

# THE PERCEPTION OF YOUNG CONSUMERS ABOUT THE CIRCULAR ECONOMY

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## **Abstract:**

*Knowledge and application of circular economy principles can help move faster to an economy that provides a high level of environmental protection with major economic benefits, thus contributing to job creation and economic growth. The study aims to analyze the perception of young consumers regarding the application of the principles of the circular economy in Romania. The methodology of the research was based on a systematic review of the literature, complemented by information collected through an online survey among 130 young consumers. The results showed that the application of the principles of the circular economy must take into account the impact on costs and consumers, supporting the development of innovative environmental projects.*

**Key words:** circular economy, innovative projects, consumer

**JEL classification:** A13, F63, O33, O44

## **1. INTRODUCTION**

Moving towards a circular economy is crucial to the resource efficiency agenda set by the Europe 2020 Strategy.

For a society based on the circular economy, a new type of expertise, cooperation between decision-makers and a general change of attitudes and mode of action is needed. Education has an essential role in creating experts.

There are already a few companies that apply the principles of the circular economy, but multiplying the application requires widespread knowledge of good practice examples and adequate consumer information. Therefore, this study investigates among young people what factors are considered important and the main products that should have priority in ensuring the transition to a circular economy.

## **2. LITERATURE REVIEW**

Most researchers believe the circular economy refers to 3R: reducing materials and waste, product reuse in product pieces and recycling materials (Kirchherr et al., 2017).

The implementation of the circular economy transforms the waste of some economic agents into valuable resources for others, realizing the recovery of materials and energy (Yong, 2007).

The recycling component is one of the priorities of the European Union, which generates annually 483 kg of household waste each person (Eurostat, 2017)

Research shows that there is a positive effect on children in the field of recycling by teaching sustainable practices. Recycling rate could be improved through current consumer actions and through the education of future generations (Buil et al., 2017).

The role of the consumers in the transition to a circular economy should be considered taking into account all phases: buying, consumption and disposal. Research in Italy and Sweden, considering four sectors of activity: clothing, home appliances, paper and food, shows that

individuals have environmental problems in the disposal phase rather than when they buy or use a product (Siminelli, 2017)

The consumer attitudes vary greatly depending on consumer patterns and product type. For example, the attitude is positive when buying second-hand furniture or short-term rental products, while long-term rental leads to negative attitudes (Gullstrand Edbring et al., 2016).

Most of the consumers tend to reject the refurbished products based on personal, contextual, or product-related factors that negatively influence the consumer's assessment of the risks and benefits of the renewed product (van Weelden et al., 2016). Consumers could be involved by returning organic food waste to retailers in exchange for reductions in the purchase of animal products, the return of organic food waste entering the production process of animal products (Borrello et al., 2017).

Public awareness-raising messages from government, businesses, or the media can influence consumer behavior in order to acquire environmental friendly products, but widespread implementation of the circular economy requires profound changes in industrial practices and consumer patterns (Ferdousi et al., 2016). With an improvement in public awareness, it is likely that consumers will be able to pay recycling charges in the future either through a prepaid deposit or by purchasing the product with the price charged (Yin et al., 2014).

Cultural barriers are an important factor preventing the circulation of so-called "circular" business models, especially as a result of lack of acceptance by consumers or users. In this sense, more efforts could be made in terms of strategies that not only stimulate the acceptance but also the adoption and diffusion of the circular economy (Camacho-Otero et al., 2018).

The circular economy involves growth corporate responsibility and consumer awareness as well as the use of renewable technologies and materials, but without ensuring economic return on investment, can not generate a strong incentive for companies and investors (Ghisellini et al., 2016). Eco innovations that bring cost reductions can be a positive motivation especially for implementing cleaner production technologies (Horbach, 2008).

Environmentally friendly products that, in addition to their public benefits, benefit from private environmental benefits for the customer (eg energy savings) will generate greater consumer demand and may therefore be the company's motivation to implement these innovations (Kammerer, 2009). One of the obstacles to the development of the circular economy is the gap between policy-making and practical action (Xue et al., 2010)

Policies that could help close material loopholes and increase resource efficiency should address three areas: (1) reuse, repair and reconstruction policies; (2) green public procurement and innovative procurement; and (3) policies to improve secondary materials markets (Milios, 2018).

### 3. METHODOLOGY

The methodology of the research was based on a systematic review of the literature, complemented by information collected through an online survey based on a questionnaire among 130 young consumers. Establishing hypotheses has significant practical value in designing research by helping to clarify expectations in terms of results and setting the information that will be needed in the analysis process. The working hypotheses for this study are:

1. Over 50% of respondents consider innovative projects to be the key factor in the transition to the circular economy
2. More than half of the respondents believe that household appliances should be the priority product category in the development of circular economy measures

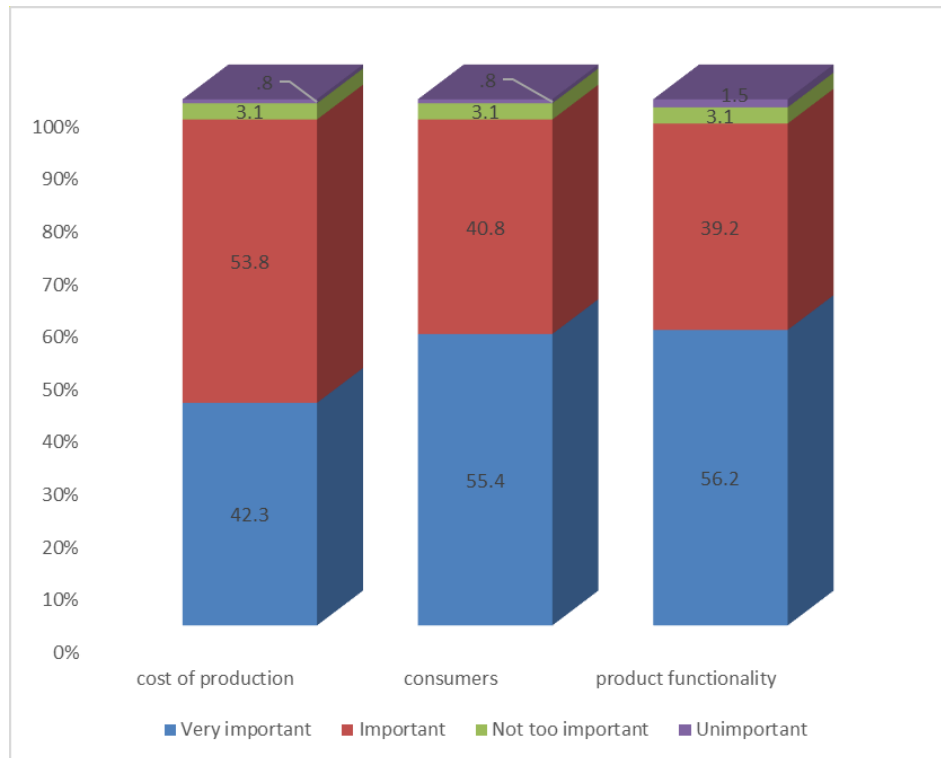
### 4. RESULTS

The research was based on a sample of 130 young people, out of which 100 women (76.9%) and 30 men (23.1%). The average age of the respondents was approximately 24 year.

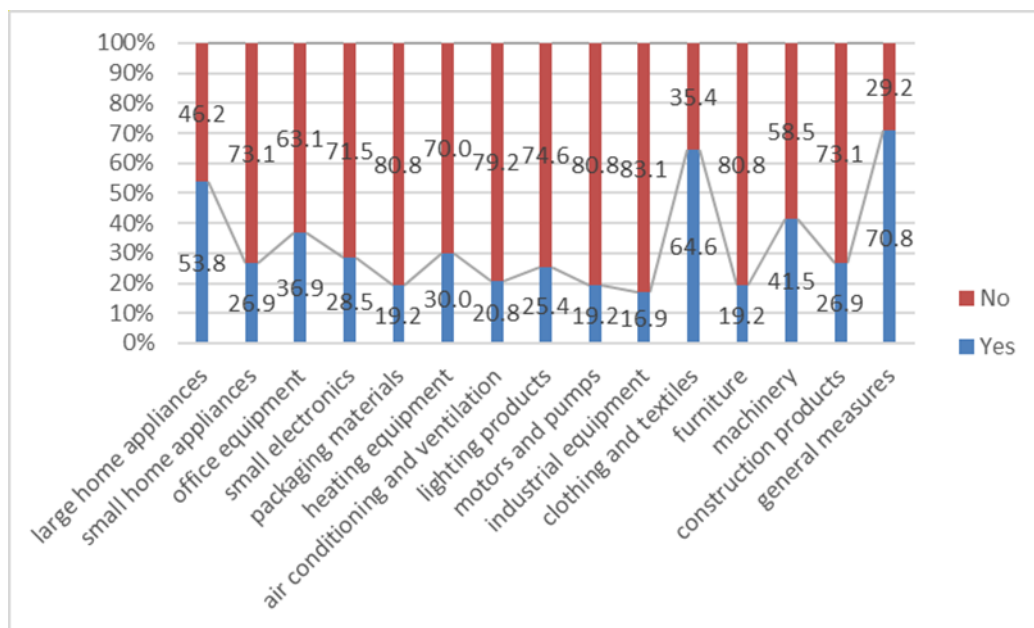
**Table no. 1. The structure of the sample**

	Number	%
Female	100	76,9
Male	30	23,1
Total	130	100

The application of the principles of circular economy is to be achieved considering the impact on production costs, the impact on the consumer and the impact on the way the product operates. More than 90% of the participants considered these issues important and very important, as it can be seen in Figure 1.

**Figure no. 1. Why should it be considered when applying the principles of circular economy**

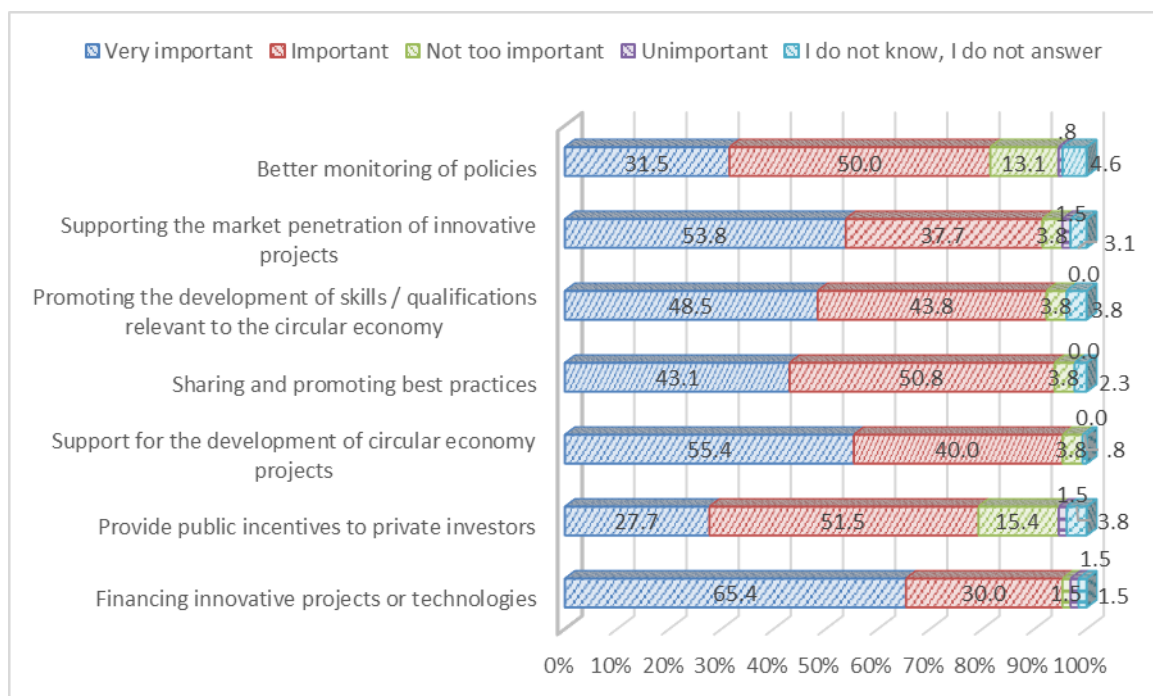
Among the product categories considered to have priority over the next few years, clothing, large appliances and cars received most of the responses from interviewees. More than 70% of respondents believe that priority should be given to general measures, as it can be seen in Figure no. 2.



**Figure no. 2. Main product categories that should be prioritized for the transition to the circular economy**

An important share of the participants does not consider as a priority: packaging materials, motors and pumps, industrial and furniture equipment. An explanation might be that already visible measures for consumers have already been taken for these products.

Of the factors considered important in promoting the circular economy, more than 65% of the respondents considered it very important to finance innovative projects or technologies. Supporting the development of circular economy projects is considered very important by over 55% of respondents. More than half of the research participants believe that supporting the market penetration of innovative projects is a very important factor in promoting the circular economy., as it can be seen in Figure 3.



**Figure no.3. Factors considered important in promoting the circular economy**

Promoting examples of good practice can help motivate companies to apply circular economy principles but also to consumers in purchasing products that are environmentally friendly. The development of relevant skills in the circular economy can ensure widespread dissemination of innovative environmental projects.

## 5. CONCLUSIONS

The application of the principles of circular economy must be done in the light of consumer impact, production costs, and product performance. More than 90% of respondents considered these issues to be important. The clothing and textiles along with large electrical appliances should be considered as priorities in the coming years in applying the principles of the circular economy. The explanation is given by the rapidity of replacing these products with consumers as a result of attractive offers on the market. Financing and supporting the development of innovative environmental projects is a key factor for the success of the implementation of circular economy principles

A circular economy offers huge business opportunities, but an adequate response from consumers buying eco products is needed. In order to boost the application of the principles of the circular economy, it is essential to spread best practices, invest in innovation and encourage consumers to buy appropriate eco-products.

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