statement: How can SMEs that follow a circular business model use branding to influence customers to buy their products?

The literature review will answer as set of sub questions that answer systematically the main problem formulation. They are:

1. What is a circular business model compared to a linear model?
 - What is the difference between products resulting from a circular business model compared to linear business model?
2. What differentiates B2B branding from B2C branding?
3. What is the influence of B2B branding on customers' buying behaviour?

What is a circular business model compared to a linear business model?

In the literature the development of a circular business model bases on the framework of value creation by Osterwalder (Osterwalder, 2010), called Business Model Canvas. (Ranta, 2018) According to Osterwalder, business model encompass three sections: value proposition activities, value creation activities and value capture activities.

Value proposition is oriented toward what the company offers and who the customers are. Value creation and delivery encompasses the key activities, key resources and capabilities, and key partners and channels. Finally, value capture activities are oriented towards revenue streams and keeping the costs low.

Therefore, business model Canvas is only a tool describing a company, regardless of the core industrial concept of its activity, values, and/or products that it provides. This is why, in order to differentiate between circular and linear business models, is essential to firstly differentiate between the industrial concepts the core of the businesses is based on.

Circular Economy Vs Linear Economy

As mentioned in the previous paragraph circular economy is an alternative industrial model to the linear industrial model.

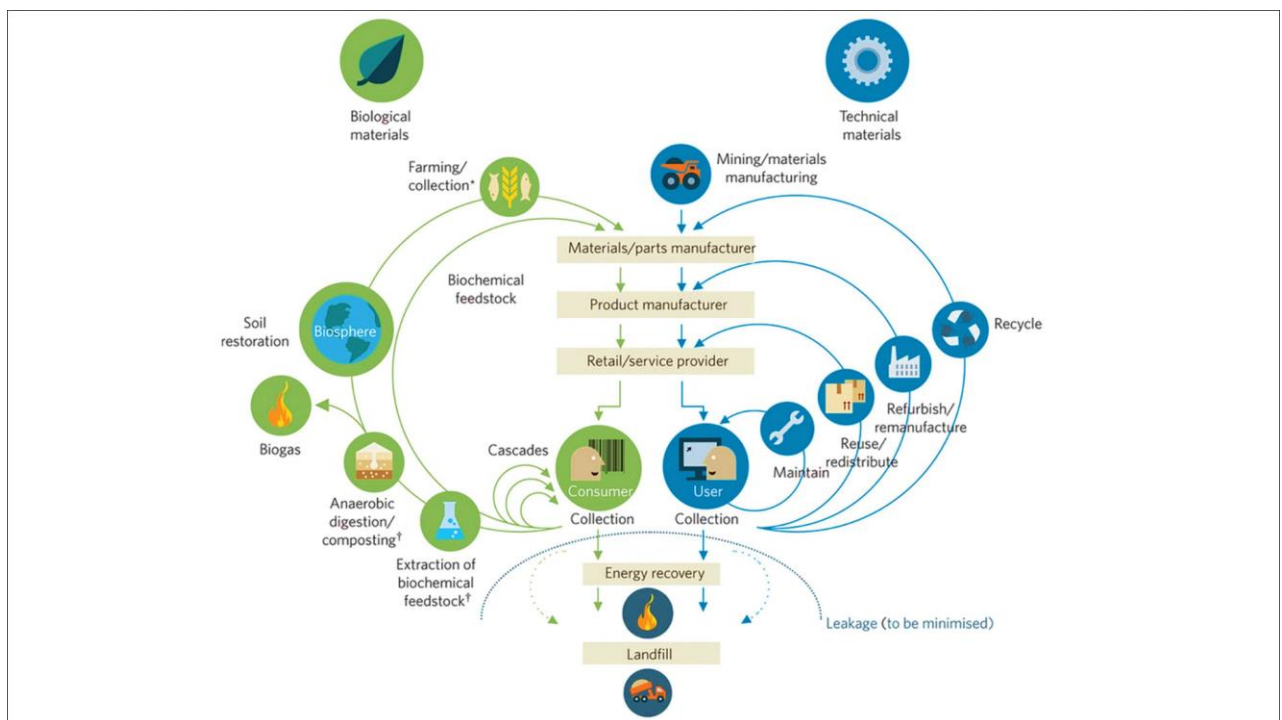
Historically, the foundation of linear industrial model lies within the uneven distribution of wealth, where labour cost was cheap, and manufacturing required an extensive use of resources. (Foundation, 2013) Linear industrial model incorporates the following source, manufacture, use and dispose. (Sariatli, 2017)

From a supply chain perspective, the linear economy is a profit-oriented configuration and coordination of all functions in order to deliver the value proposition towards the end user, regardless of waste, product lifecycle, resources and energy efficiency. (Geissdoerfer M. M., 2018)

Compared to circular economy, where resources are finite, in the context of linear economy the leading driver is profits, rather than efficient management of natural resources, prevention of landfill and reuse of materials.

At a product level, manufacturing starts with sourcing of raw materials from Earth, designing, producing, and delivering to the customers' brand new items. (Foundation, 2013)

In the context of circular economy, the lifecycle of products is essential, as the overall aim of the concept is not to stop the production of new items, but to keep the raw materials in use for as long as possible after the customer purchase. Therefore, circular economy can be seen as a continuity of linear economy. (See in the picture below)



Picture1. The graphic representation of Linear Economy and Circular Economy.

(Source: governmenteuropa.eu)

Linear Business Model

A linear business model is described within the frame of Osterwalder, Business Model Canvas. Resulting from the paragraph before, the value propositions will lie within offering newly manufactured products. The creation of the products include the extraction of raw materials, manufacturing and delivery to the customers, without considering the environmental costs. The primary objective of a linear business model will be to create profits, and reduce costs as much as possible.

The advantage of this model is that it provides the customer a new item, and the value is created around it. The disadvantage of this model is that by focusing on maximizing profits and minimizing costs, environmental advantage is ignored in many cases.

Circular Business Model

The concept of circular business model is relatively new. The literature dates back only 4 years ago. When developing the business model for circular economy, the authors come with different frameworks, depending on their research context, but they all start with the Osterwalder Business Model canvas, and Business Model Innovation.

(Appendix 1- Literature review)

To begin with, the regenerative nature of circular economy is at the core of Circular Business Models, and the activities should be oriented towards retaining the materials in the supply chain management for as long as possible, by creating multiple lifecycles of products resulting from a linear economy. (Nubholz, 2018)

Therefore, Denise Reikea, Walter J.V. Vermeulena and Sjors Witjes (Reike, 2017) propose a framework for classification the value retention options according the amount of resources they keep within the supply chains. Circular Business Models are built around some of these value retention options, and their strategy will usually encompass one, or more value retention options depending on the product or services the businesses are offering.

The value retention options are two-folded: firstly, they can be implemented in the product concept and design lifecycle, and secondly in product-produce and use lifecycle. The product design lifecycle phase aims at creating new products by using recycled materials for the manufacturing. Product produce and use lifecycle, involves the use of virgin raw materials, but keeping the product in use for as long as possible.

The three phases of material loops according to the authors are short loops, medium-long loops, and long loops. Short loops include the following retention options (ROs) : refuse, reduce, resell/reuse, and repair. Medium-long loops involve: refurbish, remanufacture and repurpose. Long-loops include recycle materials, recover, and re-mine. (Reike, 2017)

(See below table 1.)

Short loops ROs	Medium-long loops ROs	Long-loops ROs
Refuse- refers to the concept of design, where product designers refuse toxic materials in manufacturing of a product	Refurbish- the process is characterized by replacing some components while most components remain intact. In other words, a general upgrading.	Recycle- processing of mixed streams of post-producer waste: shredding, melting, etc. processes that capture nearly the initial state of pure materials.
Reduce- aims at eliminating the production of waste during manufacturing, rather than disposing it.	Remanufacture- full structure of a product is disassembled, checked, cleaned, and when needed upgraded	Recover- extraction of elements from end of life components. Ex. Incineration for producing energy
Reuse/Resell- applies to second consumer of a product that hardly needs any adaptation and functions as new	Repurpose- finding another function of an obsolete good. Ex. Making furniture from pallets.	Re-mine- landfill or urban mining, where valuable materials are extracted from landfills.
Repair- bringing back the working order of a product		

Table.1. The value retention options for different material loops.

It is important to emphasize the fact that the classification of ROs by the authors did not include any time frames of when is better to consider the circularity of products, but only the lists of options for different material loops. Based on their study, the short material loops ROs are to be implemented at the initial stages of product lifecycle after purchase, the medium-long material loops should be taken into account at the medium stage of product life cycles, and the long-loops should be taken into account at the end-of-life, after the disposal of the product.

These value retention options do not necessary take into account the main objective of the non-economic factors and the environmental value proposition of circular business models.

Therefore, in the next paragraphs describes the circular business models within the prism of sustainability and environmental value proposition.

Circular business models and sustainability

Sustainability and environmental value proposition are some of the aspects that considerably differentiate linear business models and circular business models. Geissgoerfer suggests that there are strong similarities between circular economy and sustainability, and therefore the inclusion of sustainability practices within circular economy business models are inevitable. (Geissdoerfer M. S., 2016)

In the report, “Do circular economy business models capture intended environmental value proposition?” the authors discuss the value propositions streams of circular business models. (Maninnen, 2018) The study focuses on the environmental value proposition, an absolute value being a promise of environmental improvement a company takes into a consideration throughout not only at the company level, but also at the supply chain level. In this report, circular business models and supply chains are seen as part of a business ecosystem, because reaching environmental value creation is possible by involving the business at all levels. Compared to the profit-normative companies, in case of circular business model is important to integrate and align the external stakeholders for reaching environmental and social goals. Sustainable value cannot be created for customers, without creation value for a broader range of stakeholders. This is why; circular business model should include stakeholder management for a proper environmental value creation.

Sustainability is a wide-contested concept, and has over 300 definitions. However, this research will focus on this particular one: “sustainability can be defined as a situation in which human activity is conducted in a way that conserves the functions on the Earth’s ecosystems; a transformation of human lifestyle that optimises the likelihood that living conditions will continuously support security, well-being and health, particularly by maintaining the supply of non-replaceable goods and services, or an indefinite perpetuation of all life forms.” (Geissdoerfer, 2016) To some extent, sustainability factors are embedded in the circular business model, because they focus on the state of Earth’s ecosystems, and maintaining the supply of non-replaceable goods and services.

To name but a few similarities, both concepts focus on the intergenerational commitments, the development of global implementation models, integration of non-economic aspects to the concepts, systems/strategy design and innovation at the core and cooperation with different stakeholder necessity, business model innovation as key for industry transformations.

Researchers suggest that sustainability and circular business model innovation is possible to reach at the level of business ecosystem, where the environmental value creation process is

achieved in collaboration with external and internal stakeholders. (Antikainen, 2016) External stakeholders in many academic papers are not only suppliers and business partners, but also policy makers and governing institutions. The adoption of circular and sustainable practices within companies is often dictated by the political trends and regulations.

If all these aspects are taken into account when building one's business strategy, is possible to achieve sustainability through implementing circular practices into the business models.

Linear products Vs Circular Products

It is certainly evident the difference between linear and circular business models, and product offerings resulting from them. Starting at the nature of the concepts, the value creation of the linear business model is built around a newly manufactured product, whereas the value creation of a circular business model is built around the functionality of the product and its environmental value.

When it comes to the lifecycle of the products resulting from the different business models, is not possible to make a comparison of product lifecycles by separating the two. The product lifecycle in a linear business model context starts with sourcing, manufacturing and purchasing. The customer of a linear manufactured product will purchase a newly manufactured product.

The lifecycle of circular products, on the other hand, start close to the end or at the end of life of a linear product, because the nature of circular business model is to regenerate the virgin materials used in new products by adopting value retention options (ROs) in the business model and strategy.

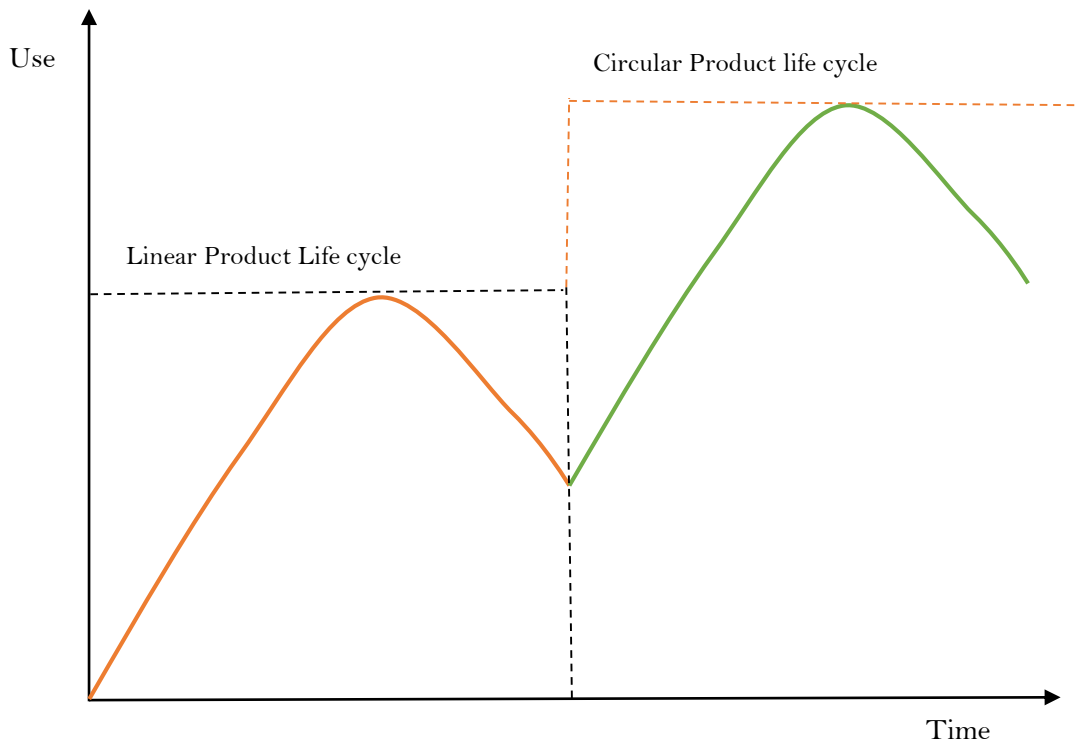


Fig. 1. Self-made configuration of linear and circular product life cycles

What differentiates B2B Branding from B2C Branding?

This chapter will describe the B2B Branding, primarily in the lens of brand equity model. In order to shed light on the B2B brand equity, a definition of branding will be made followed by a comparison between B2C and B2B Branding.

Branding is generally defined as the process of adding value to a product or service which works as a cluster of functional, emotional beliefs that enlarge a welcomed promise (Leek, 2011). However, in particular cases the enactment of branding changes and this depends on the product/service branded, industry of the company, values etc.

Both, in B2B and B2C Contexts branding is used to convey a set of values to the customers, which will contribute to building trust and develop both cognitive and affective ties with stakeholders. (Leek, 2011)

According to the literature, researchers developed B2B branding frameworks based on B2C branding. Most of the researchers focused on the model of B2C brand equity developed by David Aaker and followed by B2B Brand equity developed by Kevin Keller. (Menon, 2016)

A brand equity in marketing refers to the premium/higher value of a well-known brand, compared to a lesser known competitor brand for the consumer. Brand equity involves a set of assets and liabilities linked to a brand name which adds to or subtract from the value provided by a product or a service. Brand equity, provides value to the customer by enhancing customer's ability to interpret and process information, improving confidence in the purchase decision and affects the quality of the user experience. (Menon, 2016) The higher the brand equity, the better the experience. According to Aaker, brand equity is formed of 4 dimensions:

1. Brand Awareness
2. Brand Association
3. Perceived quality
4. Brand Loyalty

Brand awareness refers to the recognition of a brand by the customers or potential customers, as well as the associations to a particular product or service. Brand association aspects are described by the factors that come to mind when thinking about a particular brand. In many cases, brand associations are facilitated by the marketing communication activities and advertisement. Perceived quality refers to the quality affiliation of the brand that is often based on the judgement of the consumer. These things may not involve the use of a branded product, but they can come in play before the purchase and these dimensions may change after the product is used. If the expectations of the customer are fulfilled by the product or service, then the final dimension of the B2C brand equity comes in play, which is brand loyalty. Brand loyalty is the commitment of the consumer in regards to a brand by repeating the purchases over time. The value of a brand is higher, when the customers' satisfaction is high as well. (Menon, 2016)

The second model, developed by Kevin Keller is called customer-based brand equity model. He shows that the value of the brand is built with the by providing the right customer experience. The customer-based brand equity consists of:

1. Brand identity
2. Brand meaning
3. Brand response
4. Customer relationship

The first factor is brand identity, answering the question "Who are you?" At this stage, the customers identify the product category a brand relates to, and forms an idea of the needs it

can satisfy. Here is where brand recognition and recall is formed. Compared to the model of Aaker, this is related to brand associations. The author also suggests that at this stage is where the STPD (Segmentation, targeting, positioning and differentiation) strategies are applied, and where a USP (Unique selling proposition) in the minds of the consumer is constructed.

Second factor, brand meaning, answers the question of “What are you?” by showing to the customers the values that stand for the brand. The main building blocks are imagery and performance, meaning the way a brand is seen backed up by how the branded product performs. Price, effectiveness, reliability also play an essential role, because these factors will lead to the next stage, namely brand response.

Brand response, answers the question of “What about you?” where the key components are judgements and feelings of the customers resulted from the interaction with the brand.

Finally, relationships answering the question of “what about you and me”. The main characteristic of this stage is resonance, where is portrayed the nature of relationship the customer has with the brand, which can be considered the loyalty formation which eventually increases the overall brand equity.

These models have been used in the context of B2B branding as well, even though they have been developed in for consumers.

Across history, marketers focused on branding strategies for the end user. However, due to the latest changes in the industrial world that came with digitalisation, internationalisation and technological development, more and more focus was directed towards B2B branding.

Academics developed B2B branding strategies based on B2C branding strategies. (Backhaus, 2011) Therefore, when it comes to B2B branding is important to identify the similarities and differences between B2B and B2C branding strategies.

Both B2C and B2B brand relevance is focused on loyalty formation, risk and information-cost reduction. However, in the context of B2C imagery and perception of the brand has a much greater importance than in the context of the B2B. (Leek, 2011)

Both B2C and B2B branding strategies have an influence on the decision making process, however the decision making process differs in both contexts. B2C decision making process is inclined to be more emotional than rational, whereas in the context of B2B the decision making process is rational and complex. B2B decision making process involves more than one

person, is focused on cost reduction and profit growth, and on the functionality and performance rather than reputation and imagery.

B2B branding has an influence on the buying process. The reason behind it is that in B2B context, branding has a more reputational focus of a company rather than the product (Leek, 2011), and the strategies for branding are oriented towards enhancing the trust having business with a company rather than purchasing a set of products. (Lennartz, 2015)

Compared to B2C, B2B buyers perceive products and services in terms of both tangible and intangible attributes, and brand strength reflects the customer based brand equity.

This is why, when it comes to branding strategies for enhancing brand equity, it is important to take into account the fact that the customers in the B2B context are fewer and more complex, and there are more stakeholders involved in the business. (Lennartz, 2015)

What influence B2B Branding has on customers' buying behaviour?

The B2B branding literature in most instances is intertwined with the B2B buying process. The reason behind it is that branding strategies are developed closely with the decision making and buying process of a firm. As mentioned in the previous paragraph, B2B branding needs to focus on the fact that there are many more stakeholders involved in the business, and the company reputation has a word to say.

Along the time, the buying process in the B2B context has evolved from transactional to creating a customer journey. This is primarily due to internationalisation and digitalisation of technology, as well as competition. (Stewards, 2019)

Transactional models of buying had no consideration of developing loyalty and repurchase. Models were linear, typically beginning with identifying a need/problem and finishing with a purchase. No follow up or after sale service was involved. The decision making-process was unstructured, non-programmed decisions.

With the economic development, situational models were suggested where the companies put emphasis on the level of need, the risk involved in the process, product complexity, competition, etc.

Later on, influential factors were also taken into account such as operational and psychological factors encountered by decision makers, causal relationships, environment, rational economic factors, etc. At this level was also paid attention to the customer satisfaction, engagement and experience.

The latest models focused on relational aspects such as trust, and relationship development; network development where the stakeholder participation was also taken into account: and developing a customer journey which involves not only the process of buying a product, but also branding. In this case, the role of branding is create digital automation, proactive personalisation, contextual innovation etc.

It is difficult to assess the right buying process model, as these differ based on company's offering and the overall strategy. However, in the context of this research, a customer journey buying process would best describe the buying process, because the factors influencing decision making are not only the performance, functionality, leading-time, distribution and price, but also information cost, risk assessment, and customer experience alongside the process. (Herbst, 2011)

Developing Circular B2B Brand equity

In this paragraph, a connection between the above mentioned concepts will be made. A circular business branding is possible to accomplish with the help of sustainability B2B branding, by developing circular brand equity amongst business buyers and stakeholders.

Because business buyers are profit motivated and budget constrained, high B2B brand equity enable companies to ask for a price premium, willingness to extend brand goodwill and the product lines, as well as being recommended as a reliable and trustworthy brand. (Leek, 2011)

Some argue that branding is an incremental activity in the context of the B2B because is a long-term investment, but on the other hand building a strong brand equity influences the reputation and relationship/network building of a company. (Lennartz, 2015) In the case of a circular business, brand equity would consist of the enablers to lower the risk of purchase and increase trust by building a network that would facilitate business practice. (Sharma, 2009) Brand associations, a component of brand equity, is represented by the overall company's CSR, ecologically conscious policies, and achievement of environmental sustainability.

In the study "Sustainability and B2B marketing: A framework and implications" (Sharma, 2009) researchers suggest that sustainable B2B branding should come in play together with Resource-Based Theory, because achieving environmental sustainability is through the maximisation of value retention processes that promote the efficient use of resources, decrease waste and pollution. Therefore, sustainable branding goes deeper than spreading the word, the reputation of company and its brand equity depends on what the company actually does for the environment. In this research (Sharma, 2009), authors suggest that B2B marketing goes beyond a single company's activity. It goes further in the supply chain where resources

and capabilities are oriented towards sustainability. Sustainable activities of the company should be followed by the green marketing or environmental marketing, that have an influence on building a circular brand equity. Green marketing is defined as the process of formulating and implementing entrepreneurial, and beneficial marketing activities with the objective to create revenue by satisfying a firm's economic and social performance. (Chan, 2012) The green marketing activities should increase awareness for the potential customers what will they do for the environment by having business with a sustainable company.

Wang and Capon (Wang, 2018) in their research on "Building industrial brand equity" suggest more dimensions of brand equity based on resource advantage. Those are: functional advantage of the products, solution advantage in services, analytical advantage and CRM, omni-channel advantage in communication, symbolic advantage in publicity, network in resource sharing and the decision making roles in the buying center. The reason to including these in the formation of a B2B brand equity is because it creates a customer journey, by providing experiences before and after purchase. Therefore, relationships are built, the enablers of repurchase. (Wang, 2018)

Scandellius and Cohen (Scandellius, 2016) suggest that sustainability programs are better facilitated through co-creation and collaboration. In the context of their research, co-creation is viewed as "collaboration with higher involvement and creativity leading to shared value. A social process based on collaborations between organisations that generates benefits for all and creates value for stakeholders" (Scandellius, 2016) Authors identify three success factors for accomplishing co-creation: management commitment, relationship development, communication management. It is also important to mention the co-opetition management, that aims to balance competition with encouraging active cooperation of all stakeholders.

In the context of circular B2B brand equity, these aspects should be applied for the formation of an ecosystem that allows the value co-creation of a brand. Meaning that, one company is not enough to form a circular brand equity, but it will require its partners, distributors and resellers to co-create a circular brand.

Conclusion of the paragraph:

Based on the literature, circular brand equity will include the following aspects:

1. Product functionality and performance
2. Sustainability and environmental value creation
3. Network and relationship management
4. Brand loyalty

The first aspect, ***product functionality and performance***, is derived from the literature of both topics, circular business models and B2B branding. In the context of a circular business model, product functionality and performance plays an essential role in building a strong brand equity. Circular products result from a value retention process of linear products, meaning that customers purchasing circular products will not buy the product for its newness but for its functionality and performance. As literature shows that business buyers focus more on these rational criteria, product functionality and performance will be the first aspect of building circular B2B brand equity.

The second aspect of the circular brand equity is ***sustainability and environmental value creation***. Circular economy in nature focuses on prolonging the lifespan of products and raw materials for as long as possible, but as the literature suggests not all value retention options are sustainable, as for example re-mine or urban mining. A circular business model will work only if it takes into account the sustainability and environmental aspects of its offering. The reason to that is because implementing sustainable practices will attract bigger players to adopt circular practices, because one great reason why business look more and more into adopting sustainability practices are government pressures. (Ormabazal, 2018) Aside from that, sustainability offers an opportunity to improve ones CSR profiles and a collaboration with a circular business or adopting circular practices in the every day processes contributes to that.

Third aspect is ***network and relationship management***. This factor in building a circular B2B brand equity is the one contributing the most to the creation of trust and brand loyalty. In the context of a circular business model, network and relationship management facilitate the cooperation with internal and external stakeholders that contribute to the success of a circular business and environmental value creation. As literature suggest, both the implementation of circular economy and sustainability goes beyond company's walls. It engages all members in the supply chain and other stakeholders who have either a direct or indirect influence in the brand equity formation. Network and relationship management

involves CRM assistance, after-sale service and minimization of information costs, as well as what Wang and Capon call the omni-channel presence (Wang, 2018) facilitated by communication and marketing.

Finally **brand loyalty** is what makes customers return for a re-purchase. Brand loyalty is the factor that determines the brand equity quality. The more customers return for repurchase, the more valuable a brand is.

Now, a company with a strong circular brand equity will trigger customer to buy their products for the following reasons: they will provide a functional product with high performance, their information cost and purchase risk will be low, and they will improve their CSR profile because they will contribute to the environmental value creation and they will build trust-worthy relationships and networks that will benefit their business.

Brand equity factors work in correlation with one another. Building a strong brand equity is not a step-by-step process, but rather a progressive in time process where each aspect works hand in hand.

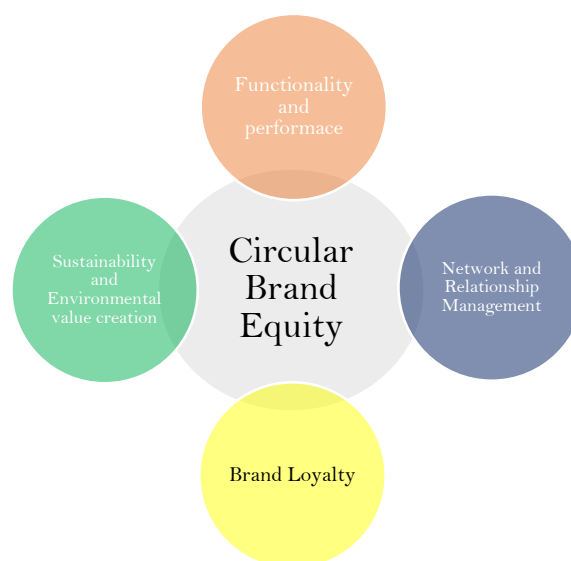


Fig. 2. Self-made configuration of Circular Brand Equity

6.2. Qualitative Analysis

The qualitative analysis starts with a presentation of the case company, followed by the variables and sample. Later will be presented the findings of the data gathering. In the next paragraphs is tested the conceptual framework resulting from the literature review.

Case presentation

The context of this research lies within a Danish refurbishing IT company, Tier1 Asset. The company offers Asset Recovery Services and refurbished IT equipment. The purpose of this company is to increase the life span of used IT and reduce electronic waste. The company follows the idea that the sustainable value of things comes from their ability to circulate, therefore the business model of it is built on the concept of circular economy.

Asset Recovery Services

The services focus on increasing the lifespan of IT equipment up to 7-8 years. The process of asset recovery includes the following: secure pick up, value retention process and reporting.

- *Secure pick-up:* Tier1 Asset provides secured containers for the collection of the used IT equipment. Tier1 Asset serves customers in 66 countries worldwide, meaning that the company has the capacity to collect goods from most countries in the world.
- *Value retention process:* When the end-of-use IT equipment enters Tier1 Asset facility, the value retention process takes place. It includes device registration, removal of stickers, data erasure, quality-check and classification. Any handling registers according to each device's serial number.
- *Reporting:* Every procedure each device has gone through is registered and documented. A unit-level report is available for the customer at the end of the process showing the systematic process of asset recovery.

Tier1 Asset products

The refurbishing process is highly similar to the asset recovery. It is embedded in the process of value retention of the devices.

The value retention process includes the following: initial product handling, data erasure, product classification, and shipping.

Value retention: When the end-of-use IT equipment enters Tier1 Asset facility, the value retention process takes place. It includes device registration, removal of stickers, data erasure,

quality-check and classification. Any handling registers according to each devices serial number. The process of value retention is as follows:

- a. Device registration. Each device receives a unique identification number that is registered together with the serial number. The ID follows the device through the whole process
- b. Removal of Stickers. Each unit is subject to a manual removal of stickers and other types of physical marking
- a. Certified data erasure. Each unit goes through a GDPR compliant data erasure process, and each device is subject to a guaranteed anonymization
- b. Quality check: After data erasure, functionality and quality are tested on each device. After this, classification takes place.
- c. Classification: Based on the level of use, Tier1 Asset classify laptops in three categories, T1A, BARGA1N+ ,and BARGA1N, and desktops in two categories T1A and BARGA1N+

Initial product handling, Data Erasure and Classification are described in the value retention process in the previous paragraph. However, when it comes to products they go through a preparation process in which Tier1 Asset considers keyboard layout, memory and storage capacity, cable standards (US,UK,EU, etc.) and other adjustments. After preparation, the products are packed in sustainable boxes and shipped to customers for a new life.

Tier1 Asset offers three product lines for laptops, T1A, BARGA1N+ and BARGAIN.

Variables

The variables of this research result from the conceptual framework-the circular brand equity model. Circular brand equity is composed of product performance and functionality, sustainability and environmental value creation, Network and relationship management, and brand loyalty. The questions for the interviews are based on these aspects. In table 2, you can see the preliminary interview questions in relation to each variable.

Variables	Questions
Product performance and functionality <ul style="list-style-type: none"> • Quality • Price 	<ul style="list-style-type: none"> • What is the value proposition that you offer to the customers when it comes to refurbished IT devices? • What is the unique selling point compared to linear products? • Based on your experience, what determines business customers to purchase circular products? • What makes customers buy Tier1 Asset products? • What would be the greatest challenges when it comes to branding a circular business offering?
Sustainability and environmental value creation <ul style="list-style-type: none"> • Circularity • E-waste reduction • CSR 	<ul style="list-style-type: none"> • What are the triggers that makes the customers interested in refurbished products? • Besides costs, to what extent the circularity of the product is important to the customer? • What role does sustainability play when it comes to purchasing refurbished products?
Network and relationship management <ul style="list-style-type: none"> • Trust • Frequency of interactions 	<ul style="list-style-type: none"> • Do you believe that branding goes beyond Tier1 Asset walls? • Who are the key stakeholders that have an influence on the success of Tier1 Asset business? • Do you believe that branding has an influence on developing/ maintaining stakeholder's network? • What would be the role of branding in developing stakeholders' network?
Customer Loyalty <ul style="list-style-type: none"> • Trust • Frequency of repurchase • Recommendation 	<ul style="list-style-type: none"> • What are the general characteristics of the customers purchasing Tier1 Asset products? • After the first purchase, does the company follow up on the customers? • Are customers coming back for a repurchase? What makes them come back?

Table 2: Preliminary Questions for Each Variable

Sample

The respondents in this interview are those who have a direct connection with branding the circular products. The sample consists of three respondents: two of them work in the sales department at Tier1 Asset, and one of them is a distributor of Tier1 Asset products. The sample reflects internal and external key stakeholders that have an influence on branding circular Tier1 Asset products.

The choice of the respondents is based on the interaction with customers and the business unit that they come from. As this research is only focusing on the circular products, and not the services, the respondents are chosen based on their area of work.



Data Analysis

The analysis of the data is based on language and meaning coding. Based on the variables, the questions asked reflect the four building blocks of circular brand equity. The meaning coding involves selecting the answers that reflect each building block of circular brand equity, and put them together in order to test the conceptual framework. The analysis of each respondent is performed individually, where at the end will be made a comparison of responses in order to answer the main question: How can SMEs that follow a circular business model use branding to influence customers to buy their products?

Data Collection

Data collection took place in to form of semi-structured interviews. The researcher followed the guidelines of Steinar Kvale from the book “Doing Interviews” (Kvale, 2008). The process guidelines are described in the methodology chapter. This paragraph encompasses the reporting phase of the interviews, where the results are presented in a coherent narrative text with direct quotations from each interview supporting the statements.

1. Respondent Alfa

The first interview took place with the Sales Director of Tier1 Asset. Even if the setting of the interview was formal, the atmosphere was relaxing. The interview took place with ease of communication, because the respondent was eager to answer the questions as detailed as possible resulting with rich first hand data.

The point of view of the respondent regarding the value proposition and the unique selling point of the company resides in the fact that Tier1 Asset products carry much more than price and functionality. The products carry out a story and a meaning underlying that by choosing Tier1 Asset refurbished units customers contribute to develop sustainable practices: *“I think is safe to say that the value proposition we carry out to the market resides on the fact that choosing our products will bring you in a situation where you contribute to being part of a [sustainable] solution*

instead of the problem, by having a product that actually avoids the overuse of natural resources and limits additional CO2 emission..” The sustainability aspect in the company value proposition is also reflected in the marketing activities that play an important role in building B2B brand equity.

The product functionality and performance are also prevailing factors that contribute to building Tier1 Asset as brand, but they come in combination with sustainability. At the question regarding what makes customers choose refurbished products, the respondent emphasized that the price point and the value for money are still important factors, but the mind-set of customers starts changing towards more environmentally friendly options. The reasons to that can be different. The interviewee mentions the following: the eagerness of the customers to improve their CSR by making sustainable decisions for their company. However it is worth to mention that customers ask for different things, and the value for money is still a decision-making factor. The respondent mentions: *“.. we need to compete in terms of value for money, but on the top of that we have something that a new product does not have, [...] the circularity and [...] sustainability.”*

When the discussion came to branding and reaching the customers the respondent mentioned the ecosystem model that increases the scale of sales and of branding as well. Tier1 Asset is a company that provides both asset recovery services and refurbished IT equipment, and both business units must be balanced in order to fulfil the demand of the customers for refurbished IT. Besides that, the selling process of Tier1 Asset products is indirect meaning that in order to reach customers Tier1 Asset engage primarily with their distributors. However, this factor does not mean that the selling transaction finishes with the distributor. Tier1 Asset invests substantial time in network and relationships with all the members of their ecosystem because they all share the same objective- fulfilling the need of the end-consumer: *“.. so, in order to be comprehensive on our go-to-market model we want together with the distributors to target resellers. [...] So, we need to help the distributors in helping the resellers in making the customer services and value propositions relevant to the different kinds of end customers. [...] if we can be specific on that, is much easier to mitigate with the distributor, as well as the reseller [...] to do the right activities.”* The respondent mentions the fact that Tier1 Asset is part of a bigger supply chain, but to differentiate between the supply chain and the circular ecosystem, the ecosystem encompass both the B2B and the B2C customers, as well as the Tier1 Asset service customers: *“...we not only deliver a good product for a good price, but also something else which is anchored somewhere else [...] by buying from us you become part of a solution instead of the problem.”*

The value propositions and branding have an impact not only on partner relationships but also on customers' relationships and network, as well as loyalty; however, one thing does not go without the other. As much as members of the ecosystem are concerned about the environment, they are also concerned about profitability: *".. I do experience that people are reinvesting. People are curious to get deeper in this.[sustainability] but at the point of time when this is no longer a good business, we will lose members of our ecosystem..."*

Another aspect regarding the network and relationship is the trust of the customers. Besides the fact the Tier1 Asset is ISO certified for Environmental Management, Data Security Management and Quality Management, the company also makes audits for the customers regarding the transparency of the processes whenever they ask for it. This factor is also a value proposition for the customers that improves the brand equity of the company, because it increases the trust levels that influence customers loyalty: *"so, from time to time we are audited, not only due to our ISO certification, but also by our customers. So the customers send out auditors to evaluate our processes..."*

Besides, the company experienced that customers' loyalty created a "Snow Ball" effect, because they recommended Tier1 Asset to others.

Tier1 Asset as a brand differentiates themselves with the way they do business. One thing is the product reliability and effectiveness, another thing is that the company chose to position themselves so they do not create competition amongst themselves and their distributors:

"..we are living in this indirect business, meaning that we will not steal the customer. So there is a safe harbour in doing business with us because we have a clear and distinct role based value chain." The company chooses cooperation at all levels in order to reach the customer needs: *"our take on that is that we think that our value proposition to the reseller is stronger because we choose them as our primary route to market."* The same approach goes for the marketing. It involves each member of the ecosystem to co-create Tier1 Asset as a brand: *"..we also work on partner packages where we are delivering on marketing content for physical shops. So they can have posters, roll-ups, etc."*

Tier1 Asset invests in branding equity from all points of view. During the interview, the respondent primarily focused on the story behind the product, sustainability and security aspects. This fact shows that the primary focus for building a strong brand for Tier1 Asset is the environmental implication; however, this would not be a key value proposition without the transparency of the processes and reliability of the products for the customers and the

partners. This means that circularity and sustainability is embedded in the company's overall business strategy.

Respondent Beta

Respondent Beta is a Sales Agent closely collaborating with Tier1 Asset distributor in Denmark. The interview was semi-formal, more in a form of a dialogue than a structured process. The researcher used many follow up questions in order to develop ideas on the responses given. In spite of that, the process resulted with rich data on the same topics but in a different perspective.

The respondent point of view on the value proposition of the company and its unique selling point is more product oriented. Some of the essential factors in branding Tier1 Asset products are the warranty, value for money, and the processes the machine went through in the value retention process. Based on the respondent's perspective, the sustainability aspect is embedded in the whole process; however, it still plays a role in branding Tier1 Asset products.

"...you get a lot more for your money, [...] we sell our products with a two-year warranty as a standard, so actually covered as good when you are buying new machine. You get a good machine for a much lower price. [...]"

"... compared to others [...] a unique selling point is the refurbishment process. We reprint the keyboard, not all do that. [...] we pack the products in a nice box, so it looks as if you bought new products."

As the interview went by, the respondent gave the impression that branding the sustainability of the products comes secondary after branding the functionality and performance. This is primarily due to the fact that during the interview the price point and functionality were more emphasised than the sustainability of the product. Based on the responses, sustainability factors are more dictated by the government in both Denmark and the UK.

"[...] in Denmark you have the sustainability climate. [...]"

"... I've lived in the UK, and over there for example, they by law need to buy refurbished computers for the public sector"

When the discussion led to branding activities, the respondent mentioned about increasing awareness of the company, which means that company branding plays an important role when it comes to brand equity. *"I see a lot about informing people out there, but is more about sharing the information that needs to be easy for people to know who are we, and why we do what we do."* Besides,

in the respondent's perspective, branding also goes beyond company's walls. It goes to the distributors, up to the end-user. Moreover, the respondent suggests that both Push and Pull strategies are important with the go-to-market approach. When the dialogue involved different customers groups the respondent mentions that depending on the customer sustainability has a word to say: *"Some of them are driven by sustainability as well, and when you see the price point coming hand in hand with sustainability. I think that is a point when people make the decision."*

During the process of data collection, the respondent shared a similar perspective towards what the respondent Alfa called a circular ecosystem. When it comes to branding Tier1 Asset products to customers, the marketing goes all the way from the company to each member of the value chain: *"We are doing a lot of marketing materials for our distributor's customers. So they don't need to make a big work, and we make it a bit unique. [...] and branding is about storytelling. [...] is more about getting people to think why they should buy a circular product"*

The branding equity from the perspective of the respondent Beta primarily involves the product functionality and performance, as well as networking and relationship, and secondarily sustainability and environmental value creation.

Respondent Gamma

Respondent Gamma is one of the distributors of Tier1 Asset products. The interview took place online, because it was not possible to meet in person. The interview was formal and short. The respondent was time-constrained which influenced the length of the responses. In spite of that, the responses were rich in data.

The interview began with the question of what were the main motivations for them to distribute Tier1 Asset circular products. The reply was that currently the market demands circular products for two important reasons: the profit margin, and functionality and performance of the products. When a followed up question was asked regarding circular Tier1 Asset products, the respondent said: *"[...] my customers are asking for high quality products, because in the latest years the manufacturers have a fairly lower quality because of the demand for low-cost products. [...] so people moved the other way, because they wanted something not made of plastic. [...]"*

Derived from that, the value proposition that the distributor offers to the customers lie within the product offerings of Tier1 Asset which includes: two-year warranty, local after-sales service, and certified processes. *"they have two-year warranty, which is by far the best in the market"*

[...] another big selling point is that there are a lot of brokers in the market so people are kind of used to waiting long for RMA (after sales service) so, when you have a service centre at Tier1 Asset [...] the RMA time is much lower.” With this said, the functionality and performance aspects, as well as network and relationship with the customers are the most important aspects when it comes to brand equity. By offering a longer warranty time and accessible after-sale service, the company invests in brand loyalty because it exposes itself closer to the customer.

Sustainability also plays an important role in branding, but the respondent differentiates the focus of value propositions depending on the customers: *“...smaller retailers and shops don’t give too much importance to the green aspect in selling refurbished. But bigger companies, that have a CSR profile they must think about it as well.”*

The distributors also invest a lot of time in developing the network and relationships and building trust. The distributor always follow-up on the customers or potential customers. The respondent mentioned that sales process does not finish after the transaction is made, and the respondent’s team always assists the customers in case they need any help. With less fortunate customers, that had a bad experience with other brokers they minimize the information costs and the risk by providing them full product stewardship: in case the product does not fulfil their requirements, they return it without any cost. *“[...] if they are really scared, or had a really bad experience, we are trying to sell with 100% return rate and they can’t burn it with the product or lose money on it. [...] So it’s a low risk deal for them.”*

When the discussion led to sustainability and environmental value creation the respondent mentioned two factors: firstly, the large enterprises are more interested in sustainability and the environmental value creation because they need to invest in their CSR policy, secondly the respondent mentioned the influence of the government in implementing sustainable practices for the business.

Findings

The results of the data collection show three different perspectives on what triggers B2B customers to buy circular products. When it came to branding circular products and building a circular brand equity the respondents focused on the same aspects, but with different emphasis.

Respondent Alfa focused firstly on sustainability and environmental value creation, secondly on network and relationships in the context of creating value to the customer, and thirdly on product performance and functionality.

Respondent Beta focused primarily on product cost, functionality and performance, secondly on the sustainability and environmental value creation as part of the company storytelling, and little on network and relationships.

Finally, respondent Gamma focused on product functionality and performance, network relationship and trust building, and sustainability and value creation lastly.

The similarities between the results of each respondent are that the value creation and building a circular brand equity is possible to do in collaboration with one another. Similarly, to what Tier1 Asset does for the distributor in terms of assistance, the distributors do for their B2B customers. This means that circular brand equity is developed not only internally, but also externally across all stakeholders with the help of collaboration and co-creation.

7. Validity and Reliability of the analysis

The validity and reliability of the study represent the levels of transparency of data gathering.

The literature review followed the same screening process for both topics: B2B branding and Circular Business models. The period was the same, the geographic proximity was the same and the correlation between them was found with the help of the same theories.

In the context of qualitative data gathering, the researcher tried to keep an objective eye on data collection and analysis. The respondents were provided with consent forms, their responses were not influenced in any way by the researcher and open ended questions were asked to give the liberty to answer to all of them.

In spite of that, a research bias could have been possible, and the findings of this project need to be looked at with a critical eye. The geographic proximity is Western Europe for the literature review, and Denmark for the case study. The sample represents only a Danish circular business within IT industry. Any generalisations on the developed concept are not yet possible, because it needs further quantitative research.

8. Conclusion:

To answer the question how can SMEs that follow a circular business model use branding to influence customers to buy their products is by involving each member in the supply chain to co-create value to the end customer. The respondents mentioned that different customers require different value propositions. By having a strong circular brand equity that includes: product functionality and performance, sustainability and environmental value creation, network and relationships management and customers loyalty, Tier1 Asset is able to serve different customer segments and to brand themselves as a company that can fulfil any

customers' needs. The respondents mentioned that the primary triggers for purchasing circular products are quality and functionality, price and performance, as well as after sales services. Sustainability and environmental value creation is equally important to bigger enterprises and public sector that care about developing and improving their CSR profile and make a difference in the world.

The current branding strategies of Tier1 Asset touch primarily the first aspect of the circular brand equity concept, the product performance and functionality. This factor supports the fact the decision making process in buying circular products is rational and profit oriented, however the relational aspect facilitate customer loyalty and minimisation of information costs because the customers who purchased once Tier1 asset products, tend to return for a repurchase. Sustainability and environmental value creation plays a role in the reputational context of the company and security to do business with.

In perspective, sustainability and environmental value creation are some gaining more momentum in building circular brand equity. The policy makers that push toward sustainability not only large enterprises and public sector but also smaller business entities. Respondent Alfa mentioned that SMEs start to be more and more environmentally conscious. Therefore, in the near future this will become an equally important trigger to buy circular products, as it is functionality, price, and network and relationship management.

9. Reflections and Further Research

The course of this master thesis encountered few challenges because the research topic is relatively new for business and marketing academics. The circular economy business model is unique for each firm, because it strongly depends on what products the company offers and where in the value chain the company is situated. One thing is certain, any company that decides to implement circular practices in its business or to change its linear model to a circular business model requires high levels of process innovation. A circular company is not necessarily and sustainable company, because circular economy can be misleading sometimes. In the literature review were value retention options of natural materials were mentioned, the example of urban mining or re-mine is not a sustainable circular option because it involved extracting raw materials from landfills. There is a high risk involved in handling e-waste like that, because the metals and plastics from the machines contaminate land, water and air. Incineration also results high highly toxic gases that cause different types of diseases.

Another important aspect that occurred during the research process is that is challenging to keep track of validity and reliability measures when it comes to this type of research, where a new concept is developed through two different literature reviews.

It is certain that this research need further investigation that will test different types of circular models and their approach regarding B2B branding.

Geography is a factor that influences the research as well. Circular economy literature came primarily from countries that adopted it such as Scandinavian countries, Germany and Nederland. It is interesting to see that e-waste rates are higher in these countries, than the rest of the world. (Baldé, 2017) However, the approaches from these academic papers on implementing circular economy in the business models serve good examples on how to include it in a linear business model in any country of the world.

The literature on B2B branding and circular economy is limited to non-existent, and this area need a more in depth research from both the business strategy perspective as well as marketing. It would be interesting to assess this same topic in the context of a different industry and perhaps choosing a different research method, such as quantitative data gathering.

10. Limitations

This research project involves answering the question on how SMEs that follow a circular business model use B2B branding to make customers buy their products. The method of data gathering for answering this question is qualitative and the sample involves respondents who have direct implication in branding circular products to customers. A limitation of the sample size is that no customers purchasing Tier1 Asset products was involved in the research process to assess if the views on branding circular products is similar to what the company is focusing on.

Another important aspect is geography. The literature review is limited to Western Europe, and if the geographic proximity was larger, the views on circular business models and B2B branding could have been different.

If this project involved both qualitative and quantitative data gathering, as well as different companies adopting circular economy practices in their daily strategies the results of the research might have been different , and with higher validity of the study.

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