

# Ius Commune Conference 2018

## Workshop: Contract Law and Consumer Protection 2018

### Circular Economy and Servitization

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Friday, 30 November (09.00 – 12.00)

Building: Aristo Amsterdam

Room: 2.02

Participants

#### Workshop description

Exploring alternatives to the exploitation of fossil resources requires new business models that abandon the traditional linear approach (*make – use – dispose*) that is based on the unique sale of a product and a change of ownership. This linear tradition approach exhausts the (scarce) resources and causes environmental concerns both in the phase of resource extraction and waste disposal of products. Alternatively, ‘circular economy’ business models aim to benefit producers, consumers and other users, and the environment and optimize the use of resources. The basic idea is that the user needs a specific functionality of the product but not necessarily the product itself nor the materials to realize that functionality. “*People do not want a quarter-inch drill, they want quarter inch holes*” (Freeman, “Buying quarter inch holes: public support through results”, 25 *Archival Issues* 2000, 91).

The evolution from linear business models to new, circular business models is part of the “servitization of the economy”: the new models entail a shift from buying a product to using products (pay-per-use). Diverse product-service combinations are possible: ‘product-oriented product-services bundles’, whereby services are added to the sale of a product; but also ‘user-oriented product-service bundles’ and ‘result-oriented product services bundles’. User-oriented bundles entail a right of use for the recipient of the product and the payment of a user fee; e.g. when a firm offers car sourcing services, such as Car2go and DriveNow. Producers retain ownership and the responsibility for the product during the entire life cycle. Result-oriented bundles guarantee the fulfilment of a specific need; e.g. when light is sold instead of light bulbs (e.g. Philips at Schiphol airport, Philips.com). Both models can provide incentives to producers and users to use resources in a more sustainable way. There are definitely opportunities involved in these new models. That is so for producers (retention of the residual value, establishment of a long-term relationship with the user, potential new customers due to a lower entry costs, ...), users (shift of the responsibility for maintenance, repair and replacement to the producer, no unexpected costs, lower entry cost ...) and the environment (less production of waste). However, there are also important challenges caused by servitization: higher investment costs for the producer, slower pace of returns, potentially higher transaction costs due to more complex contracts, exacerbated moral hazard problem (the user may behave differently if he is not the owner), protection in case of bankruptcy etc. The aim of this workshop is to explore these and other legal challenges these new business models pose.

**Organizing committee:** Evelyne Terryn (KU Leuven), Marta Santos Silva (Maastricht University), Bert Keirsbilck (KU Leuven), Anne Keirse (Utrecht University) and Jacobien Rutgers (VU *University Amsterdam*)

**Chairs:** Evelyne Terryn & Bert Keirsbilck (KU Leuven)

09.00 – 09.15 *Opening by the chairs*

09.15 – 09.40 **Vanessa Mak & Enna Lujinovic** (Tilburg University)  
*Towards a Circular Economy in EU Consumer Markets*

- 09.40 – 10.05 **Martijn van Kogelenberg** (Utrecht University)  
*Circular Economy and Servitization*
- 10.05 – 10.40 **Coffee break**
- 10.40 – 11.05 **Josje de Vogel** (Erasmus University Rotterdam)  
*Mobility-as-a-Service and the Impact on Consumer Rights*
- 11.05 – 11.30 **Benjamin Verheye** (KU Leuven)  
*Circular Economy and Real Estate*
- 11.30 – 12.00 **Discussion**