

Global Bachelor's Degree in Business  
Management and Entrepreneurship  
Final degree Thesis (TFG)

# Business project “Circular”

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UNIVERSIDAD EUROPEA DE VALENCIA  
2023/2024

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## ABSTRACT

“*Circular*” is an app created to connect international students and local communities through a collaborative economy. The app facilitates international students to rent everyday items from the local community. This will allow users to save money and reduce waste by borrowing rather than purchasing goods needed for short-term use. “*Circular*” supports sustainable living by encouraging resource sharing and fostering a community between its users. Using advanced technology to ensure secure transactions and reliable customer service, all to provide the seamless and trustworthy user experience we promise our community. The app’s business model includes charging a 15% commission on each transaction in addition to advertisement within the app, with a strategic plan to expand globally starting in Spain. Focusing on targeted marketing and a strong commitment to sustainability, “*Circular*” will revolutionise how people think about consumption, promoting a sustainable and connected world. A world where the local community comes together to help the new members, international students.

## KEYWORDS

Sustainability, Community, Trust, Collaborative Economy, Circular Economy

## EXECUTIVE SUMMARY

International students are usually known for their independence and open-mindedness, they usually face challenges related to their exciting new experiences abroad. This is where “*Circular*” comes into the picture, an app designed to empower these students by connecting with locals, enriching their experiences integrating in their new environment and getting the most out of the experience abroad.

“*Circular*” closes the gap between international students and locals, forming connections for practical needs. From fixing your home, renting DJ equipment or everything you need for your next adventure, the app investigates the community's resources, enhancing independence without cutting the exploring or breaking the bank.

Our vision? Empowering students to live independently, even in the face of numerous challenges they encounter in a new city. One challenge we've observed is the constant need for new tools and items for daily life tasks, often unsustainable and costly for short-term stays.

“*Circular*” uses a collaborative economy enabling a community where international students and locals can mutually benefit by renting belongings. With features ensuring fast, secure connections, insurance protection for both parties and reliable customer service, our app aims to facilitate seamless transactions.

Over the next year, “*Circular*” will evolve, the plan is to charge a 15% commission fee on transactions, projecting exponential growth from 20,836 initial Spanish users to being all over Europe and the world. Our strategy involves marketing, tailored to our target audience through online ads, print media, and personal engagement, as well as creating an ecosystem and network that fosters our same values.

Ultimately, our dedicated team of four is committed to this app that will revolutionise the collaborative economy across generations. “*Circular*” aims to make this concept accessible to all, contributing to a more sustainable future. Putting a focus on the technology and its cause as well as all the people involved, offering more than just a marketplace but creating a community.

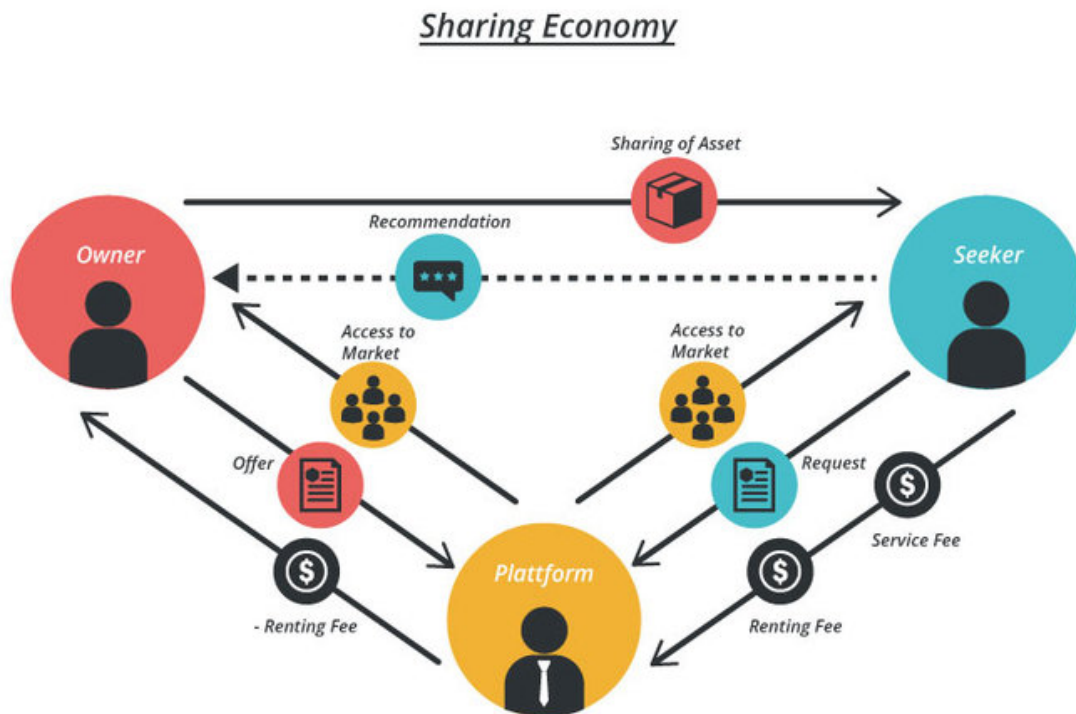




# INTRODUCTION

This app is the key part of a project which has the main goal of creating a community that allows for peer-to-peer renting. An app where local individuals and international students (above 18) can easily connect and share resources. The idea is that people might need something for one-time use or a short period, and it would not make sense for them to buy it (see Figure 2). Thanks to “Circular” they would be able to rent, save money and all by fostering a collaborative economy that derives many other benefits like sustainability.

Figure 2. The Sharing Economy



Business Model Toolbox

Note. Map showing the connections created in a sharing economy and how they are all connected (Daniel Christian Wahl, 2017)

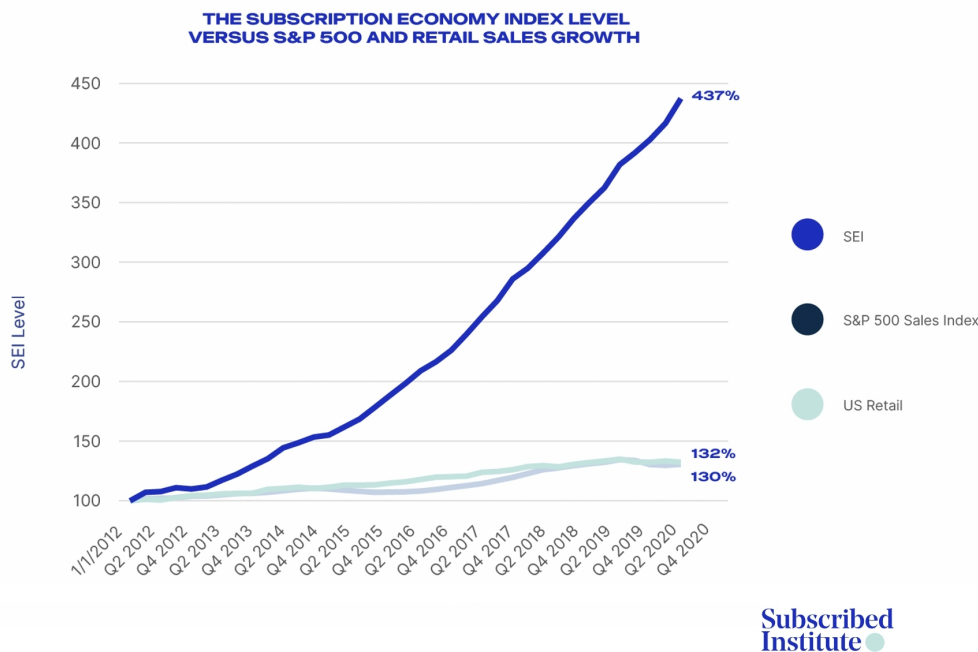
In looking into the current trends and megatrends shaping our world, we identify the technological development and societal shifts (Economist Impact., 2024). These are some of the elements that fuel our app as we are creating this app thanks to the technological developments that allow our technology to create these opportunities. But also, due to the changes that have made society more receptive and involved in our cause, they can link

our project to the Sustainable Development Goals (United Nations, 2023) number 11, sustainable cities, and communities, and 12, responsible consumption and production.

I started this journey with a clear mission: revolutionise how ownership and utilisation of everyday items are perceived. We recognized the growing community's need for a solution proposed by requiring items for a single use. That is why we aim to reduce waste, lower the costs, fostering a community between international students and local residents. Buying an item for short-term needs proves impractical and unsustainable in the long run, therefore the app facilitates a rental ecosystem which allows individuals to lend their unutilised assets allowing others to access affordable resources. The quick increase in interest in the collaborative consumption rental market is many by two factors that our users want to benefit from, increased flexibility and cost savings (FasterCapital, 2024).

Generations ago, people aspired to own a house or a car... they were likelier to stay in the same town. This allowed the possibility of families passing down and sharing assets. Ownership was a form of investment and providing food and a roof for your family. Also, the lack of infrastructure for renting and not having the technology to reach large communities made renting from each other more difficult, so renting between individuals was only possible with acquaintances.

Figure 3. Subscription businesses in the Subscription Economy Index



Note. Graph showing how the Subscription businesses in the Subscription Economy Index™ have grown nearly 6x faster than the S&P 500 over the last 9 years. (Zuora Financial, 2021)

As we can observe from historical shifts in the subscription economy (see Figure 3), we have embraced a service-based mentality nowadays, as we rather own the minimum things that will tie us to one location. A lot of people benefit from leasing cars, houses and much more. This is only possible through a right mentality. We are shifting towards a subscription-based usage model and therefore we are first implementing models related to renting goods rather than purchasing. Digital ownership (NFT, services such as Spotify, Netflix, streaming, eBooks...) are becoming more and more popular. Nevertheless, we still own everyday goods, for example, laptops and phones.

The collaborative consumption theory (Botsman & Rogers, 2010) explores how traditional modes of ownership and access to goods are being transformed by sharing economies. This theory focuses on the fact that technology enables people to share resources efficiently, fostering community ties and promoting sustainability.

In the context of “*Circular*”, this theory explains the potential benefits such as cost savings, environmental sustainability, and cultural integration. As with our app, you are enabling the sharing of resources, allowing international students to borrow items they need temporarily without the need to purchase them, which aligns with the principles of collaborative consumption. This has paved the way for the right mentality for this start-up, allowing this project to flourish and become an important part of everyone’s life. Creating a community that will actively be involved in developing a sustainable mentality and therefore a sustainable future. This not only perfectly describes our vision as we envision a world where a circular economy is the norm.

It also reinforces the ideas of our values: sustainability, community, and trust. Sustainability, through the reuse of resources and reducing the waste created by not only the manufacturing of new purchases but also the distribution of such. Community, we believe in the people and the power the community must be able to support others. In our community, we would be bringing together different groups that would normally not interact frequently with each other and creating a strong bond between them. And finally, trust, we would build trust ensuring secure transactions, protecting all the users’ data, and offering reliable insurance coverage for all the goods posted in the platform.

## BUSINESS ACTIVITY

We can all acknowledge that we are facing a climate emergency and are no longer able to delay giving it the attention it needs. So far, we have retreated behind our phone screens to avoid watching the planet die, but while we are at it, let's at least try to help the planet, we must act as a society. We are starting to realise, but in our rapidly changing environment, where resources are limited, and climate change is a reality we must act in ways that are sustainable and not just in the short run but also in the long run and at a larger scale.

This project aims to solve one problem, one-time purchases. For example, let's say we look just at online shopping (Igini, 2022), that alone is one of the main contaminants today related to consumer goods. Well, we have opted for a smaller aim to start that is also related, trying to fight unnecessary purchases for good that are going to be used once or for a very short period which does not balance out the waste of resources it creates.

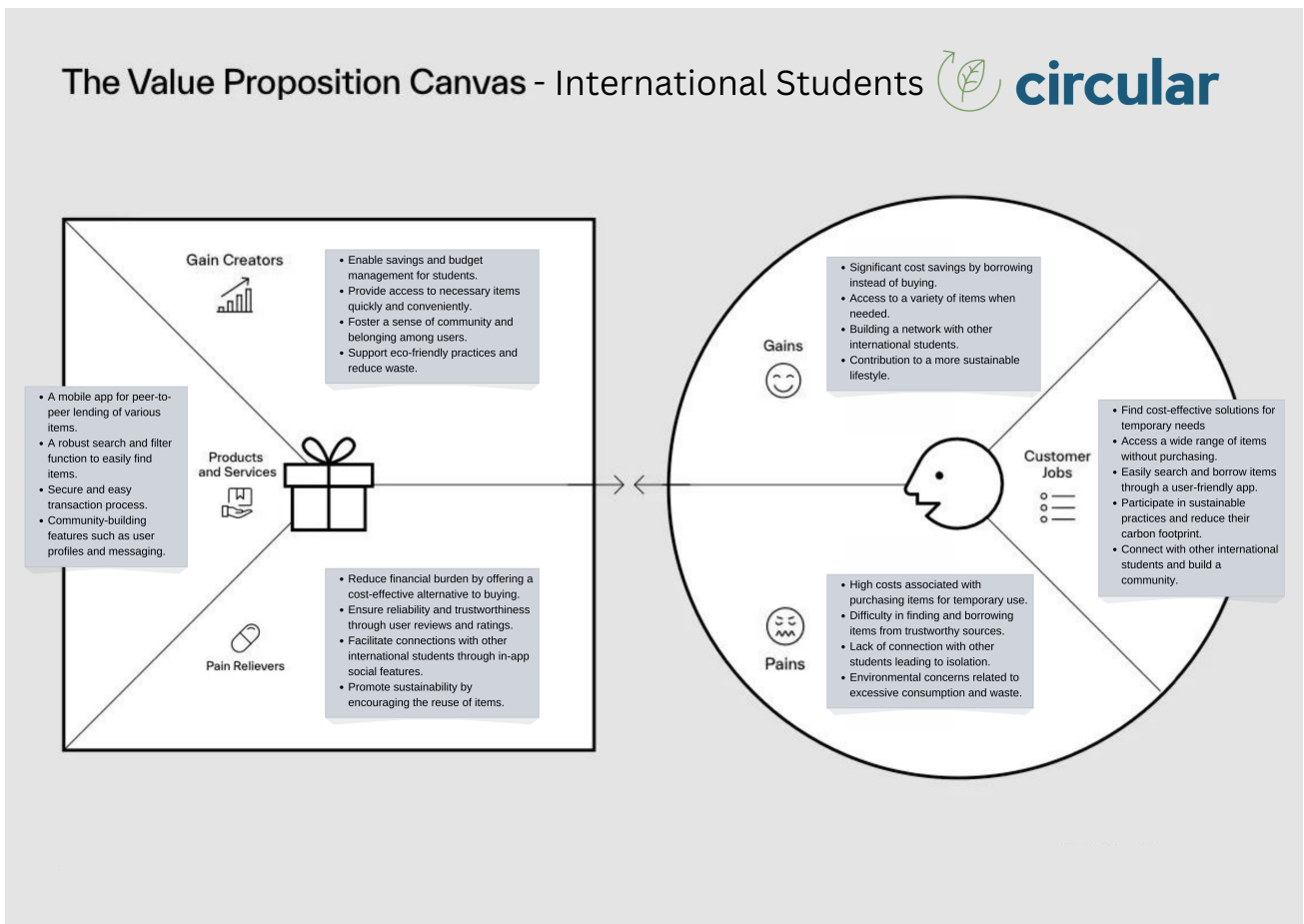
We have analysed and think that the collaborative economy is not just the solution, but the shift required to move from a wasteful model to a circular and collaborative model that values resource efficiency, reusability, and longevity. Through this lens, "*Circular*" sees the opportunity to foster a community where items are not just possessions, but resources put in common to share and optimize for a collective benefit.

Share anything with the community around you. In a world where consumerism is a problem and we must do something to help our planet, we have come up with a solution. By creating "*Circular*", an app that allows people to rent any object they need from other people living in the same area, encouraging a collaborative economy, and fighting consumerism. With this app we help international students to rent any item they may require from their peers, to not just save money avoid unnecessary purchases, and enable a collaborative economy to develop and create a community that will fight to reduce their impact on the planet.

Imagine you need something, and you do not own it (see Figure 4); you have two options: you can buy it, but sometimes buying something can seem like a waste of money and

resources, especially if you are not going to use it multiple times, perhaps you need it for a single use. Or you might decide to rent it. If you want to do so, you must find someone who can lend it to you. You could go through your list of personal acquaintances to see if anyone has what you need, you may also post about it on social media hoping that someone answers you, or you must look for businesses that do that in your area, but this could take a long time.

Figure 4. Value Proposition Canvas for the International Students

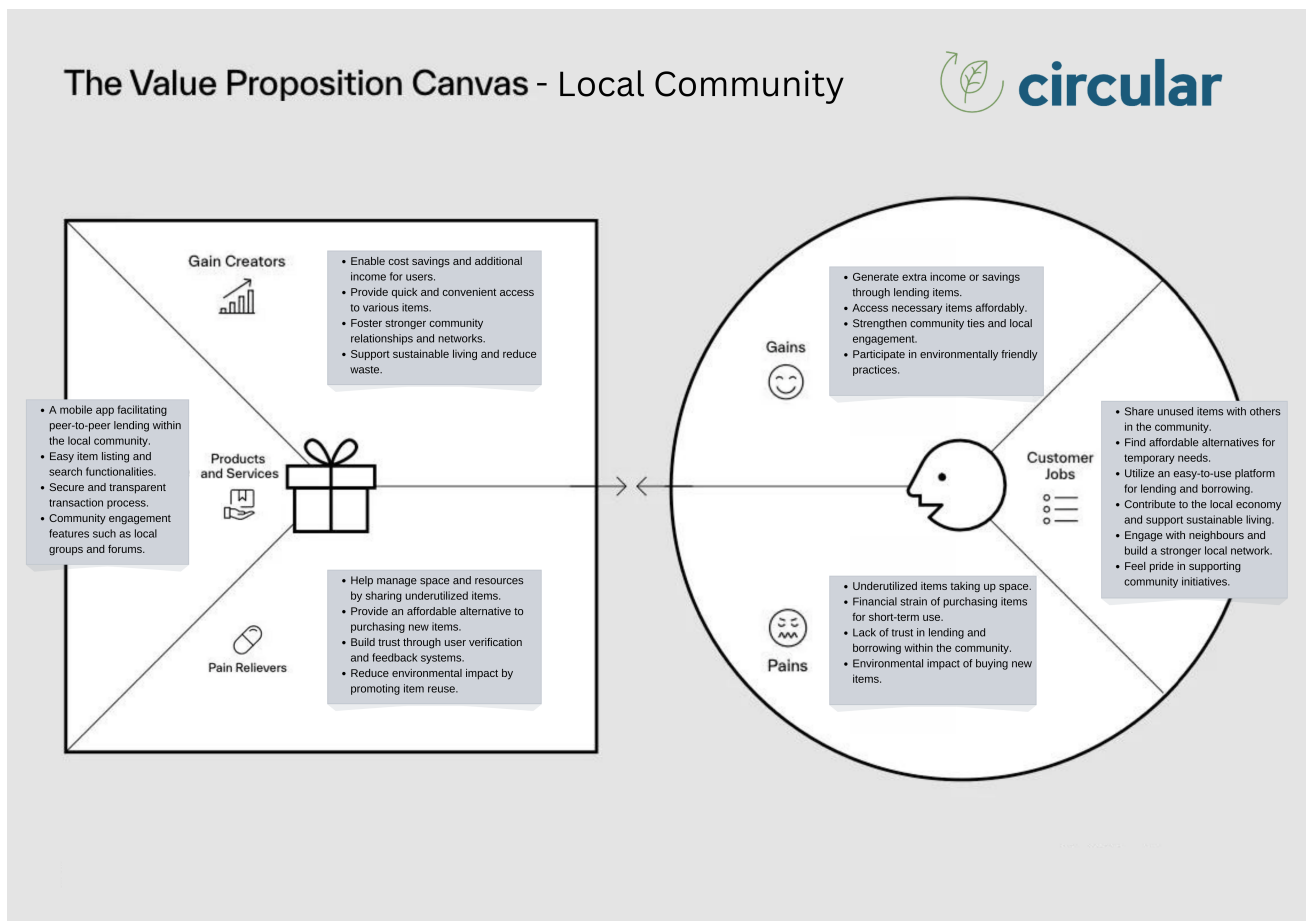


Note. In the map we can see the value proposition for one of the users of "Circular" (Own elaboration)

On the other hand, imagine you have a lot of things you do not need regularly. You are very helpful and do not mind lending some items to your friends and family because you can trust them (see Figure 5). However, you would like to help other people as well, but you are concerned about your belongings. Whether you are someone who wants to rent from others or who wants to rent to others, both parties are facing similar problems:

- Can you trust that person?
- Are you going to get scammed?
- How do you define the price if you are not referring to a business?
- How are you going to manage the transaction? Do you pay before or after?
- If you get scammed, who do you complain to?

Figure 5. Value Proposition Canvas for the Local Community



Note. In the map we can see the value proposition for one of the users of "Circular" (Own elaboration)

"Circular" is a peer-to-peer lending platform where international students and local communities rent from each other. The service we would provide as the platform includes some primary characteristics such as offering a user-friendly interface. Something intuitive and easy to navigate, an interface designed for people of all ages to allow for seamless

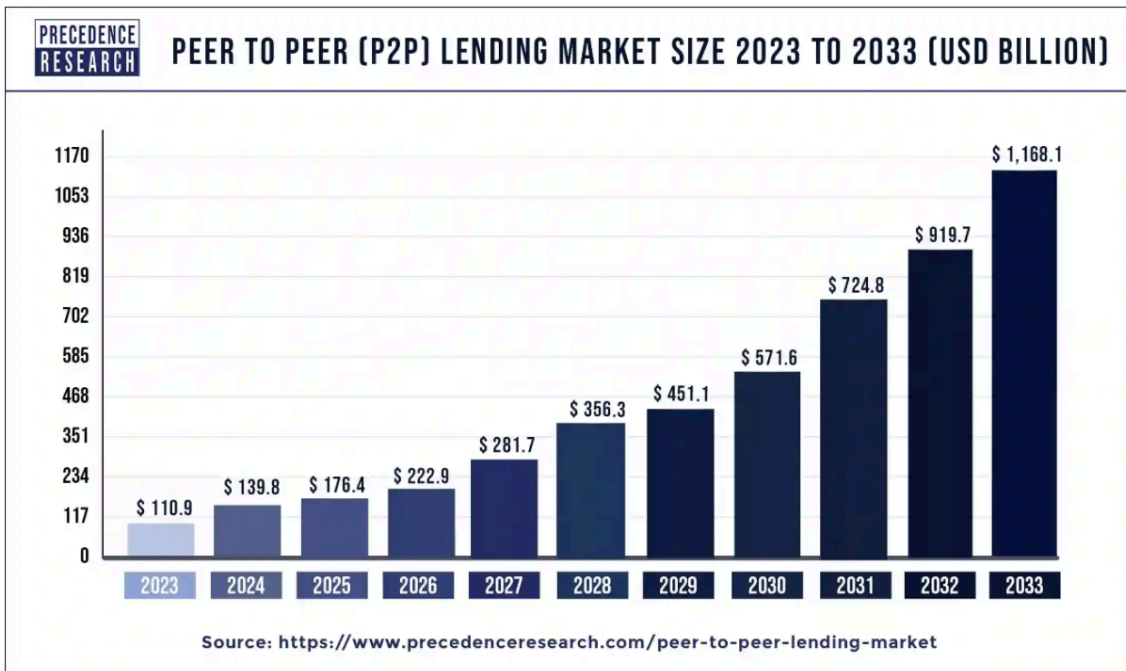
user experiences for everyone. With a variety of listings, people need a wide range of items in their lives, and we will be there offering many available for rent, including household goods, electronics, sports equipment, and many more. Secure transactions, we would integrate within our app secure payment gateways such as Visa, PayPal, MasterCard and Apple Pay to make it both secure and easy for people to pay within the app and make it all a pleasant experience. Insurance coverage, when renting through “*Circular*” contracts would be drawn and there would be built-in insurance for all the rented items not just to protect the lenders but also the borrowers. This way people would feel safe posting their goods in the platform to share with others. Finally, community feedback, it is a key part when building a community and we would put in place a reviewing and rating system to create trust and reliability in the community. This way people would be able to share their experiences and help others who may be going through the same experiences.

The main point in all transactions that occur in collaborative economies is trust, it is very important when renting something. The main risk is that the tools might get broken, especially when renting an electronic device. There is always a risk because people, in particular young students, mostly do not know how to use a tool correctly. Also, young students may not know what tools for which job they need, so they might get overwhelmed and do not know who to ask. This is the reason why “*Circular*” is better than the conventional options already existing in the market because you can talk with your local community to not only build trust but also realise if this is what you need or if it is another tool. Another benefit of our app is that providing insurance for both sides, a key factor in attracting users and assuring both parties of the trust they have deposited in us when using our app is taken seriously. We would use AXA; they already have worked with one of our competitors (competitors that have not put in the effort to understand the European market remaining only in the USA, Canada and the UK) proving that there is a possible viable partnership or contract already drafted from which we could benefit.

But what is the collaborative market really like? The peer-to-peer lending market (see Figure 6) in just 2023 was valued at US\$110.9 billion and is expected to hit US\$1,168.1 billion by 2033 (Research, 2024). Making it an attractive market as we can see the exponential growth that it will take place in just 10 years. It can be understood because

digitalisation has brought the economy to an entirely new level. Companies like Couchsurfing, Airbnb and Uber are currently disrupting entire industries. If we look at these companies, we will see that they have one thing in common – they belong to the so-called: “sharing economy”.

Figure 6. PEER TO PEER (P2P) LENDING MARKET SIZE 2023 TO 2033 (USD BILLION)



Note. In this table we can see the projected size of the peer to peer lending market from 2023 to 2033 in USD Billion (Precedence Research, 2024)

This “new economy” has a lot of names: collaborative economy, circular economy, gig economy, sharing or access economy. This kind of economy is not easy to define, however, its mechanism is easy to understand it has a digital platform in the centre that enables people to exchange goods, assets and services that were previously underused. For a better understanding of the difference between a traditional business model and a collaborative one, it is important to understand the core characteristics of the latter.

**According to PWC’s “Sharing or paring? Growth of the sharing economy” (Price Waterhouse Coopers, 2015) report from 2015, there are 5 main features of sharing economy companies:**



a. Sharing-based: Obviously, the main characteristic is sharing. Unlike platforms like eBay, where users can sell their belongings to others, participants of the collaborative economy share products or services for the short or long term without giving up ownership.

b. Utilization of unused resources: Another core characteristic is that collaborative economy participants offer unused resources to other users who need them. For example, Airbnb users are offering their empty flats to other people.

c. On-demand access: Supply and demand are dynamically matched on sharing economy platforms. Therefore, customer needs can directly be satisfied when they arise for a cost that reflects only the proportionate usage of the product/service, measured mainly by time. With Lime, for example, people can rent scooters when they need them and only get charged for the time they use them.

d. Personal interactions: When users participate in a collaborative economy platform, they also become part of the community. Mutual trust is a crucial factor in sharing personal products or services within the community. Therefore, platforms usually implement open review systems and offer additional security measures like

e. Sustainability: A collaborative economy approach drives sustainability as a natural consequence, as people buy fewer products and consume consciously and efficiently. When using the app, people save valuable resources, reducing the overall CO2 footprint and increasing the product lifecycle.

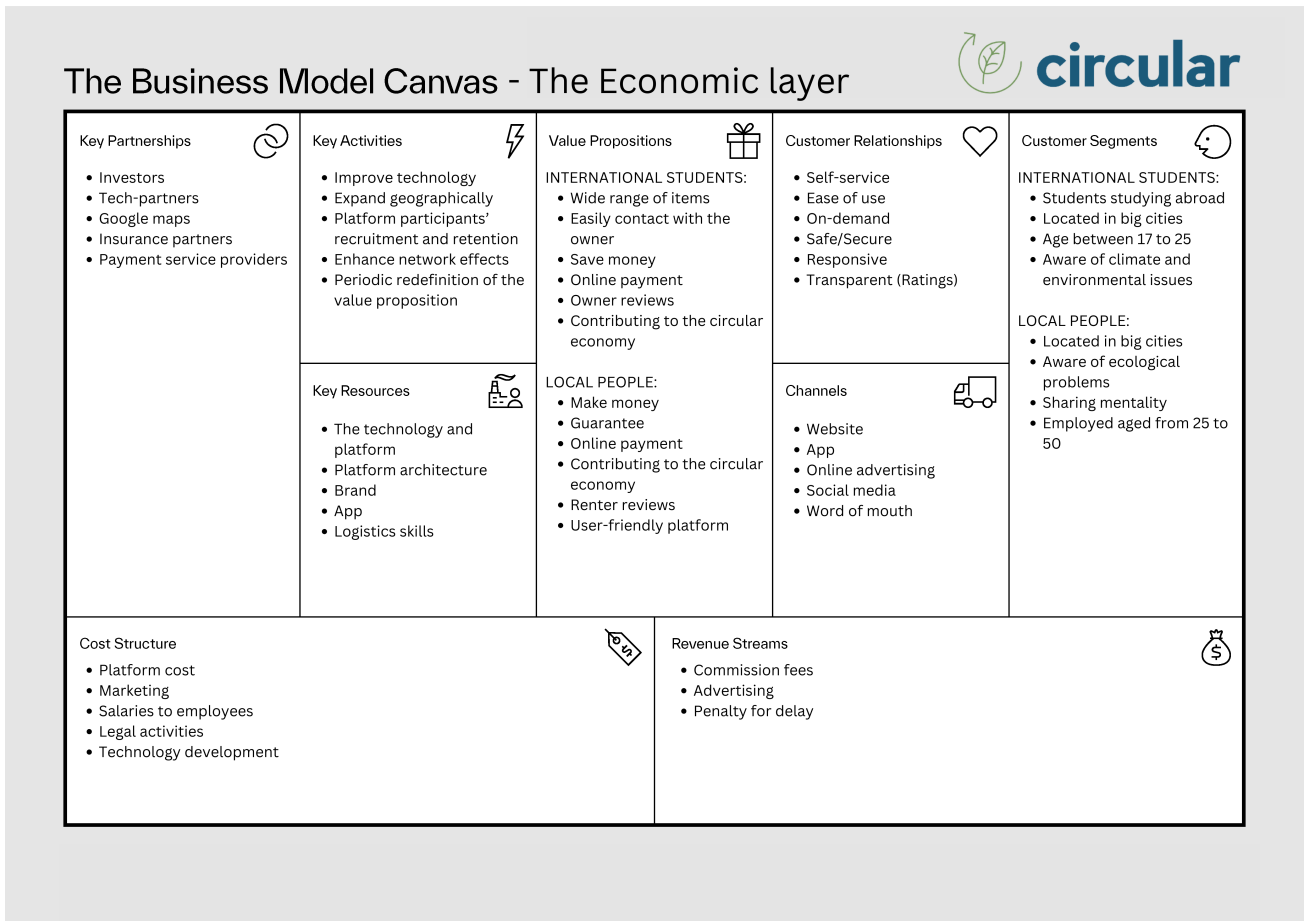
***What drives the market of a collaborative economy? Four main economic and social drivers contribute to the rapid growth of the collaborative economy:***

1. *Development of Digital Platforms:* As digital platforms are at the centre of all sharing economy activities; their rapid and exponential growth has been one of the main drivers of the development of the collaborative economy. Compared to traditional models, digital platforms have three main advantages: they allow companies to make transactions on demand, activities can be precisely measured and scaled on a large scale, and they can match supply and demand dynamically.

2. *Changing consumer needs:* Consumers are increasingly expecting experience-driven consumption, putting the focus on customer experience and personal interaction. Therefore, consumers see ownership as a burden and prefer immediate access to goods and services instead. Another critical factor is the awareness of the people and their impact on the environment: nowadays for consumers, it is important to reduce their carbon footprint.
3. *Increasing economic rationality:* Consumers are now more than ever economically rational. There are way too many examples of where ownership ultimately results in unused products and assets. Whether it is a bicycle that gets dusty in the garage or expensive tools that have been bought for the last renovation, people increasingly see those possessions as a burden. There are two main reasons for people to become a part of this kind of sharing community: there is no need for expensive investments to get access to products and people can make a secondary income with the products they already own.
4. *Globalization and Urbanization:* The fourth drive of the sharing economy is globalization as well as urbanization. People can participate in this community all over the world. This leads to an increased supply of all kinds of products that everyone can access. Therefore, people don't want to commit to long-term purchases and instead enjoy this demand-driven consumption. The increasing levels of urbanization lead to a facilitated sharing process, as potential renters and owners are becoming geographically closer to each other. Also, because of urbanization, the flats and apartments are becoming smaller, therefore there is little space for owning all sorts of tools because there is just not enough space.

### Triple Layer Business Model Canvas

Figure 7. Business Model Canvas - Economic layer



Note. In the map we can see from the triple layer business model canvas the economic layer for "Circular" (Own elaboration)

The Economic business layer of the business model canvas (see Figure 7) summarises the principles and what must be done. The value proposition of offering a user-friendly app for peer-to-peer lending between international students and the local community. It would have an emphasis on sustainability while fostering a space where goods can be shared with ease and confidence. All of this is for a customer segment that includes not only international students who need access to items for a short period, but also the local community that has those items and is willing to lend them.

To obtain that trust and community we would work hand in hand with key partners like for example universities and educational institutions. They would provide us with direct access to international students and would give us a status that would allow them to trust and

engage with us immediately. This would also extend to international communities such as the Erasmus Student Network (ESN) and International Student Identity Card (ISIC) which are student networks present in Europe and other parts of the world. Similarly, we would partner up with local businesses and community centres, giving us access and improving our relationship with the local community. These types of partners would bring credibility and trust to “Circular” and bring us a step closer to our goals. Other key partnerships would be investors, technology providers or even insurance partners. These last ones are very important and will make a difference between lending within the app or just between people not using the app. Insurance partners will give both the borrowers and lenders a safety net to trust their goods to others on the platform.

Once the partners that we will be working with are sorted we have to look into the activities that will be developed. These go from developing the platform and then making the maintenance to user verification and security, customer support, and passing through marketing and community engagement. The first key activity will be to develop the app which is the heart of the project, being able to develop a user-friendly, secure platform is crucial. Therefore we would put our focus on it to be able with just a few regular updates and troubleshooting to ensure it runs smoothly. The app running smoothly is not our only main concern as we have to ensure all of our users that we are a trustworthy platform. We have to implement strict security measures and verification processes to ensure the safety and transparency of everyone interacting in the app to help the user worry only about what is important and let us make sure their data is protected. Marketing and community engagement are crucial because if we have an app but no community engaging with it then we will be in big trouble. For the marketing, we would use campaigns and events to raise awareness while building our user base to be able to grow the community while always listening to the users.

To be able to achieve all the key activities some resources are necessary, financial resources like capital are key to be able to fund the initial development of the app, the first marketing and operation costs until we start to earn revenue and can sustain on our earnings. However, we also have to consider the team that we will need to pull the idea through, as well as all the technological infrastructure to support the app’s operations, the servers used, databases... All of the resources would be carefully used to build a brand, a

strong brand that people would be able to trust and recognise, and this would go along with trademarks associated with the app.

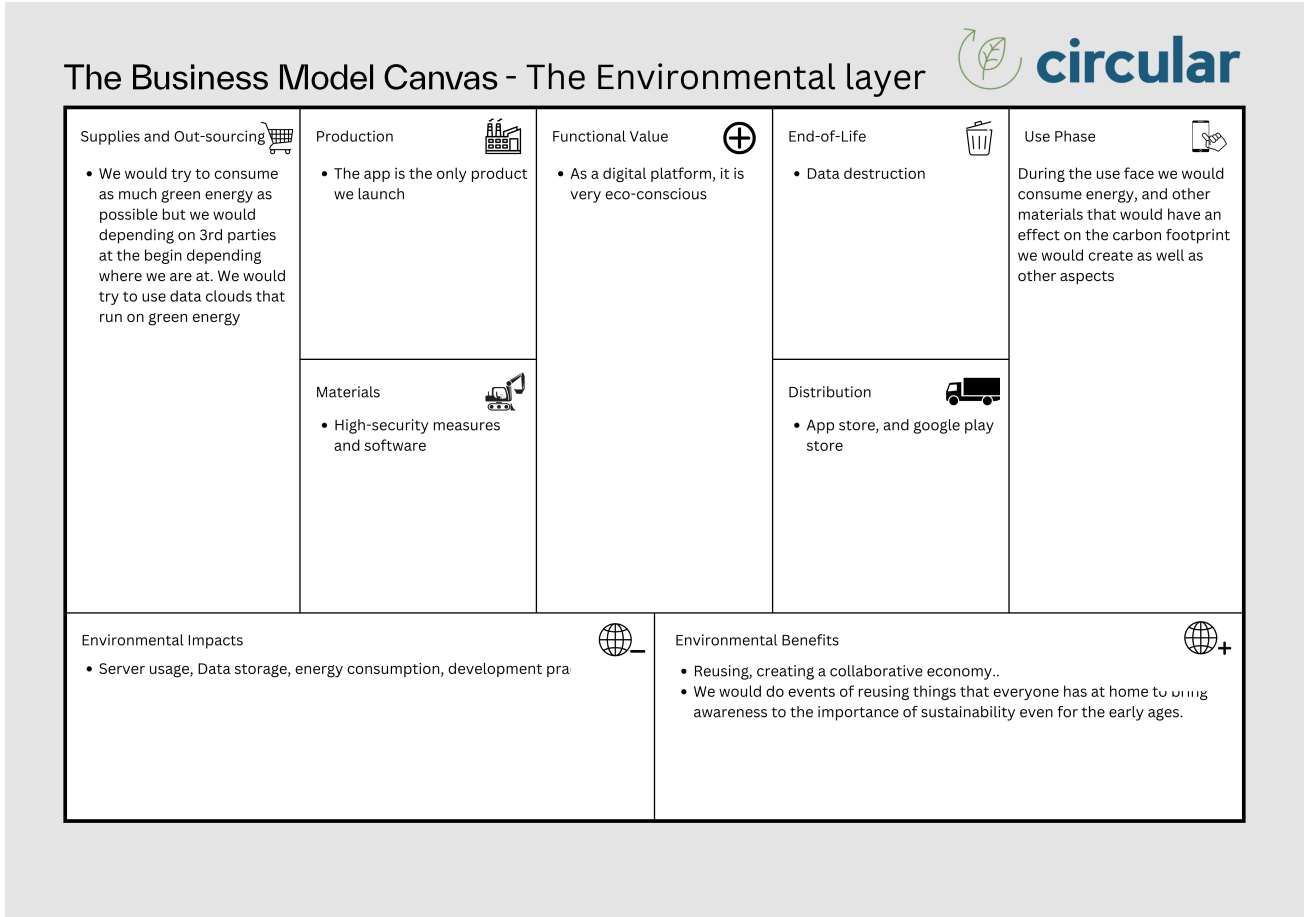
Now that we have situated the infrastructure of the business partially we have to look at the value propositions for both international students and the local people. Because even though they may share some value propositions they each have particular benefits for their group. For international students, one of the most important would be the access to borrowing a wide range of items. They can easily contact the owner and have temporary access to goods without purchasing and saving money. As for the local community, we can see a focus on contributing to sustainability by encouraging the reuse and sharing of goods and reducing waste and consumption. And making a little money from things that otherwise would just be accumulating dust in a corner.

We said a key element for “*Circular*” to work is the app and ensuring everything is secure and working as it should, but the other side that is as important because it relates is the customer relationships. These relationships will be built on trust and safety, not only because our platform is secure and transparent but also because the consumers will know we listen to them. Our relationship with them will be based on trust and safety, support and engagement with them. We will regularly engage with the community through feedback loops, events and other communication channels not only to offer customer services but also to get to know them better. Getting to know them better and working in the relationship is what will define us.

As we will see in detail in the financial aspect the main revenue streams are the transaction fees with the second revenue stream being the advertisement. Something important will be managing the cost because we will allocate large sums of money for both platform development as well as maintenance and marketing. These are the three things that are going to make our app stand out from the others. Marketing is going to be a key tool to attract both international students and the local community, while the development and maintenance of the company is what will retain them. This comprehensive approach focuses on delivering a unique proposition to users while ensuring sustainable growth and engagement within the community. This revenue will come from our key partners which not

all of them will invest in the same form in our start-up, some will just be part of the features that we offer the clients. However, they are all important to make this project a success.

Figure 8. Business Model Canvas - Environmental layer



Note. In the map we can see from the triple layer business model canvas the environmental layer for "Circular" (Own elaboration)

In our environmental layer (see Figure 8), we would focus on the impact we have on the world, not just by promoting sustainability means that your company is environmentally friendly. When looking at the suppliers and outsourcing environmental footprint "Circular" would be committed to minimise it as much as possible. We would use server hosting with companies that supply their servers with green energy to try reduce the impact. This would be the larger impact that we would have been an app and basing our product on a cloud service. In the different user levels, as we have explained in this document one of the elements that would be measured would be the environmental impact of the user's activities. So, for example,

if someone has exchanged a hammer 10 times, they would have avoided 8kg of CO2 being emitted, 17kWh in electricity...

If we focus on the production it is straightforward and eco-friendly, as the app itself is the only product that we would launch. By focusing on just producing a digital platform we avoid the environmental costs linked to manufacturing physical products, costs such as transportation, manufacturing, waste management... Similarly, the materials section is all digital so we would have to look for high-security measures and robust software to develop the app. However, as for physical material we would not require any therefore we would reduce the potential environmental risk being sustainable by focusing on green energy and sustainable growth.

Another thing we would do to try and improve our environmental layer is not just focus on the app but also expand and give to the community. We would promote eco-conscious values by not only reducing the need to purchase goods. We would also do activities to reinforce the awareness of the communities alongside the local entities to bring everyone together while doing something for the planet. These collaborations could be with recycling centres and ensure the responsible disposal of items that cannot be exchanged or repurposed, explaining why they can't be reused and how can we reduce the impact they have on the environment. All these activities would also educate users on the facilities available in their local area to correctly recycle and how this has an impact on the local community as well as the world. All while we encourage sustainable consumption patterns from the app making it easy for users to be part of a circular economy.

*"Circular"*'s distribution strategy takes advantage of all the digital marketplaces available, we would post the app both in the App Store and Google Play Store. This would eliminate possible environmental costs because of the lack of physical distribution, example of it would be packaging and transportation. This way we make

the platform accessible to a global audience with a minimal ecological footprint. This would be carried out during its use phases as we would aim to minimise the energy consumption associated with running the app. This is not limited to using renewable sources for the servers, it also encourages users to adopt energy-saving practices. In the end, the goal is to reduce the overall carbon footprint of the platform acknowledging the environmental impact of digital services and extrapolating it to the users' lives.

Some of the environmental benefits we would bring to the users of *"Circular"* would be the collaboration economy and all the benefits of reusing and sharing items rather than purchasing. They would be able to reduce their carbon footprint and reduce the waste they create at home. We are committed to implementing sustainable practices and we would organise events that highlight the importance of reusing items, educating about sustainability and encouraging all household members eco-friendly habits from an early age.

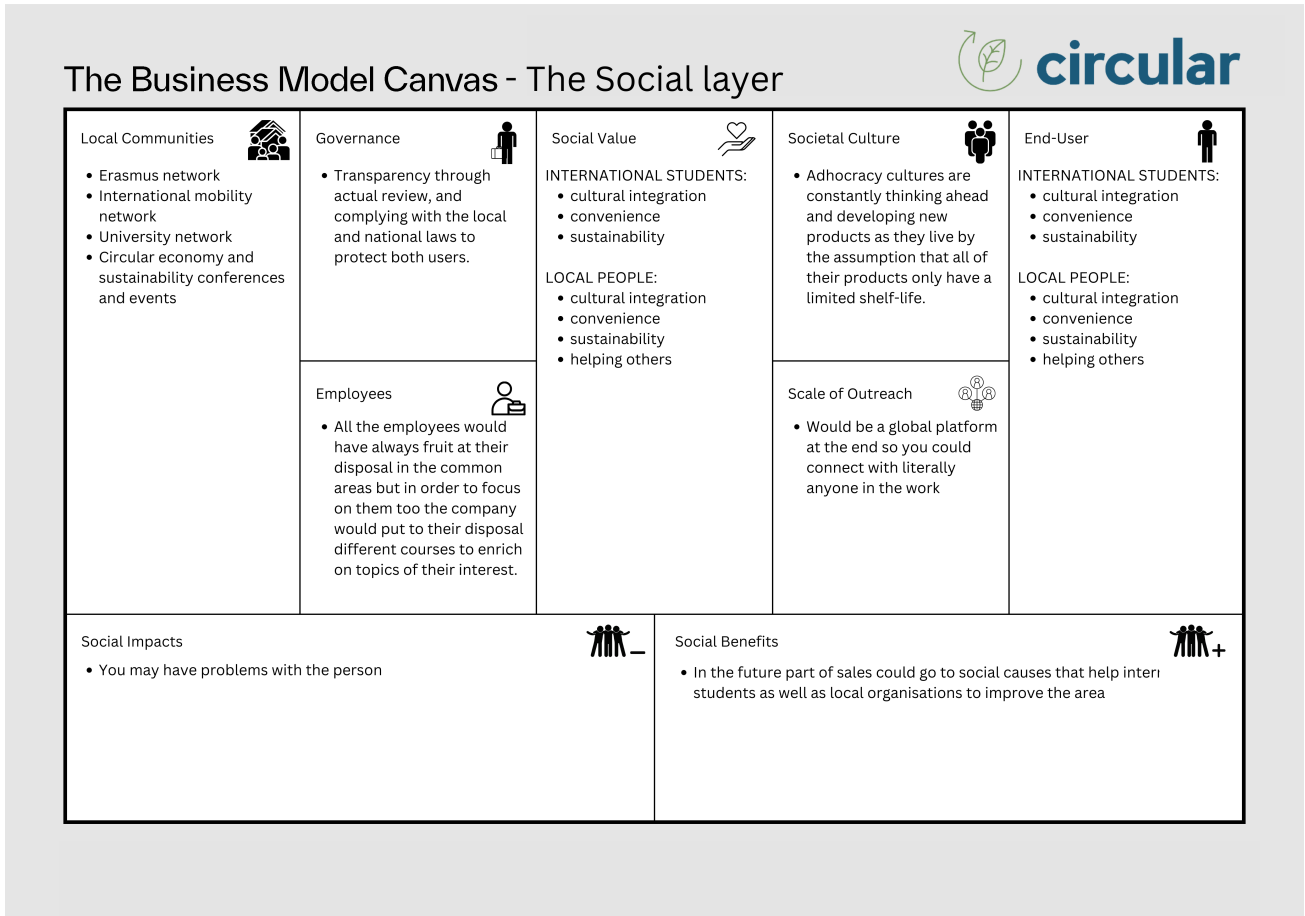
We are always talking about the app and how it will help when people use it, but what when it is at the end of its lifecycle? *"Circular"* is committed to responsible data destruction, it involves using secure and environmentally friendly methods of erasing the data. Methods that do not pose a risk to users' privacy or the environment. Proper data destruction is essential to prevent misuse of data and create an environmental impact of digital waste, therefore we would take it seriously having professionals from the cloud service deal with it.

Other environmental impacts linked with the operations of *"Circular"* such as server usage, data storage, energy consumption... Our project is committed to implementing sustainable development practices, optimising energy use, and reducing the load on the servers where possible will help us reduce our impact. Addressing these types of



actions proactively will help us balance between digital growth and environmental sustainability.

Figure 9. Business Model Canvas - Social layer



Note. In the map we can see from the triple layer business model canvas the social layer for "Circular" (Own elaboration)

Finally, we would have a social layer (see Figure 9) in which we look at the impact and benefits we would have not only on the customers but also all our stakeholders. One of the benefits our app would provide would be being part of a community. Both international students and lenders would be able to connect and help others out just by renting their unused items. We would focus on fostering a strong community that has events, workshops, and cultural exchange programs, people would be sharing items, and knowledge and coming together no matter their background or age.

A main part of “Circular”'s governance strategy is ensuring transparency and legal compliance, therefore we would implement rigorous review processes. These processes would be in place to build trust withing the community encouraging more users to participate on the platform and reinforcing the ethical standards of the company being transparent.

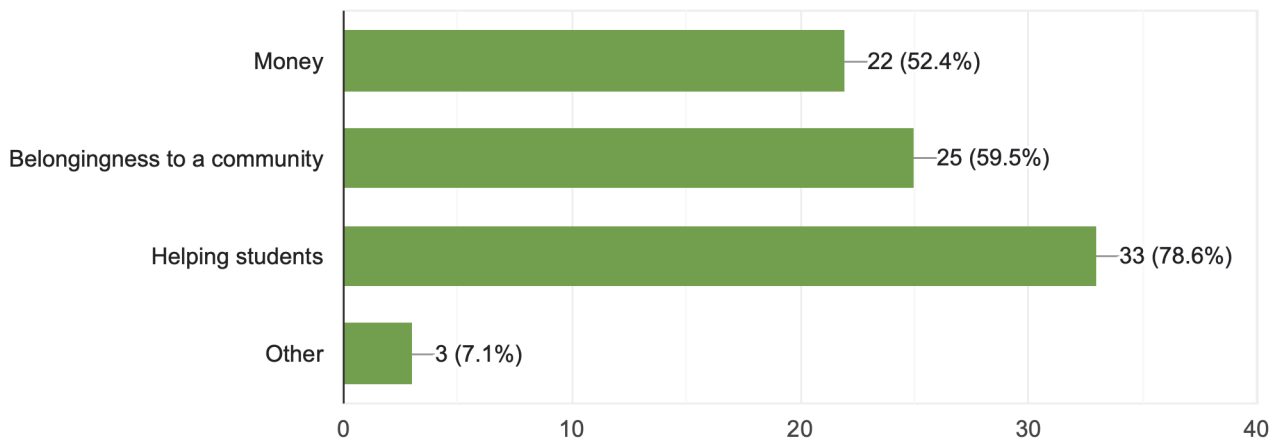
Another big part of our social layer would be our commitment to our employees, we would prioritise their well-being and motivation offering a flexible work culture that allows them to work remotely when needed to help balance work and personal life. We would allow having in the workspace fruit at their disposal at all times to create a space where they can all come together at one point of the day and talk about anything. The last step to show how much we value them would be to offer free employee courses to foster personal growth and give them access to continuous learning through training programs. All that we have mentioned we would be creating a supportive work environment where all employees are motivated, engaged and feel safe to grow. This would have a positive impact on the overall quality and sustainability of the seervice provided.

If we move to analyse the social values for the users we can see that for international students, “Circular” facilitates cultural integration and provides convenient, sustainable solutions for everyday needs. This cultural integration is done through the events and the community that is created and will be a deferentiating factor between us and possible future competitors. As for local people, the platform offers similar benefits all from the convenience and helping them reduce their environmental impact while fostering a sense of community and mutual support. Because the people from the local community can relate to the experiences that the international students have been through and what to help them, that is a conclusion we could take from the survey we did (see Figure 10).

Figure 10. Question about lenders' motivation

### What would motivate you to rent your things to someone?

42 responses



Note. In the graph above we can see that the local community would be more motivated to helping students than any other if they were to participate in this project (Own elaboration)

If we look at the societal culture promoted by “Circular” we can see that it is a forward-thinking one that embraces the development of new ideas to improve sustainability. Our platform encourages users to adopt a mindset that values the products they have, driving innovation and reducing waste. Changes that are the key to building a sustainable future.

The ones who will enjoy the benefits of this culture are the end-users, the international students and local people. They will enjoy cultural integration, convenience and sustainability. For international students, they are able to settle into new environments and have access to many resources through sharing. While local people, they enjoy both economic and environmental advantages of giving use to underutilised items at home. But both groups benefit from contributing to the collaborative economy promoted by “Circular” in many ways.

We have just talked about the benefits but what is the outreach we would have with “Circular”? “Circular” aims to become global, connecting users from different parts of the world and expanding the reach of a collaborative economy. By aiming to be global we can create a larger impact on sustainability practices and community building,

making it possible for users to share resources and support others at a global scale, but for now, we are going to go to start in Spain.

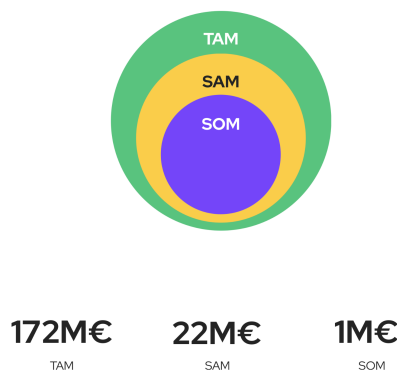
“Circular”’s plan is to go even further in contributing to the community by dedicating a portion of its sales to social causes. Our focus would be on social causes concerning international students and local organisations that aim to develop the community we are building. We would find social initiatives that grow the positive impact of our socially responsible business. Causes for example that work on creating a safe space for international students to go when they reach a new country with an unkown community.

While “Circular” has many benefits we have to recognise the potential social challenges that may come up. Challenges such as interpersonal issues, even though the platform has been designed to avoid the problem. Clear guidelines and robust support systems are all in place to build a trustworthy community. We will have to address the challenges proactively to ensure a positive experience for all users of the app.

**TAM SAM SOM**

When looking at the market we develop a TAM SAM SOM (see Figure 11), here we can see at a glance the Total Addressable Market (TAM) Service Available Market (SAM) and the Servicible Obtainable Market (SOM).

Figure 11. TAM SAM SOM for “Circular”



Note. We can see from the graph that the values for the Total Addressable Market (TAM) Service Available Market (SAM) and the Servicible Obtainable Market (SOM) (Own elaboration)

For the TAM, which represents the total demand if we were to serve the entire market we have to look at the number of international students as those are going to be our paying customers. We are starting in Spain so all these values are going to be for Spain, for the number of International Students above 18 years we would have approximately 1,72 million (Statista, 2023b). Assuming that on average each user engages in 10 transactions per year with an average transaction of €20, we would be looking at the following TAM estimation:  $1,722,247 \text{ users} * 10 \text{ transactions/year} * €10/\text{transaction} = €172,224,700/\text{year}$ .

Moving on to the SAM, we would now focus on international students which are usually concentrated in major cities like Madrid, Valencia, Barcelona, Seville... We can approximately say that 224,080 international students (Study in Spain, 2020) are in these urban areas. Therefore our SAM estimation would be  $224,080 \text{ users} * 10 \text{ transactions/year} * €10/\text{transaction} = €22,408,000/\text{year}$ .

And finally, if we look into the Serviceable Obtainable market, so what can we realistically earn from the market in the first phases of our app we would say that would be around 5% in the first few years. Therefore we would have an initial market size of  $224,080 * 5\% = 11,204 \text{ users}$ . Giving and SOM estimation of  $11,204 \text{ users} * 10 \text{ transactions/year} * €10/\text{transaction} = €1,120,400/\text{year}$ .

If we look to the other European Markets we want to expand into we can see that there are also many international students. France had in 2023 approximately 412,000 international students (icef monitor, 2024), Belgium had 279,145 international students (Statista, 2023a), Germany had 458,210 international students (Kelmendi, 2024), and over all the European Union in total has around 1.5 million international students (eurostat, 2023) being a very attractive market to get into as legislation though overall the EU is very similar.

Eventhough some may ask why not start with France or Germany because of their higher number of international students we have decided to start in Spain for many reasons. It has a substantial number of international students, this will provide us a large user base but still being able to adapt to changes and listen to them without it getting out of hand. Also the cultural openness that Spain is known for is a very positive feature for this initiative to work. People, are very open and welcoming facilitating the adoption of the app and the concept of collaborating with others.

# BUSINESS IDENTIFICATION AND MARKET ANALYSIS

## **MACROENVIRONMENT ANALYSIS (PESTEL)**

### *Political*

European policies are encouraging sustainable projects and therefore we could try to get in that current and benefit from both the good image and reputation that applying the latest environmental laws and policies would provide us. “The EU's transition to a circular economy will reduce pressure on natural resources and will create sustainable growth and jobs. It is also a prerequisite to achieve the EU's 2050 climate neutrality target and to halt biodiversity loss. The new action plan announces initiatives along the entire life cycle of products.” The European Green Deal (European Commission, 2020) would be aligned with the idea of getting the most out of goods, without further harming the environment, which is a big part of our project. In the next 5 years, we can expect politics to put even more emphasis on Sustainability since the political debate is becoming more and more involved in environmental problems. Therefore, creating a stronger current on this topic would be something to our benefit.

Moreover, in the current political climate to promote the circular economies in Europe, incentives have been placed in various forms (Cagigao, 2022). Like for example tax benefits for those taking part in such initiatives, this could be useful as we are trying to appeal local communities. Therefore, with the help of local governments we could maybe collaborate and offer some tax benefits for those using our app.

### *Economic*

The effects of the inflation that we are going through (2020-2024) are more and more noticeable, when we go to the supermarket, to shops, and when we pay bills, therefore we have noticed that most people are trying to find alternative ways to do things while splitting costs, and this is where we can help. We offer a solution to their problems; they can do many things for much less money.

In the past 5 years, many companies have changed their business models as they are trying to figure out a way to change from a traditional “consumerism” business model to a sustainable way of carrying out their business. Therefore we are leading the transition to a new way of doing business and a new economic model. Looking into the short term, inflation in Spain is expected to moderate. According to Trading Economics, the inflation rate is projected to decrease to 2.20 per cent by the end of the current quarter (Economics, 2024).

The Organisation for Economic Co-operation and Development (OECD) forecasts a slight decrease in inflation for 2024 to 3.3%, with a further reduction expected in 2025 to 2.5% (idealista.com, 2024). This trend suggests a gradual stabilization of prices following recent increases, however, this still would favour us because of the social change that has already begun. And the OECD categorising Spain as a high income region is not the only reason why this is the country to start this business in. Spain ranks 97th in ease of starting a business (see Figure 12) with a relatively high score of 86.9/100 (Doing Business, 2020). This means that while some challenges may arise during the initial setup processes, the regulatory environment is fairly supportive.

Figure 12. Economy Profile Spain





## *Social*

We must acknowledge that lifestyle trends are to our benefit and that the consumer's mentality is changing and adapting towards a more open to our business vision. This is the change that we need for "*Circular*" to work and for our community to develop.

The decision to focus our attention on international students comes as they are the most vulnerable segment when it comes to the financial aspect. Also, they are the segment facing problems such as: not having enough space for certain tools, nor the knowledge of which tools for which job. On the other hand, they are the enablers of change, they have the right mindset to understand the importance of using resources rationally.

Spain has experienced significant growth in collaborative economy platforms, revolutionizing how consumers use goods and services. For example, the study on BlaBlaCar users in Spain highlights that factors such as service quality, perceived usefulness, trust, and social value are crucial for user satisfaction and continuance intention. This suggests that while economic benefits are not the primary motivator, social and trust factors play significant roles in the collaborative economy (Sánchez Rocío, Ruiz María, García Alfonso, & Gálvez Alejandro, 2017). This is something that can be extrapolated and applied to our case too where the motivators would be social and helping the environment not just economical.

## *Technological*

As Matt Mullenweg says: "Technology is best when it brings people together" (Angel, n.d.). We have that advantage of technology on our side, being able to connect people who otherwise may never connect, if not through our app. Therefore, investing in research and development for the app is a must to be able to integrate multiple different components and to give the best products to our consumers.

The core of the collaborative economy is the digital platform, it connects people who want to share or use resources such as travel, accommodation, or skills. Mobile devices and technology platforms allow for mobility, and accessibility of users and potential customers,

making it easier for people to take part in the sharing economy from anywhere at any time (Cespedes, 2021). Which is exactly what we are going to do connecting international students, who are known for the mobility through different locations and accessing the local community.

In the app we would also integrate the blockchain technology to allow for more secure and transparent transactions. This security and transparency would come from the access the community would have to the past transactions done with that good.

### *Environmental*

Environmental factors are one of the many motivations in our project, because, in the end, we aim to create a community that will develop a collaborative economy around the sharing of goods, or in our case renting them to each other.

There are many different regulations in place to reduce the impact on the environment and we would be just one more step in that fight. The environmental issues we are now facing are forcing us to act, as David Attenborough pointed out in his speech at COP26: “We are already in trouble, the stability we all depend on is breaking...A new industrial revolution powered by millions of sustainable innovations is essential” (Vetter, 2021). We want to be part of this revolution; we are here to help people who also want to make a difference by providing them with an app that will make renting things easier than ever. Over the next years, we expect that the attention on the topic will continue to grow, as it has in the last years since the consequences of it are becoming relevant in our everyday lives. So, the attitude towards a collaborative economy will work in our favour.

### *Legal*

There are many different components and people involved in circular economy: From insurance companies to the individuals renting their goods, to the students that will rent those goods. Therefore, legal aspects play a very important role, we must be careful when carrying out all the insurances, as well as the contracts between both parties, to ensure that their goods will come back to the same condition they were given.

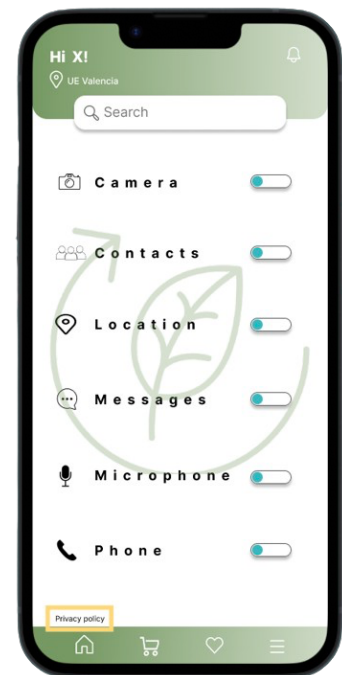
We also must check laws involving consumer protection as we are dealing with two parties providing different goods and services. Focusing on Spain we must follow the Ley General para la Defensa de los Consumidores y Usuarios (Royal Legislative Decree 1/2007) (Ministerio de la Presidencia, 2023) which is a law that protects consumer rights in Spain, to ensure that they have fair treatment and are safe from the businesses.

For the EU laws we would have to watch the European Directive 2011/83/EU on Consumer Rights (European Parliament, & European Council, 2011) which tries to find common grounds and state consumer right across the EU to be equal. This law focuses on the app's policies on cancellations, refunds, and information disclosure, we must be very careful to ensure we follow all the laws and avoid deceptive practices that could lead to legal disputes. To avoid it we would be very transparent and disclose terms and conditions, pricing, and user rights on our app clearly (see Figure 13).

Since we are planning to expand to multiple countries, we must be ready to confront different legislations and adapt our protocols. For example, Europe they are updating its waste management legislation to promote a circular economy (European Parliament, 2023). This would reduce the dependence on imported raw materials and goods increasing the recycling of goods that can help mitigate supply risks and price volatility.

These new targets would be extremely beneficial for us as establishing us at the beginning of these legal changes would help us be in front of the curve. Spain does not have specific laws defining the status of sharing economy platforms or peer-to-peer lending at this current time. However, the country is adapting to this kind of initiative therefore some should come up in the future to help protect all the parties involved.

Figure 13. Settings page on the app



Note. We can see from the highlighted box where the privacy policy would be for users to always have it on demand (Own elaboration)

## **MICROENVIRONMENT ANALYSIS (PORTER)**

### *Threat of New Entrants (Moderate)*

The industry we are trying to enter with this project is a new but progressive one. For entering the market, you do not necessarily need a lot of time or money. The potential of new entrants into the market is however hindered by factors such as: finding an insurance company, willing to provide the company with the needed services, that will be able to do it worldwide or the difficulties regarding legal aspects in different countries that the company is trying to enter.

Therefore, the threat of new entrants in the peer-to-peer lending app market in Spain currently could be considered moderate. While currently there are no specific direct competitors in this niche market, the barriers to entry are low allowing new players to enter easily attracted by the potential returns. That is why we are so focused on being the first in the market and taking advantage of it. We would be ahead of the curve building a large community with users that trust us and would prevent us from losing to future competitors.

To stay on top of the new entrants we can not just rely on being the first of the market, we would also be in continuous improvement of our service leasing to the feedback our users and the community in general provide us. We would also innovate incorporating more advanced technologies such as blockchain to ensure transparency and security. Also, we would use other technologies such as AI to make it a more personalised and tailored experience for each user making it more unique and memorable.

### *Bargaining Power of Suppliers (Low)*

Our project does not involve suppliers of any kind of materials or tools, as our service is based on renting different objects from peer-to-peer through our digital platform. Nonetheless, we will have a server supplier for our app, therefore our primary suppliers are technology providers, which would be cloud service providers and software developers. However, they operate in such a competitive market that there are always many alternative options reducing their bargaining power. Furthermore, we would have within the company

people specialised in technology reducing even further our dependence on external suppliers.

### *Bargaining Power of Buyers (Moderate)*

The power of the buyers, which in this case are the users, both the international students and the local community, is moderate as our main revenue stream is the commission fee. We are planning on having a fixed commission fee for every transaction happening through our app, meaning that our customers will have a moderate level of power because it is up to them to fix the price at which they wish to rent their tools/objects.

Additionally, they can easily use other social media groups or channels to do it avoiding us. These low switching costs and a variety of alternative options are not good for us because they increase their power. To try to reduce their bargaining power we would focus on providing the best user experience and value in the market, this would create loyalty and give the user a compelling reason to choose us over other available options.

### *Threat of Substitute Products (Moderate)*

The possible substitutes for our service are cheap products that are unsustainable and will not be used more than one or two times by the person who bought them and will end up in the trash can. That being the problem we are trying to solve we don't consider that would be a substitute as the people using our app will have a different mentality.

The substitutions however can be that instead of renting they buy and then sell after they use the item. International students need things to be simple and easy because they have many things going on that may be much hassle sometimes. However, users can still borrow and lend their items through other channels like social media groups or traditional rental services. This is why we consider the threat of substitute products to be moderate because at the end they can do it through other channels.

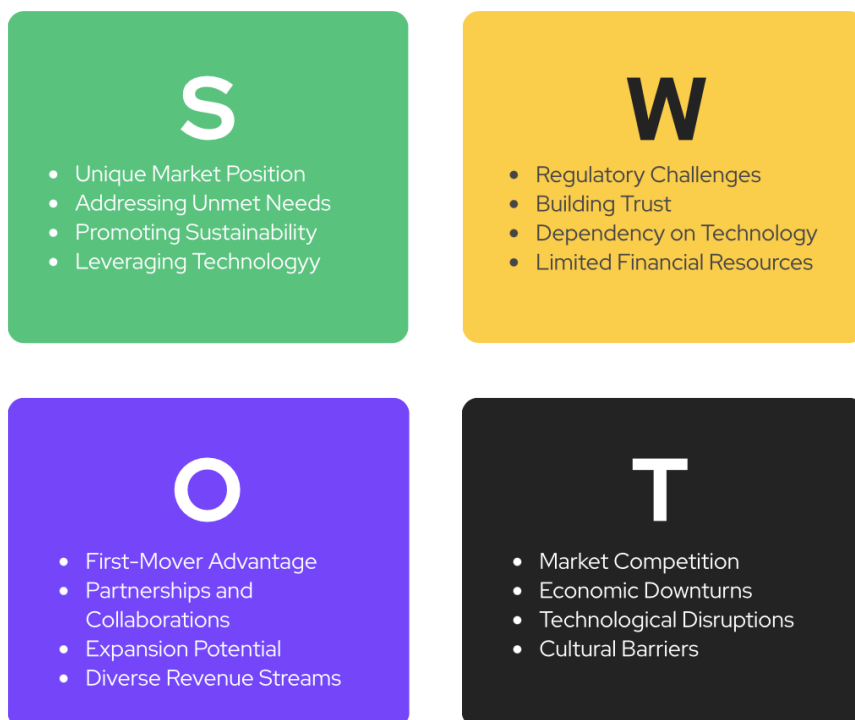
*Rivalry Among Existing Competitors (Low)*

As of now, there are no direct competitors in the Spanish market rivalry is low between existing competitors. However, as we mentioned there is a moderate threat of new entrants and substitutes to look out for. Also, this may increase competition in the future, which is a reason not to fall too confident and not be on the watch. Going back to what we have said constantly, currently the main thing would be to focus on leveraging technology, listening to user feedback and being in continuous improvement and innovation. All with one goal stay the referent and not give any opportunity to competitors that may want to enter the market.

**SWOT ANALYSIS**

After a close analysis of the market, we were able to identify our strengths, weaknesses, opportunities, and threats. This analysis lets us understand the areas that can cause issues to our development as well as the opportunities that, if used correctly, can help us succeed. We can see that we could exploit many strengths and opportunities with this initiative as we are coming up with a solution to an existing problem. Nevertheless, we must take into consideration that the SWOT analysis is a fix photograph of our company and sector, therefor limited in time (Grant, 2021.)

Figure 14. SWOT Analysis "Circular"



### *Strengths (see Figure 14)*

- *Unique Market Position:* Introducing a peer-to-peer lending app for objects in Spain targeting international students and the local community would fill a niche market. Currently, there are no direct competitors in this specific segment, allowing the app to establish a strong market presence and brand identity from the start.
- *Addressing Unmet Needs:* By focusing on international students who often have limited access to affordable lending options, the app can provide a valuable service to an underserved segment of the population. This way we would cover an existing need with our solution.
- *Promoting Sustainability:* Facilitating the sharing and reusing of objects among international students and the local community aligns with increasing consumer awareness and preference for environmentally friendly practices. This would increase the life span and the amortization of the goods giving them more uses and reducing the waste created by one time usage or buying one for each person.
- *Leveraging Technology:* Integrating advanced technologies such as AI for credit scoring and blockchain for secure transactions can enhance the app's functionality and appeal. These technologies can improve user experience, and ensure transaction security, all alongside creating more trust and transparency with the community that can clearly see what the past transactions with has been the good.

### *Weaknesses (see Figure 14)*

- *Regulatory Challenges:* The peer-to-peer format may face significant regulatory hurdles, especially concerning consumer protection, privacy, and financial regulations. Navigating these could be complex and costly, even more so if we face regulations and legislation that are not currently in place and therefore will be developed as we launch the app and we will have to adapt as we go. However, this can be turned into an opportunity by taking the right steps so we have to look at it carefully to be able to take advantage of it.

- *Building Trust:* Ensuring the safety and condition of lent items and building trust among users to transact with strangers could be challenging. Implementing robust verification processes and insurance is necessary but costly. This could be a weakness because it would decrease our profit margins making it difficult at the beginning to be profitable.
- *Dependency on Technology:* High reliance on technology for app functionality means that any technical failures or breaches could severely impact user trust and the app's operations. Therefore, we would very heavily rely on our app working perfectly 24/7 putting a lot of pressure on it.
- *Limited Financial Resources:* As a start-up, we have limited financial resources limiting the features we can implement at launch and what we can do at the beginning. However, this would change in the future so it would just be a temporary weakness.

#### *Opportunities (see Figure 14)*

- *First-Mover Advantage:* Being one of the first to market in this niche can allow the app to set industry standards and build a loyal customer base before other competitors enter the market. This would give us the upper hand and would solidify in the market to make us the referent for the future making others' entry to the market harder.
- *Partnerships and Collaborations:* Collaborating with universities, local organizations, or financial institutions would enhance credibility, provide technical support, and broaden the customer base. Pairing with universities we would already have half of the customers by offering our app to all the incoming international students. And collaborating with local organisations and financial institutions we would be able to get the local community on board too.
- *Expansion Potential:* Once established in Spain, there is potential for expansion to other European markets where the sharing economy is already popular, leveraging



Spain as a testbed. For example, in Belgium or France, where there are already similar initiatives for niches like for example bicycles or specific equipment such as cameras.

- *Diverse Revenue Streams:* Beyond transaction fees, the app could explore advertising, premium listings, or value-added services such as insurance and delivery to diversify revenue streams. But we would also have the possibility to access European fund and Green Bonds that would help reduce the costs paid by users to help us stay focused on our vision and mission.

#### *Threats (see Figure 14)*

- *Market Competition:* While currently there is none, the niche could attract competitors quickly, especially from existing rental or sharing economy platforms that could pivot to include peer-to-peer object lending. This is an existing risk if big established companies that are already trusted start but very unlikely because it would decrease their sales of the goods themselves.
- *Economic Downturns:* Economic instability could reduce discretionary spending, affecting the frequency and volume of transactions on the platform. However, this threat can also be seen as an opportunity because some of the goods that we would offer would be cheaper than buying therefore this threat would affect to some products but would benefit others.
- *Technological Disruptions:* Rapid technological changes could render the current platform obsolete if not continuously updated. This is a real threat that as a start-up we would have to find a solution to because continuous updates are very costly but necessary. Additionally, cybersecurity threats could pose significant risks, therefore not updating the app is not an option as we must keep all the data from our users safe to build trust and keep on growing.
- *Cultural Barriers:* In markets where sharing or renting personal items is not culturally common, there might be resistance to adopting such a platform, affecting market

penetration rates. This also joined to maybe not being able to motivate or attract people to place their items for rent could be a barrier to entry that we would have to investigate. However, in Spain, little by little people are adopting the mentality of a sharing economy and being open to this type of initiative therefore the cultural barrier threat would just be at the beginning when getting people to take that first step but then people will follow as seen in other sharing platforms like for example BlaBlaCar that now everyone uses.

In conclusion, launching a peer-to-peer lending app for objects in Spain targeting international students and the local community presents a promising opportunity with considerable strengths and opportunities. However, it also faces significant challenges, particularly in terms of market education, regulatory compliance, and building trust. A strong strategic plan and robust execution will be a must to overcome these challenges and capitalizing on the first-mover advantage in this innovative market space. Therefore, we would have to use everything we understood from the Spanish market from our PESTEL analysis and place it in a format that will assure us success.

### ***Competition analysis***

#### *Fat Llama*

Is a company located in London, England, and is available only in England and the US. Fat Llama provides a very similar service as we do: offers an app that allows people to rent any object they need from other people living nearby. The only difference is that Fat Llama is more focused on electronics and objects for specific hobbies like film and photography equipment, DJ equipment, drones, electronics, lenses, projectors and musical instruments. Therefore, their target segment is also different from ours, while we are now more concerned about international students, they have a wider segment they are attracting. As long as we are operating in Spain and Europe, they are our indirect competition. But, because we plan to expand to other countries when we expand into England, they will automatically become our direct competitors.

### *Bricolib*

They are a company operating in France. Bricolib offers a website that allows people to rent: power tools, hand tools, event equipment, garden tools, cleaning tools, car tools, handling machines, professional equipment, and measuring tools from other people living in the same city. Their customer segment (professionals working with construction tools) as well as location (France) is different from ours, therefore, they are our indirect competitors, and we shouldn't interfere with other markets because of the different targets.

### *Spinlister*

Is a premier bike rental and sharing service that provides a platform to connect bike owners with active people looking to rent or borrow from around the world. They started with just bikes but have expanded to outdoor sporting gear showing there is an interest in this type of peer-to-peer lending apps and websites. They are the competitors with the largest global reach being in over 60 countries, therefore in some aspect they will be direct competitors of our app. However, we don't expect this would be a problem because of the exponential growth of the market allowing space for everyone to develop.

### *KitSplit*

They are a peer-to-peer rental marketplace for high-end photography and film equipment therefore they are targeting a very niche community and will most probably always remain indirect competitors of ours. It may be true that if someone is looking for cameras, lenses or other products that may appear on both platforms they will compare but at the end of the day we have very different clients and that shows.

### *Wallapop*

Wallapop are not a direct competitor but as previously mentioned they are a threat of substitutes. They can be a threat because even though they are not a circular economy they do have second-hand items at cheap prices which could affect our sales.

## Positioning

Figure 15. Competitors Analysis

	Large Portfolio	Global Reach	User-Friendly Interface	Security Measures	Scalability	Community Engagement	Reliability and Stability
Circular	✓		✓	✓	✓	✓	✓
Fat Llama	✓	✓	✓	✓	✓		✓
Bricolib			✓	✓	✓		
Spinlister					✓		✓
KitSplit		✓			✓		✓

Note. Competitors analysis looking into different features offered by each to help position "Circular" on the map (Own elaboration)

After having identified these segments, we needed to work out our positioning (see Figure 15), to set us apart from the competition in the minds of our target audience. The factors we considered in the previous steps helped us define our niche and thus our positioning, considering three different aspects of it:

- *Symbolic positioning*: enhancing the self-image and belongingness of our clients. For this, we decided to put an accent on the sustainability and collaborative economy aspects of our project. This would not only be marketing but everything said the clients would be able to prove that there is the evidence behind the claims.
- *Functional positioning*: providing an actual benefit to our customers, providing an efficient service for both parts, because they would both be saving money as well as contributing to the reduction of consumption of global waste
- *Experiential positioning*: focusing on the emotional connection that clients are going to have with our service, we are trying to create the feeling of a sharing community, devoted to helping others and having a positive impact on the environment. That is why our app will be different because everything going on in the app doesn't stay within your phone, but it will surpass it and go further creating a community that shares values and mentality.

Conclusion:

These companies were identified as our indirect competitors, all of them having slightly different customer segments and located in different countries. We have learned different things from our competitors listed above:

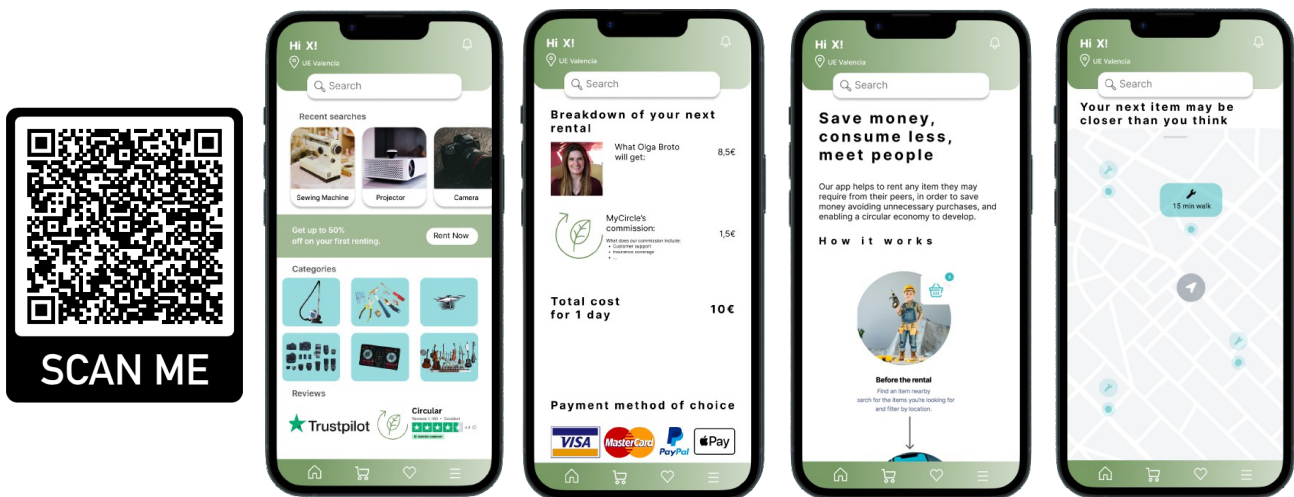
1. There is demand for platforms that connect people willing to rent things to or from someone.
2. An insurance is necessary if we want people to trust us and rent through our platform
3. If the app is not intuitive or the process is too complicated people will abandon within minutes the idea of renting. As the result of the analysis, we created an intuitive app, that will help our customers rent to or from someone within seconds.

# MARKETING AND COMMERCIALIZATION

## Internal Marketing: The Marketing Mix (4 P's)

### Product / Service

Figure 16. APP mockup and MVP



Note. Read the QR code or touch the images to view the MVP prototype of the app (Own elaboration)

The app will help international students to connect with local people in their area. It will create a community, in which lessees (mostly international students) can rent items from lessors (local people). Students just must search for what they want to rent and can then choose from the local offers. They can contact each other through the app and can also use it to pay safely. Furthermore, our service offers insurance for both parties. If there should still be a problem, they can contact our customer service at any time. The outstanding thing about our app is that our users do not have to worry about the protection of their things. We want to make rentals as easy and safe as possible and protect our users through verifications and reviews.

When creating the application, we wanted something convenient for the users as we are offering more than just a renting service, we are building a community. We started doing the mock-ups and seeing how we felt about the different features and options available, and then we developed a more personalized area as well as the commercial area where items

available for rent will be posted. We have also put up a special section for users' manuals, as we consider that it will be useful for any of the people in the community who want to be informed or have any questions.

The home screen of the app (see Figure 16) would not only display our mission but also give quick access to start searching or listing an item. Also, the app provides a map where customers can search for their desired items by just looking at the offers nearby. There will be an easy log-in display to make it easy and comfortable for people registering and not being annoyed by long steps, as well as a clear page where you can see the costs broken down to make a point in our transparency importance detailing all fees and what they go for.

Our logo symbolizes how the items go around and are reused all turning around sustainability. Thus, the name “*Circular*”, because everything goes in circles and keeps turning, to help not just the environment to be sustainable but also the economy of the community that uses the app.

### *Place*

Our service will be an app which can be downloaded by everyone with a smartphone. Therefore, to try to reach the largest group of people possible we would publish our app both in the Apple Store and the Google Play Store for Android users to download. In this way, we want to guarantee that every person has access to the product from anywhere at any time. To permanently win and keep users, we will regularly send push-up notifications and we will introduce new features step by step. These constant updates would show the customer that they are the centre of the project just as we promised them. A bit more about the placing we would see that each of the two markets, Apple Store and Google Play Store oblige by different rules and have different requirements. Submitting to Google Play Store is simpler than for Apple, some of the key steps to follow are; creating a developer account, providing a title and description, adding screenshots, determining content rating, and deploying the app (Altynpara, 2023). This option also has lower costs as to create a Google Play Developer account and pay a one-time registration fee of \$25 while for Apple is a yearly membership fee of \$99 (Yoursr, 2023, August 13).

### *Price*

The prices are set by the customers so that every lessor can decide what price they think is appropriate. Of course, the lessees can negotiate with the lessors. Through price autonomy, we want to ensure that the customers are willing to pay for a “Goldilocks” solution (having an optimal balance between two extremes) that combines good functionality at a reasonable price.

Our main revenue stream is the commission fee, which results when people rent from each other and get paid. It will be a specific percentage (15%) of the rental price but there will be an upper limit. In the future, we see the possibility of a revenue stream resulting from advertising. This Revenue Stream results from fees for advertising a particular product, service, or brand. Traditionally, the media industry and event organizers relied heavily on revenues from advertising. In recent years other sectors, including software and services, have started relying more heavily on advertising revenues. Therefore, this second revenue stream could allow us to generate higher revenues and keep improving our product.

### *Promotion*

We want to split our promotion into two target groups. The first target group is the international students, and the second target group is the local people. We want to address the first target group through advertising at the universities in Spain as that is a big common factor for this target. It is also possible to place targeted advertising on the internet. Especially the social networks, such as Facebook and Instagram, are helpful because we can reach many people. Furthermore, at the beginning, it would be a good opportunity to collaborate with already existing networks for international students to introduce our app to the “newcomers”. In general, we want to buy keywords on Google through AdWords, for example “for rent”, “renting” and “rent”. By doing this, we want to make sure that our app gets the most attention when people are not aware of it and search for possibilities to rent something online.

The second target group – local people, we can address via Facebook, this is a great platform to connect with them. There, a trading platform already exists, called Facebook-



Marketplace. This is a chance for us because people are already familiar with the concept of a collaborative economy. Moreover, a great opportunity to reach environmentally friendly people is to organize and be present at events (IFEMA, n.d.). Presenting our app at such events and getting in contact with people who are interested in the collaborative economy will increase our notoriety.

In general, we need to be present at local flea markets or sustainable stores to get people interested in our project, for example by handing out flyers. Another possibility could also be that we hand out flyers in hardware and electronic stores. People go to these stores because they need a specific item. When they read our flyers, they realize that they may not need to buy the item but can simply rent it from our app. Something we also noticed is that similar apps use a reward system, for example, the “Super-Host” status at AirBnB. We want to establish that as well, especially by encouraging the lessors. The reward system will categorize our users by the number of their invited friends, their support for others, their satisfied customers and many more. We want to motivate our users to be active and to respect our policy. In our case, because our app is called “*Circular*”, we are thinking about circles that need to be completed. For example, users can invite 5 friends and for each friend, the circle gets more complete.

### *People*

As already described, our target groups are international students and local people in Spain. We focus on the current international students from 18 to 25 years who are relocated for their studies. We can assume that they have a tight budget because they are in a semester abroad and in most cases are financed by their parents or the state. This creates customer pain because when they need new items, they must spend time searching and buying something when they could do more productive things, for example exploring a new city. Once they have bought something, the students must struggle with overcrowded shops. Especially with bulky items, such as smaller pieces of furniture, it can be exhausting to bring them into new accommodation without a car.

“*Circular*” aims to solve these problems by renting instead of buying things, saving time and money through more effective time management, easy and direct communication and

integration into a new community, good price-quality-ratio and excellent customer service and insurance. In the future, we might see our student target group expand to short-term workers, such as people with an internship or workers stationed for short periods, who are facing the same problem as international students.

The second target group are local people aged between 25 and 60 years who are interested in the collaborative economy and who are aware of ecological problems, with the right mentality of sharing. We can assume, thanks to our survey, that these local people are willing to rent their things in exchange for money. They want to help young international students. An obstacle for them might be the question of how to trust. People might be worried about their things and that they might get broken. To solve that problem, we guarantee insurance to avoid this hindrance because we assume that having an insurance policy is a key motivation for people to use the app.

### ***Customer Segmentation***

The main goal for segmentation is to identify various customer segments among the whole audience, based on some specific criteria. To do so, we started by considering our customer needs: a need for good quality tools, at lower prices, for a short period. Then we started to identify the smaller segmentations of our audience based on the following criteria:

- Geographic segmentation: the relevant aspect for us is whether they are living in an urban or rural area.
- Demographic segmentation: we focused mainly on age and occupation.
- Behavioural segmentation: this regards what type of items they would rent and how often
- Psychographic segmentation: regarding the identity and lifestyle of our potential customer

### ***Targeting***

After creating the segmentation, we had to identify which of these segments were most likely to be remunerative for us. For this, we paid attention to three key aspects:

- Size: how large the segment is, as well as future growth potential
- Profitability: which segments are willing to spend money on our service
- Reachability: how easy or difficult it will be for us to reach them through a marketing campaign. le puedes dar una intro para que cuadre debajo de reachability

From this, we have divided our customers into two big segments, each representing one side of the rental model we have created. On one side with have people who are willing to pay to get the tools they need, the representants of this segment being international students, their characteristics being:

- Aged from 18 to 25
- Studying abroad
- Aware of climate and environmental issues

This already big segment is still expanding, as the opportunities to study abroad increase. This type of individual is usually characterised as being independent, and ready to explore but usually faces challenges when settling into new countries. Challenges such as finding affordable resources, overcoming barriers... That's where "Circular" with our service would offer a solution. They often are on a budget, so through our app, they could save money while still getting what they need. We would have various touchpoints, from university forums and social media to our app and other community forums.

Figure 17. Customer Journey Map Steps



Note. 5 steps in the customer journey map that the users/consumers go through (Own elaboration)

For international students we would have the following journey map (see Figure 17 for the steps):

1. Awareness:

- I. Touchpoints: Online research, university orientations, social media ads
- II. Action: We would create awareness through paid media in the most used social media apps as we know that our customer will be on their phone and this way would be a direct way of targeting their attention. This would be costly but if done correctly, it could be our way of penetrating the market by grabbing their attention and pulling them into the app.

2. Consideration:

- I. Touchpoints: app store, university forums, peer recommendations
- II. Action: We would analyse how they interact and push more targeted and specific ads, like for example the benefits overviews, real experience testimonies, frequently asked questions... This way we would also be able to offer vouchers to convince them to pass on to the next step in the journey, converting them.

3. Convert:

- I. Touchpoints: in-app search, customer support
- II. Action: During the first purchase, we would ask for feedback and try to improve on their experience and tailor it more to what they say. Here we would use email or the app to contact them and see how their experience was.

4. Loyalty:

- I. Touchpoints: In-app notifications, user community forums

- II. Action: Loyalty in this project would come from the community as well as the loyalty program. They would be able to close circles and go up in different levels that everyone would be able to see, all while integrating themselves more and more into the community.

## 5. Advocacy:

- I. Touchpoints: social media, word-of-mouth
- II. Action: Being part of the community they would be our best marketing too, as word of mouth spread, they would tell their colleagues how good the experience was and recommend it. This is especially important in a market such as this as students are influenced by what their friends use or not.

On the other hand, we have people willing to rent their tools – local people. Their characteristics:

- Located in big cities.
- Aged from 25-60
- Employed
- Aware of ecological problems
- Sharing mentality

This second segment is as crucial to the success of the project as the international students, we need to have people list their belongings for renting. The criteria we selected for this segment aim to find people who will empathise with the international students, because of their direct or indirect experiences, who might have belongings to share and are willing to do so. These individuals often have items at home that are underutilised and could be rented. By participating in the community they can earn an additional income and

contribute to sustainability all while giving to the community. Our main target group will be people with a maximum age of 60 years to be able to integrate all the technological features correctly. Their customer journey map (see Figure 17 for the steps) would be the following:

1. Awareness:

- I. Touchpoints: Local events, social media, community newsletters
- II. Action: We would go to local community events and get people to know us through events in collaboration with local organisations and social media. For this target we would focus on Facebook as we have seen that is the social media they are more time on. Therefore, we would try to create intrigue by tempting them with the opportunity of earning extra income, just by collaborating in a collaborative economy with things that are accumulating dust in their houses.

2. Consideration:

- I. Touchpoints: app store, local forums, word-of-mouth
- II. Action: For their consideration stage we would use the local forms as well as the app store to post the reviews and all the security features and benefits of the app. They would be enjoying the user-friendly interface that we would have worked so hard on to make an emphasis on trust and the security of the app. This would be our message at this stage as it is what will help them engage with our app.

3. Convert:

- I. Touchpoints: in-app listings, customer support
- II. Action: Once they have started using the app we would show them how straightforward and simple the listing process is and how they are in charge of setting the prices. They will be able to appreciate the support our app will provide and the security that the insurance coverage will give them. All of this will work to convert them and decide to use "*Circular*".

#### 4. Loyalty:

- I. Touchpoints: in-app notifications, community events
- II. Action: When they continue to list even more items and rent out to international students and get engaged in the community they will become loyal to “*Circular*”. They will be part of the community, contributing to sustainability all while enjoying extra income being made from underutilised items they already own. The in-app notifications would remind them of upcoming events or communication from the community that they would now be part of.

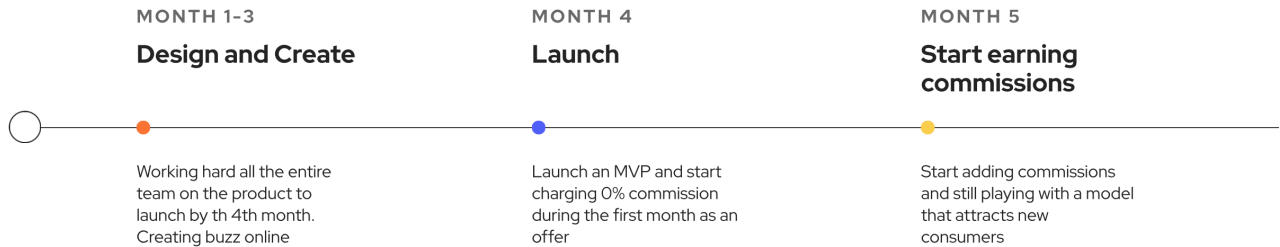
#### 5. Advocacy:

- I. Touchpoints: social media, community meetings
- II. Action: After going through all the previous points they would become our best advocates and marketing. They would encourage friends and family to join the “*Circular*” community by sharing their positive and success stories. They would feel a strong sense of community from participating in our collaborative economy and would help us grow even further.

# PRODUCTION AND OPERATIONS

## Timeline

Figure 18. Timeline months 1-5



Note. Timeline detailing the step followed in the first 5 months of starting (Own elaboration)

During the first year we would follow the following timeline, we would take 3 months (see Figure 18) to design and create the app while creating hype online and starting to engage the community by creating a waiting list. This phase is crucial as engaging the potential users and gathering feedback on the app’s functionality, user interface, and in general, overall user experience will help the best product for the launch. By the 4th month, we would launch an MVP, launching a Minimum Viable Product (MVP) allows businesses to test the waters with minimal investment to reduce risk. Launching it would allow us to gather valuable feedback, help us identify any bugs and more importantly understand user behaviour. As a promotional strategy, we would start with a special offer charging 0% commissions during that month to engage new students to go into the app. Moving forward, in the 5th month we would start to charge commissions earning money from that revenue stream.

Figure 19. Timeline month 6 till the 3rd year



Note. Timeline detailing the step followed from the month 6 the year 3 (Own elaboration)



During the rest of the year, we would move from the MVP to a final version at month 6 (see Figure 19). Transitioning from an MVP to a final version means “*Circular*” is maturing and growing. We would keep going with many updates showing our commitment to always improving the product for the customers. Continuous updates and improvements based on our user’s feedback would ensure that we remain relevant and competitive. In this phase, we would also keep working strongly on our marketing campaign to attract a broader user base and use all the positive experiences from initial users to build trust.

During Year 2 we would expand to France, a neighbouring country with which we share many things and have the open mentality to adapt this app into their every day. For the first quarters of the year, we would prepare for expansion analysing and adapting to the local market. Expanding to a new country requires understanding the market and how it works, we would have to research rental habits, user preferences and legal requirements to adapt to the French market. These adaptations would go further than just the language, we would have to make sure that it meets the specific needs of the French users. This will be key to reducing entry barriers and try to increase our chances for success. Another thing that will increase our chances will be establishing partnerships with local universities and organisations. This would build trust and credibility and help onboarding and promoting the app, as well as providing a valuable point of view on the market and user expectations.

During the 3rd and 4th quarter we would launch in France, we would use a similar strategy to the one in Spain, starting with an estimated 5% user base. To ensure the app remains true to our vision we would gather feedback from the French users making sure it remains user-centric. We would still do regular updates and improvements to adapt to everything based on the feedback and help not only increase engagement but also retain the trust we would build from our users. For the 3rd year, we would do the same with Belgium and then the same plan for the 4th year with Germany.

## HUMAN RESOURCES AND ORGANIZATION

When embarking on this journey the team was a big part of the future success of this start-up after much input we assembled a small team of 4 people that would be minimum at the beginning for the start-up to work, there would be for roles, two on the tech aspects, one of them also in the intersection with customer experience and collaborating closely with marketing and then the obvious team leader, or project manager that would be the person who knows the business is all about.

Taking the leading position would be the project manager, it would be someone in charge of overseeing the development of the app as well as coordinating the team and making sure that they manage deadlines and stay within their alignment with the collaborative economy. It would be someone who doesn't just know a bit about sustainability but thrives on talking and taking action to make a change. Someone who would empower the group and make them believe in the project every day and work harder to achieve their common goals. This role requires someone. That understands both the technological aspect of the workings (at least the basic) and knows how to make an effective marketing strategy. This combined knowledge is what will allow this person to perform their job coordination and synchronising at the optimal point.

To complement the leader, we would have a tech guru, a lead developer that would not only take on the task of designing all the codes and architecture of the app but also verify that the tech integrates with the other features like the interface and all the app's functionalities. This would be a person who loves tech and is motivated by using their interest for the better, they are the type of person who will defend that developing an app is more than just merely coding, it involves embracing the project and integrating it to make it come to life. This person would have to know how to manage the technical complexities with the details requested by other roles in the start-up, the UX/UI designer, but that will be another excuse for them to work side by side together to make the project even better.

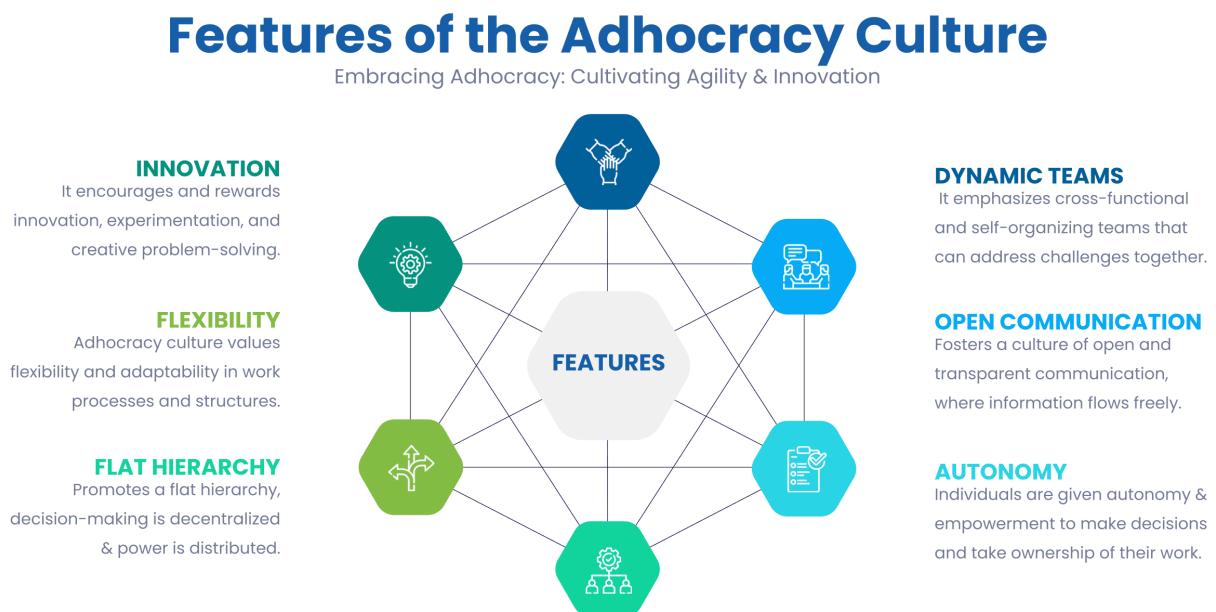
After hearing about a UX/UI designer you may be thinking about what role this person plays in the start-up to make it so important to be in a team of just 4 people. This person is

indispensable in sculpting the user experience, they craft the interface that goes beyond aesthetics, aiming for intuitive functionality and accessibility, and never forget the vision and mission of the project. Therefore, they are the key to differentiating ourselves from the competition and taking that step further from creating an app to creating a community within the project that surpasses just the app. This would be achieved with a user-centric design and continuous research and improvements to help the app stay smooth, intuitive, and updated to the ever-growing needs and wants of the users.

The final key to this dream team for “Circular” would be a marketing specialist, some may think that they just must create a marketing strategy and that is the end of their job, but that couldn’t be further from the truth. This role undertakes many tasks like crafting and executing a multifaceted marketing strategy and as we have seen the marketing strategy involves many different angles and sections. They would have to create captivating content that would attract both local communities as well as international students and still showcase the collaborative initiatives we embrace and work on.

The whole team would come together sharing adhocracy culture (Murambinda, n.d.) which is widely used in the tech industry as this structure encourages a collaborative, innovative (see Figure 20), and adaptable approach if necessary, something key for success in such a dynamic and evolving field.

Figure 20. Feature of and Adhocracy Culture



Note. In the image we can see in detail the different characteristics that are encouraged in an Adhocracy Culture (Murambinda, n.d.)

## FINANCING AND ECONOMIC-FINANCIAL ANALYSIS

### Revenues

To estimate our revenue from commissions, we first had to calculate the number of users we would have. Based on the results of the research it was said that about 70% of the international students said they would use our service if they could, but it would be too optimistic to assume that we would have that percentage of users from the start, so we estimated that in the first year, thanks to our marketing campaign, we will be able to reach about 15% of international students in Spain, and we aim to gain another 5% each year. We are also planning to expand to a new country every year. Looking at which European countries have the highest number of international students, we decided to include France in the second year and Belgium in the third and finally in the fourth year Germany. The same reasoning used to calculate the percentage of users who would use our app in Spain was applied to these countries, starting from 5%, with a 5% growth rate each year.

We then proceeded to make the following calculations (Table 1):

Table 1. User Forecast

year	countries	international students	% of usage	User number	Total users
1	Spain	224080	0,05	11204	11204
2	Spain	224080	0,10	22408	43008
2	France	412000	0,05	20600	
3	Spain	224080	0,15	33612	88769,25
3	France	412000	0,10	41200	
3	Belgium	279145	0,05	13957,25	
4	Spain	224080	0,20	44816	157441
4	France	412000	0,15	61800	
4	Belgium	279145	0,10	27914,5	
4	Germany	458210	0,05	22910,5	

Note. In the table we can see the forecast users following the strategic plan of expanding to one country per year and entering at a 5% (Own elaboration)

Then, to calculate the revenue deriving from commissions, we considered an average transaction of 10€, based on data from the survey, a commission fee of 15%, and that app stores retain 30% commission of every transaction made through apps available on their platforms. For the economic needs of the project, we have to take into account the cost of developing and maintaining the app. This is a cost that will include the initial development as well as all the updates required periodically to keep up to date and to maintain the high-security standards that we are so proud to offer our community. We also have to take into account the salary, equipment, rent of the co-working, and legal costs of using lawyers to make sure everything is correct and we are following all the laws. Finally, one of our biggest spending would be the marketing campaign that would be very high. At the beginning to establish ourselves as a trustworthy brand, and in the future would maintain it as we expand to the new markets.

### Expenses

In this section, we included all the expenses relative to developing, maintaining, and publishing our native app. We got this data from our research and by asking people who have done these kinds of operations for their own companies. We then have payroll, which we obtained considering an annual pay of 21,118€ per year per employee (see Figure 21), in this we already included the 14 pays and the social security (Ministerio de Trabajo y Economía Social., 2024) for the employee. We plan to start with four employees for the first year, adding one for every country we expand to.

Figure 21. Personnel costs



Note. In the Figure above we can see the expenses of personnel calculating the first year breaking down what would be the salary and the social security costs. The following years we can see of all the workers total costs (Own elaboration)

For variable expense, we have insurance, referring to the cost of guaranteeing our users to get their money back if their belongings get damaged. Based on our research, we saw that car rental companies spend on average 1000€ per year for 1 million € in general liability coverage. Therefore we have calculated the cost of insurance to be 0,1% of our revenue. Another variable expense is the App Store commission of 30% of the transactions done in the app. This is one of their requirements and currently, we are bound to oblige, however, on the future we can see moving to another payment method that isn't through the app like for example Spotify that only allows you to pay on their website to avoid this big commission we have to take into account.

For fixed expenses, we would have the marketing campaign, relative to the expenses for advertising on social media and participating in events. The amount is bigger in the first year because we are going to need to build our brand from the ground, as well as create a community. In the following years, we think our brand identity will already be defined and recognised, so we'll have to invest less money in it, even if we'll launch in new countries. Then we have the cost of renting a co-working space. The numbers are obtained considering a rent of 50€/day, for 2 days per week, for 52 weeks. We have identified that with going 2 days to a coworking and the rest working remotely from their homes would be enough to meet up with clients and keep a constant line of communication between the team.

The legal expenses refer to hiring a law office to make sure that every legal aspect is in order, stipulating the user agreement contract that our customers are going to have to accept to register in our app, as well as dealing with eventual legal controversies. When we expand to new countries, they will have to make sure our procedures do not contrast with the local legislature and eventually adapt them. The depreciation refers to the technical equipment.

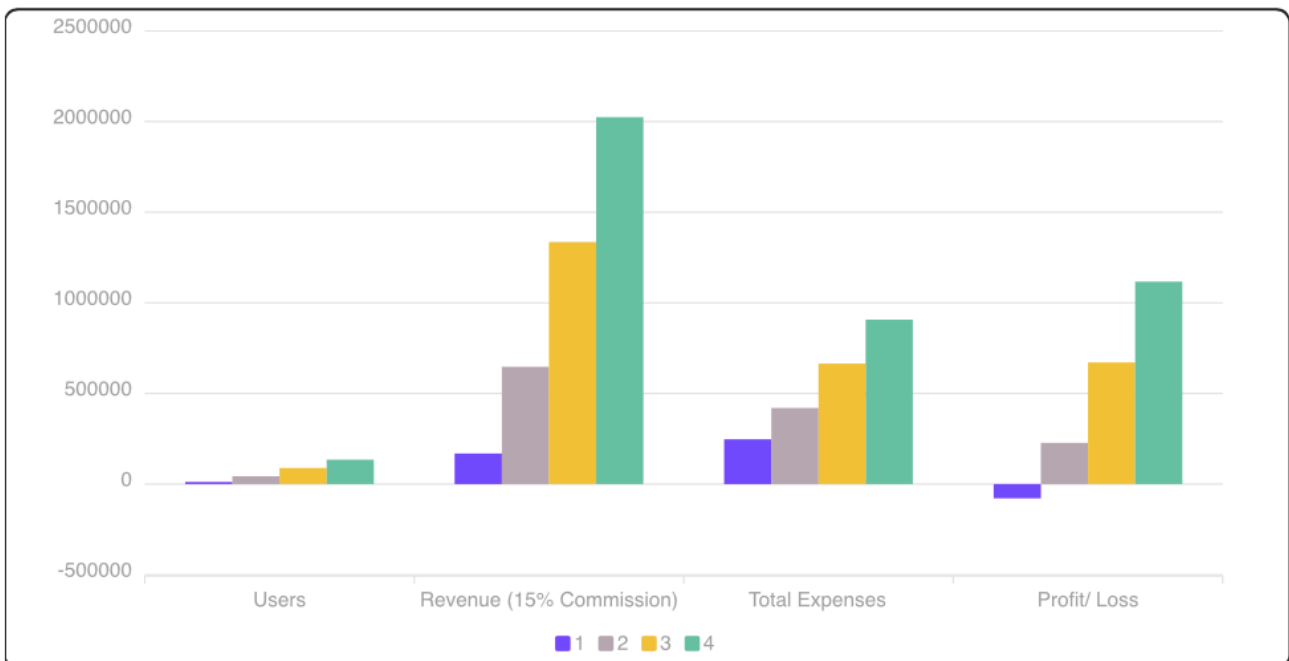
Moreover, we would have the fixed expenses of maintenance and updating the app as well as the cloud services required to keep the user database safe and in the app. The expense of constant of the first year of developing the app would be considered an investment and we would amortise it, but for the rest of the years we would have to consider the updating work done on it as an expense, being this 50,000€/year. As for the cloud services provided

to us, this is essential and we would have to pay 30,000€/year to have enough space for all the users.

Finally, we have one of the main expenses, marketing. Our expansion relies on it, our image is what will make us work because we have to get the community not just started but also take care of it and maintain it. For each country, we have two clear stages, implementation and maintenance. The payments are adjusted to the school year, as half of the community are international students and work on that agenda. This means that some of our greater marketing costs will come in the period leading to the start of classes, therefore the end of summer.

We can see from the results in both graphs that we expect to start being profitable by the second year with an earning of nearly 300,000€ (see Figure 22 and Table 2). This high profit is due to the advantage of going into a market that is growing as a result of current trends in connecting sustainability to the uses of our every day (Fundación Innovación Bankinter, 2024). Moreover, a market where there are not many competitors currently, giving us a clear road to growth and taking the market over.

Figure 22. Profit & Loss Graph for the first 4 years



Note. We can see from the graph how the profit through out the first years grows and is broken down (Own elaboration)

Table 2. Cash Flow Forecast

Year	Users	Revenue (15% Commission)	App store Commission	Technology Cost	Salaries	Marketing Cost	Rent	Insurance	Legal Fees	Amortisation (of equipment)	TOTAL COSTS	OVERALL BALANCE
1	11.204	168.060	50.418	50.000	84.460	30.000	5.200	1.120	1.125	933	223.257	-55.197
2	43.008	645.120	193.536	50.000	110.854	30.000	5.460	4.301	2.000	1.167	357.317	287.803
3	88.769	1.331.535	399.461	50.000	139.676	35.000	5.733	8.877	2.000	1.400	607.146	724.389
4	134.530	2.017.950	605.385	50.000	171.103	35.000	6.020	13.453	2.000	700	838.661	1.179.289
SUM		4.162.665	1.248.800	200.000	506.093	130.000	22.413	27.751	7.125	4.200	2.026.382	2.136.283

Note. We can see from the table how the expenses and revenue through out the first years grows and is broken down (Own elaboration)

### Funding

This section refers to how we decided to raise the money we needed to set up and run our company in the first years. Knowing that at this point it’s hard to raise funding, we chose to adopt a variety of different sources (see Figure 23):

Figure 23. Funding Break down



Note. We can see from the figure above the break down of where each funding comes from (Own elaboration)



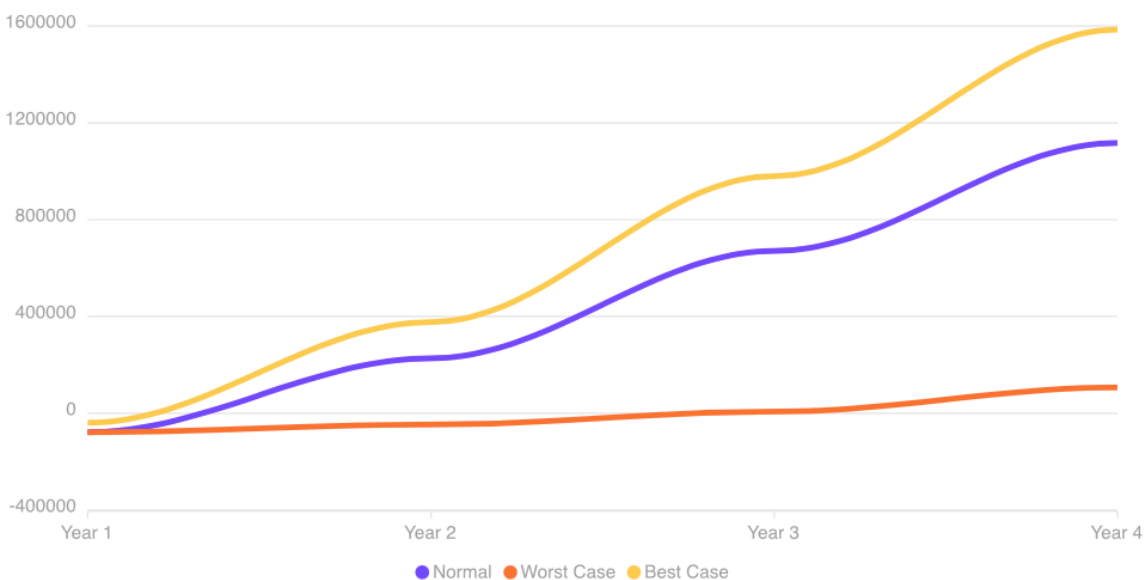
- Equity: the founder would start by providing 50.000€
- Investments: we intend to pitch our idea to investors to raise 100.000€, this particular form of investment would not only bring money into the company but also having an investor involved working with us will help us to achieve our goals faster and more efficiently.
- EU grant: the European Union gives out funds to projects related to sustainability. Since our idea involves and promotes a collaborative economy, we intend to apply for a 50.000€ grant. It's located in the current assets because, although we believe our application will be accepted, we don't expect to receive the money in the first year, so it's a "subsidy to be received".

**Assets**

For non-current assets, we would have the software and other digital assets which are essential for the business operations. We would also have technical equipment, which would be considered material assets belonging to the company. This consists of 4 computers, one for each employee, worth 700€ each, and the mobile app, being another intangible asset, accounting for the price of development. The remainder is cash that we got from funding, as well as the EU grant and commissions, which are our current assets.

**Liabilities and Equity**

Figure 24. Profit & Loss Different scenarios

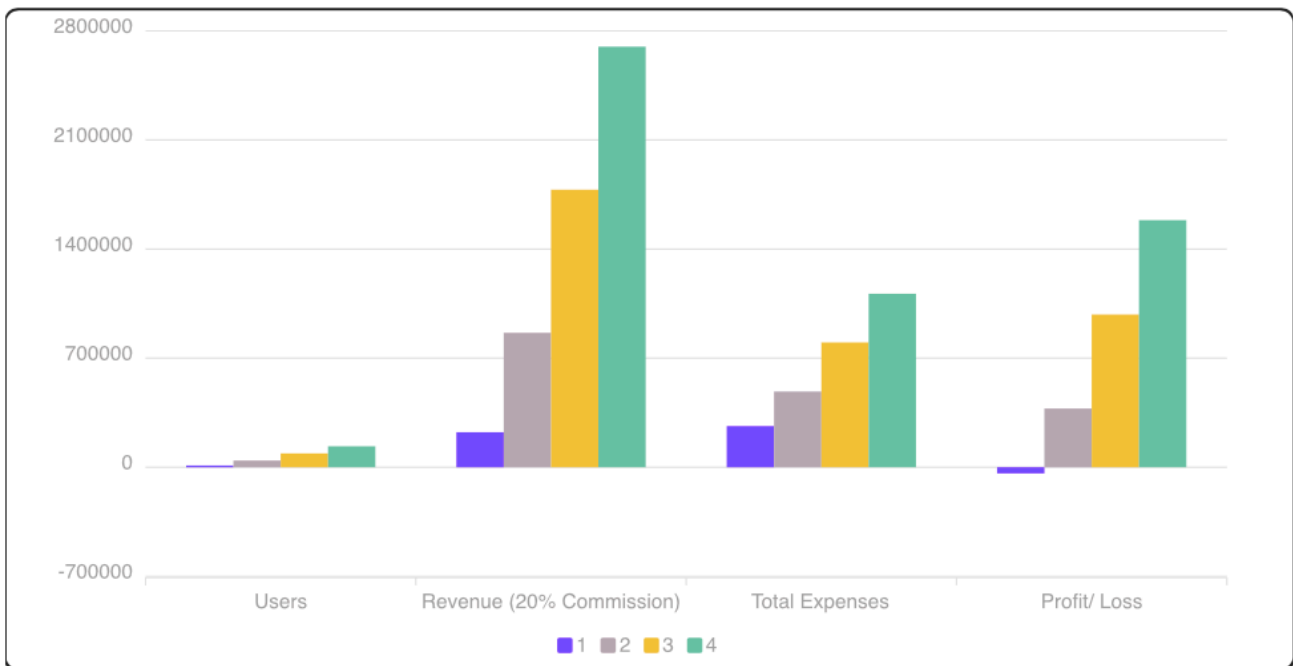


Note. In the graph above we can see three different scenarios through time (Own elaboration)

For equity, we would have the capital, reserves and any shares that are issued. Initially, this section would consist mostly of the external investment previously mentioned. In the non-current liabilities, we find all the capital that we got from the different funding methods, while in the current liabilities, we find our accounts payable, the expenses for app development, server hosting, insurance, and salaries.

Comparing the best case, worst case and normal scenarios (see Figure 24) for “Circular” provides valuable insight into what the future may be like if conditions vary. Firstly we have to look at the normal scenario. This includes everything that was previously mentioned and it is the most likely outcome based on the current trends and realistic assumptions based on the research and the feedback obtained. This scenario is a baseline for what to expect if we had moderate sales growth, average cost control and a steady expansion that would be according to the strategic plan.

Figure 25. Best Case Scenario Profit & Loss

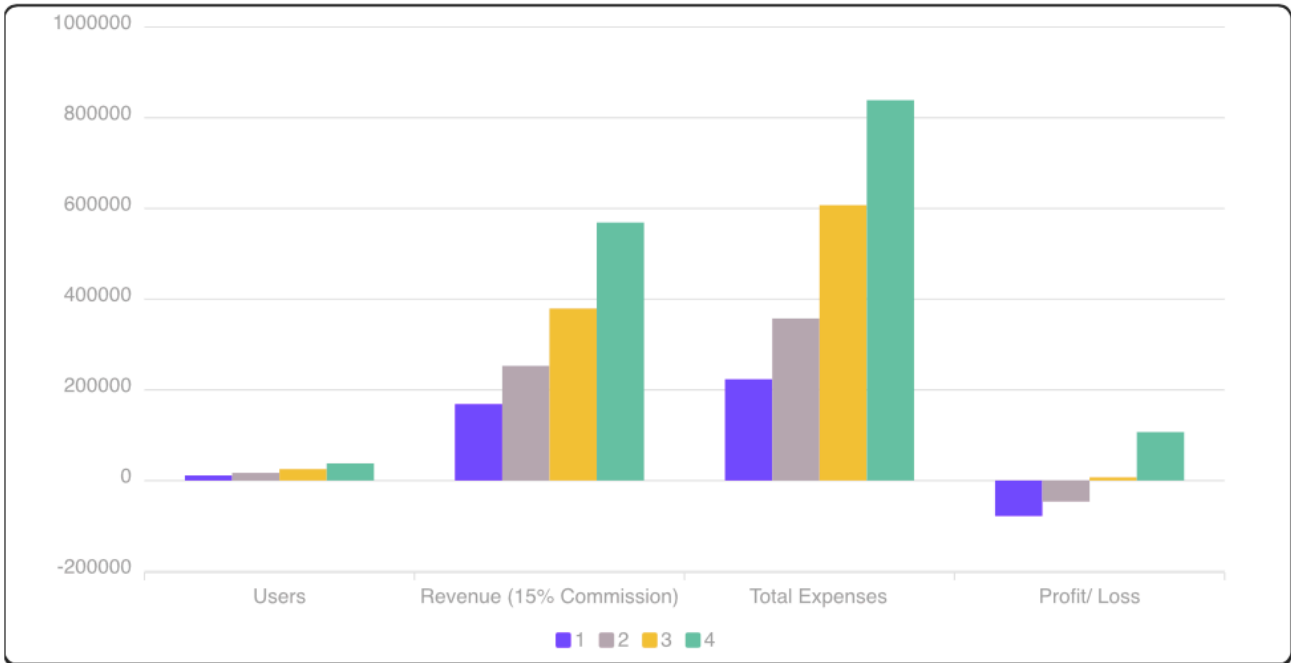


Note. We can see from the graph how the profit through out the first years grows and is broken down for the best case scenario (Own elaboration)

For the best-case scenario, we have decided to increase the commission up to 20%. This slight change would help us earn a lot of money (see Figure 25) in the long term as transaction by transaction it would add up. We imagined this as the optimal performance that would give us the maximum sales revenue maintaining the same fixed costs and

remaining efficient, This scenario assumes that the market conditions are so favourable that even the increase in commission will not have any negative effect on the number of users that we obtain.

Figure 26. Worst Case Scenario Profit & Loss



Note. We can see from the graph how the profit through out the first years grows and is broken down for the worst case scenario (Own elaboration)

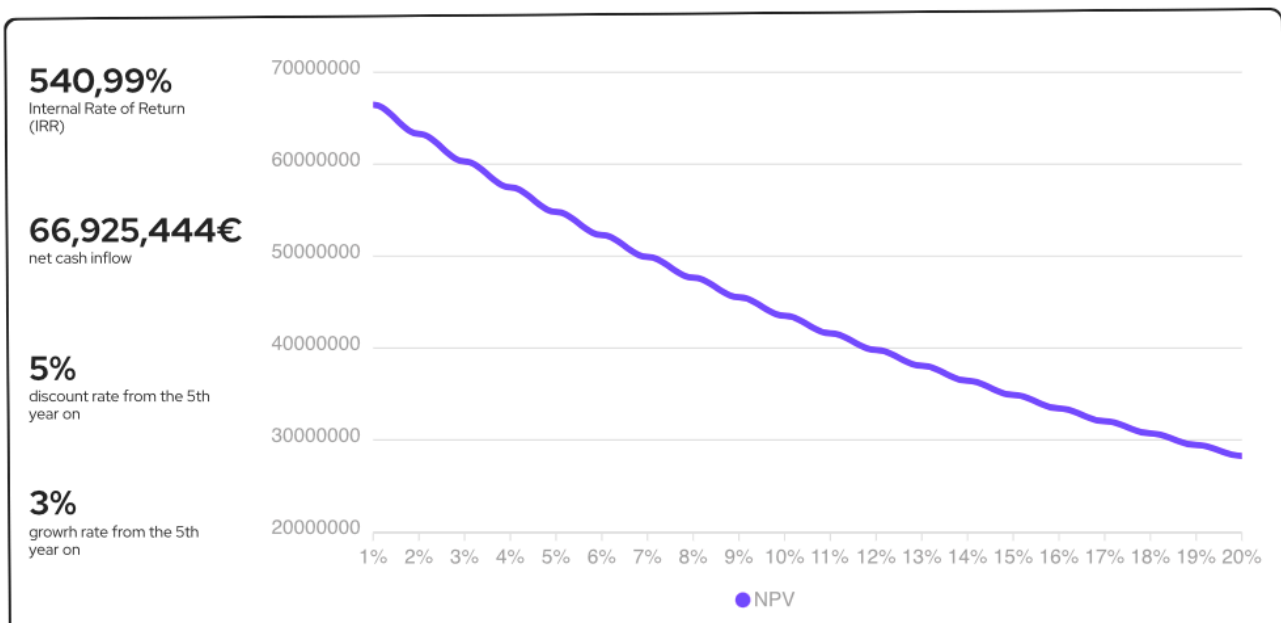
As for the worst-case scenario (Figure 26), we have gone to a situation where the market is challenging and there is no opportunity to expand to any market outside Spain. We would still grow inside Spain but slowly and it wouldn't be till the third year when we would start to be just slightly profitable. This would be a scenario for "Circular" where we would find more resistance than expected in the Spanish market and choose to wait to expand till we are better established in the first market.

**Net Present Value (NPV), Internal Rate of Return (IRR) and Sensitivity Analysis**

To evaluate the financial viability of "Circular" we can look at different metrics for example the Net Present Value (NPV), Internal Rate of Return and a sensitivity analysis. With these and other tools and ratios, we can see how the profitability and risk of the project could go.

Starting by the Net Present Value (NPV) it is calculated by the present value of expected future cash flows, discounted back to their value today. This value helps determine if the investment made will be able to generate more than what it would cost, helping decide if the time value of money is worth the risk. Having a positive value shows that the earnings are expected to exceed the anticipated costs, this would make the investment worth it (Ross, Westerfield, Jaffe, & Jordan, 2019). Our project would always be a positive value no matter the discount rate used, showing that this project is worth investing in. We have decided to have a growth rate of 3% moving from the 5th year forward. This is because in our strategic plan we would stop expanding to be able to take care of the markets we would be in. As for the discount rate we would put it at 5 (Cámara de Comercio de Madrid, 2023) we can see that the NPV would be 54,809,904€ (see Figure 27).

Figure 27. Net Present Value (NPV) & Internal Rate of Return (IRR) Graphs



Note. We can see from the graph how the NPV would vary depending the discount rate (Own elaboration)

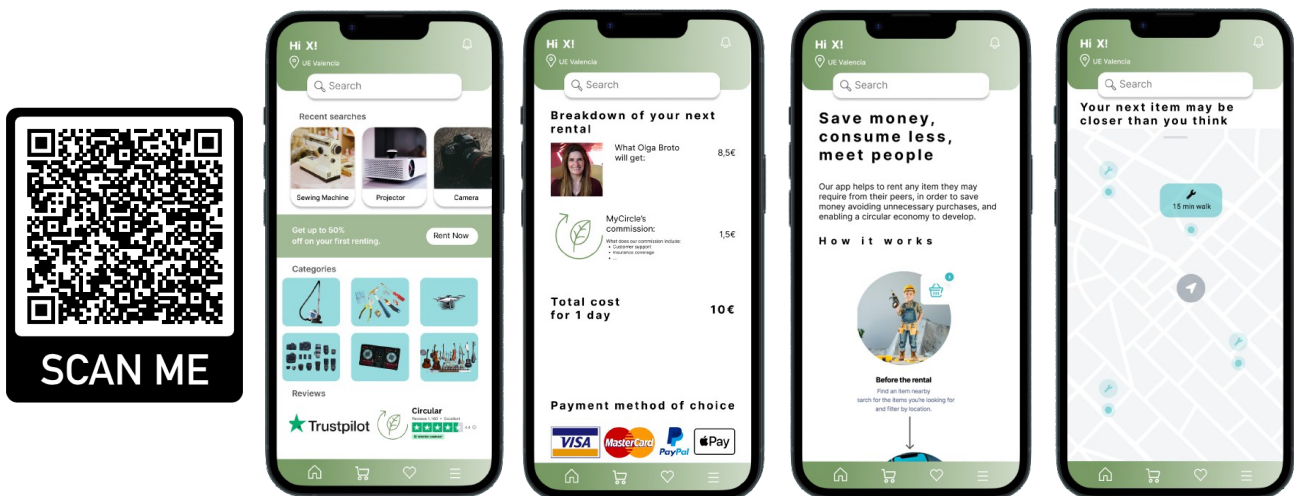
Moving to the Internal Rate of Return which is the discount rate that makes the NPV of all cash flow from the project equal to zero. It represents the expected growth rate expected from the project, for this rate the higher the better, because it suggests it will be more profitable (Brealey, Myers, & Allen, 2020). For this specific project with all the numbers we have predicted and assumed previously it would be 540,99%.

## FORMAL AND LEGAL ASPECTS OF THE PROJECT

For this project, we would choose to form a Limited Liability to protect the personal assets of the shareholders. This form of business offers operational flexibility as it is easier to manage than larger corporations while only requiring €3,000 (Ministerio de Justicia, 2015) (ICEX, 2023) of minimum capital which is lower than others. Another advantage of this legal form is the easier regulations which are less strict on the required reports compared to Sociedad Anónima (SA). However, there are some key elements to be signed by the shareholders, in our case would be the founder and the possible investors. Some of these documents are the capital contributions, in this document it is detailed what amount and timing of initial and future capital contributions are done by each shareholder. This is important to have it clear at the beginning especially with investors, this way you can do the forecasts with a clearer idea of how much money will be injected into the company and when. Some of the other documents are the dividend distribution, exit strategy, voting rights, transfer of shares... All of these are basically what they sound like and just are put in place to avoid future conflicts or misunderstandings.

# CORPORATE IMAGE

Figure 16. APP mockup and MVP



Note. Read the QR code or touch the images to view the MVP prototype of the app (Own elaboration)

Our app (see Figure 16) is the platform where peer-to-peer lending between international students and the local community comes together. As such, our app will have a simple but appealing interface to ensure the best user experience for all individuals. Some of the key features from our app that I would like to highlight are the search and filter that are always on display in case the user thinks of something on the go always be able to make the best search based on location, category, availability... But also the app will have different profiles for each user to be able to manage their listings and rentals easily and conveniently. All of this is tied together integrating various different features for example secure payments by using Visa, Mastercard, PayPal, Apple Pay... Offering all these secure payment methods we are going back to our focus, making it easy for the user and improving their experience on our app as much as possible.

Figure 28. Logo



Note. Logo combining an arrow going in a circle around a leaf with the name of "Circular" (Own elaboration)

Moving on to our branding, we can see that the logo combines an arrow going in a circle around a leaf (see Figure 28). This symbolises sustainability and the continuous circulation of resources in the community that we are creating. We are committed to creating a circular economy and collaborating with a more eco-friendly community. As for the colour palette, we can see that the colours used not just in the logo but also in the app are green and blue. Green represents for us sustainability, growth and being eco-friendly. As for blue, blue is always linked with trust, and reliability (Chapman, C. 2021) and it is also linked with technology.

## CONCLUSION

To conclude, “*Circular*” is an app that envisions transforming the sustainability game by promoting peer-to-peer lending. We can see that “*Circular*” is viable as seen from our TAM SAM SOM, our NVP which is estimated at 54,809,904€ and IRR being 540,99%. This initiative would be profitable from the second year as seen in our financial projections, if we look at the expected scenario we would be doing 227,190€, in the best-case scenario 376,930€, and in the worst-case it would be in the third year instead and would be 7,041€. Our mission is to create connections between local people and international students promoting a collaborative economy by sharing items and fostering sustainability.

As seen in our financial projections we would be going into a market every year, this would be costly (30,000€/year just in marketing) but would help us grow exponentially and establish ourselves in those markets while the curve is still in growth to be able to maximise our benefits. Marketing would be one of our biggest direct costs, and every time we enter a market, we would have an increase in costs resulting from the legal costs, however, the response of the increase in sales in the long run will outweigh them. Marketing is the key to getting people to download our app because to be able to show them how great of a community there is in “*Circular*” they have to download the app.

In “*Circular*”, we put the clients in the centre because we think that they are the ones that will create the change, from consumerism to collaboration and help our app flourish. At the end of the day, we are creating the app for the peer-to-peer lending community and must listen to their needs and wants. Thus, the team focused on marketing and the user experience.

As “*Circular*” embarks on this journey it invites the communities to be part of the change and not just watch us revolutionise the peer-to-peer lending market. With your participation, we can grow towards a more sustainable future creating innovative solutions to the problems through a collaborative economy. Together we can make this a reality a name everyone will know of.



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# ANNEX

## TABLE INDEX

Table 1. User Forecast-1

year	countries	international students	% of usage	User number	Total users
1	Spain	224080	0,05	11204	11204
2	Spain	224080	0,10	22408	43008
2	France	412000	0,05	20600	
3	Spain	224080	0,15	33612	88769,25
3	France	412000	0,10	41200	
3	Belgium	279145	0,05	13957,25	
4	Spain	224080	0,20	44816	157441
4	France	412000	0,15	61800	
4	Belgium	279145	0,10	27914,5	
4	Germany	458210	0,05	22910,5	

Note. In the table we can see the forecast users following the strategic plan of expanding to one country per year and entering at a 5% (Own elaboration)

Table 2. Cash Flow Forecast

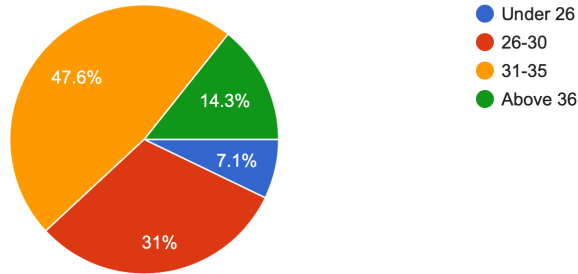
Year	Users	Revenue (15% Commission)	App store Commission	Technology Cost	Salaries	Marketing Cost	Rent	Insurance	Legal Fees	Amortisation (of equipment)	TOTAL COSTS	OVERALL BALANCE
1	11.204	168.060	50.418	50.000	84.460	30.000	5.200	1.120	1.125	933	223.257	-55.197
2	43.008	645.120	193.536	50.000	110.854	30.000	5.460	4.301	2.000	1.167	357.317	287.803
3	88.769	1.331.535	399.461	50.000	139.676	35.000	5.733	8.877	2.000	1.400	607.146	724.389
4	134.530	2.017.950	605.385	50.000	171.103	35.000	6.020	13.453	2.000	700	838.661	1.179.289
SUM		4.162.665	1.248.800	200.000	506.093	130.000	22.413	27.751	7.125	4.200	2.026.382	2.136.283

Note. We can see from the table how the expenses and revenue through out the first years grows and is broken down (Own elaboration)

## SURVEY WITH THE LOCAL COMMUNITY - [LINK](#)

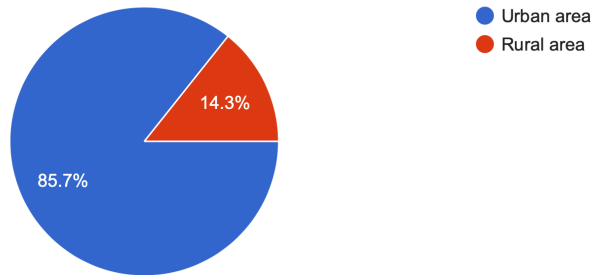
How old are you?

42 responses



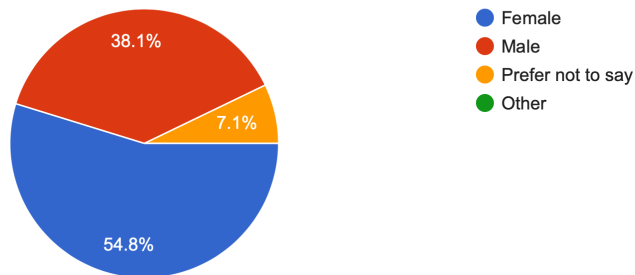
Where do you live currently?

42 responses



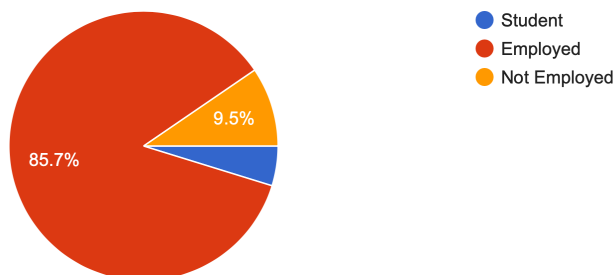
What gender do you identify as?

42 responses



What is your employment status?

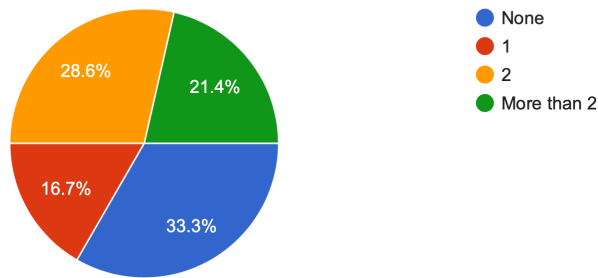
42 responses





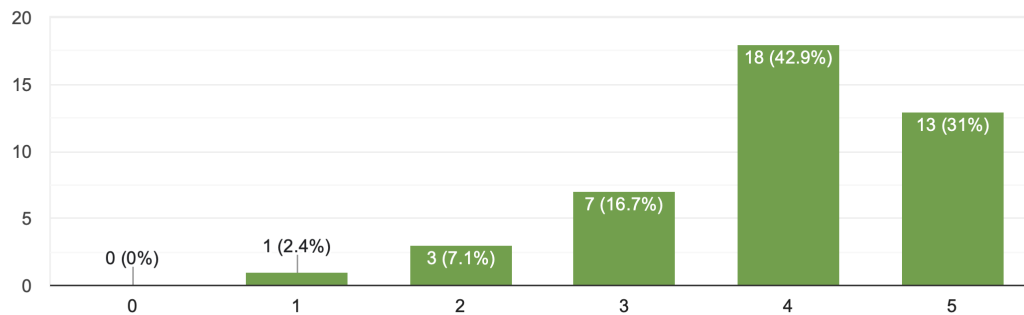
How many children do you have?

42 responses



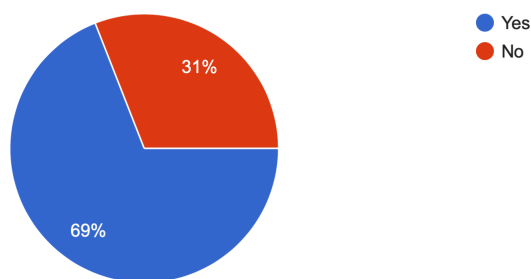
On a scale from 0 to 5 how much would you be willing to change your behavior and take actions for climate change?

42 responses



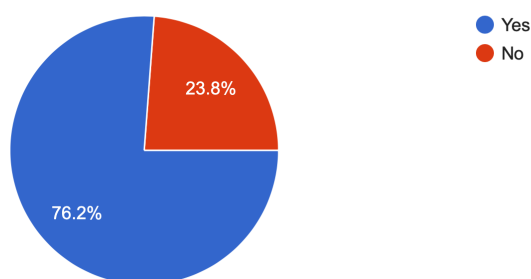
Do you contribute to a circular economy?

42 responses



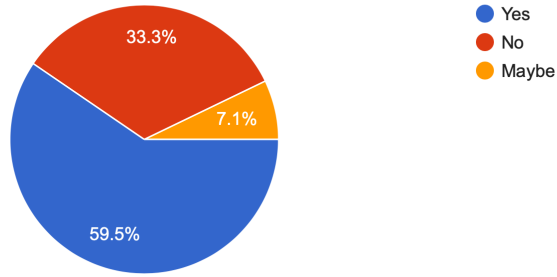
Would you like to be part of a rental community?

42 responses



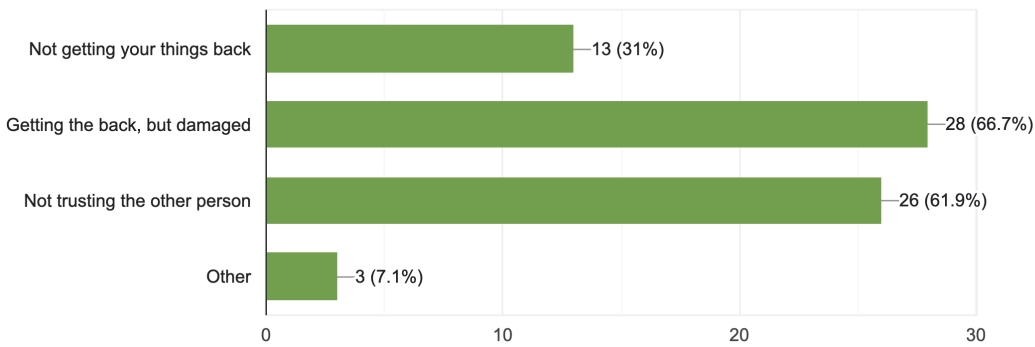
Would you lend to someone you don't know in exchange for money?

42 responses



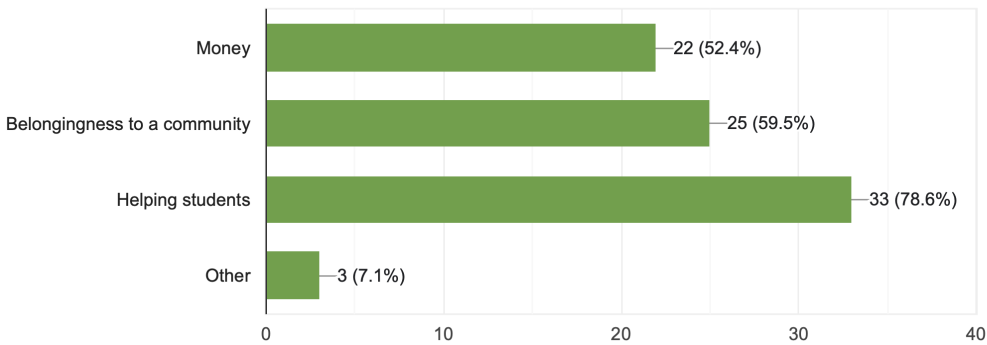
What are the things that are stopping you from doing it?

42 responses



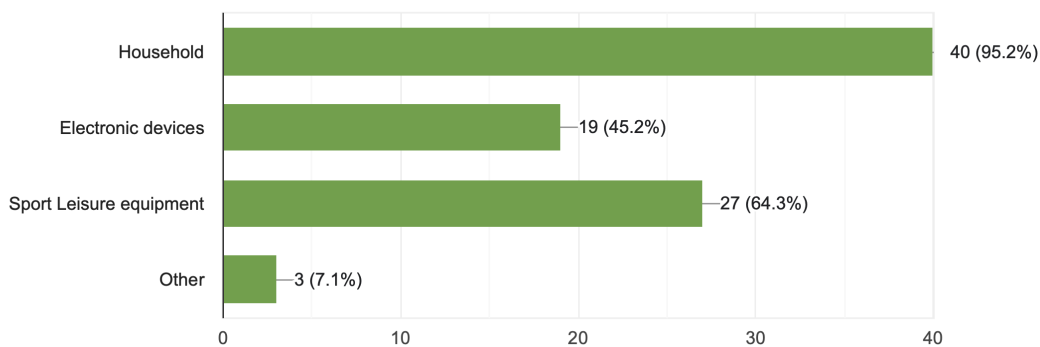
What would motivate you to rent your things to someone?

42 responses



From what category(-ies) of items would you likely rent if you could?

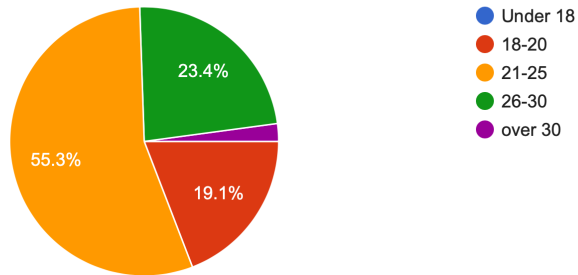
42 responses



## SURVEY WITH INTERNATIONAL STUDENTS - [LINK](#)

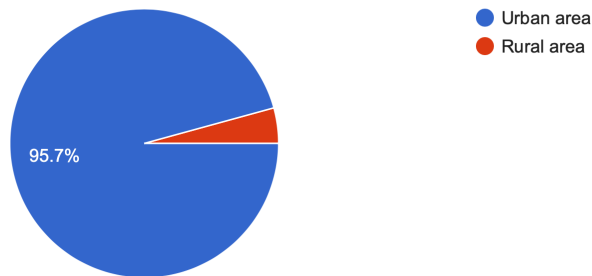
How old are you?

47 responses



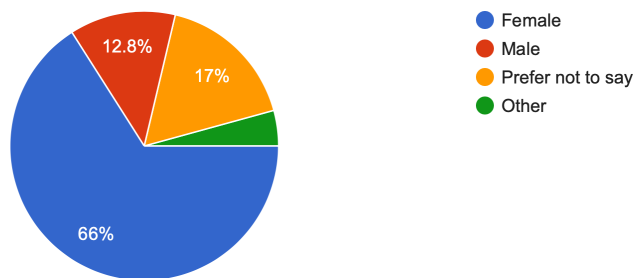
Where do you live currently?

47 responses



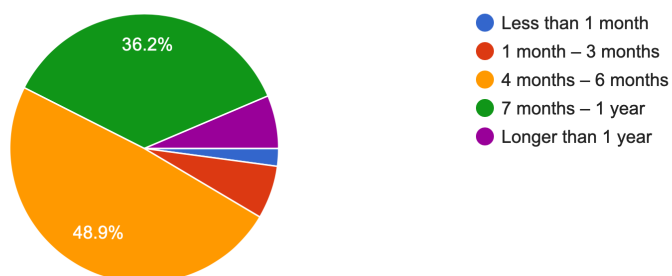
What gender do you identify as?

47 responses



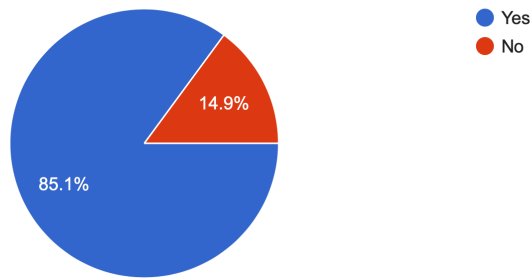
How long are you staying abroad for your studies?

47 responses



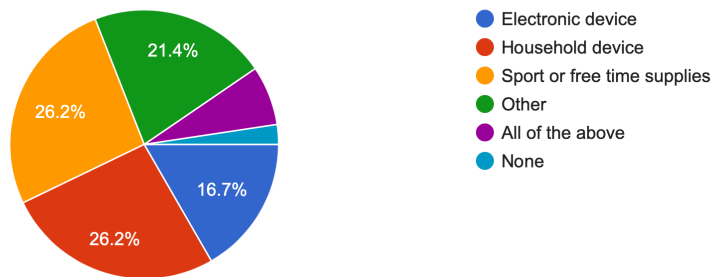
Did you have to buy a tool while you were traveling/relocating/on business trips/while in exchange programs?

47 responses



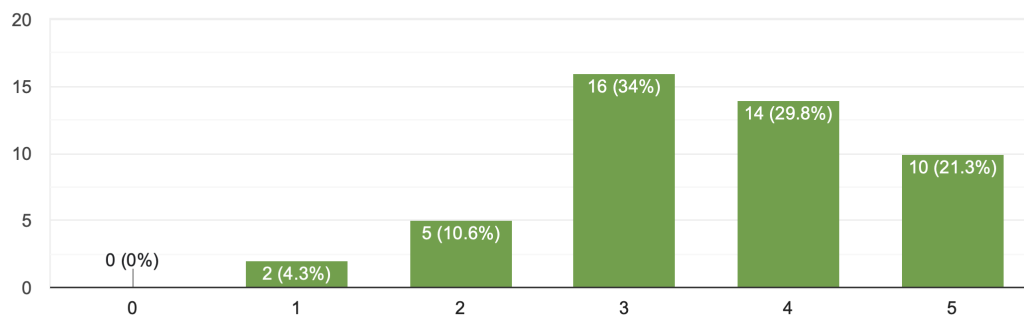
If yes, what was it exactly?

42 responses



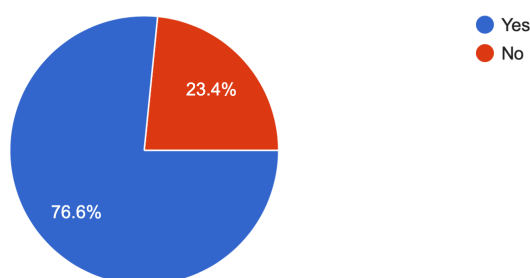
On a scale from 0 to 5, how much would you be willing to change your behavior and take actions for climate change?

47 responses



Would you like to contribute to a circular economy?

47 responses



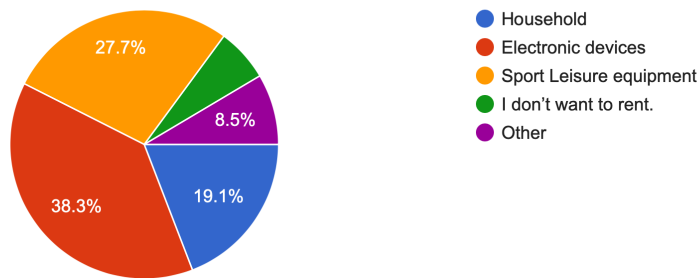
If yes, how - 20 responses

- Buy 2nd hand items, avoid fast fashion, recycle
- Upcycling clothes
- Recycling, sustainable behaviour in day to day life
- By renting instead of buying
- Renting items, trading
- Buying less and second hand
- Recycling
- 5. Recycling in an environmentally friendly way and from a logistics point of view, trying
- to create a cycle that makes it possible to return the goods from the customers to the
- origin for the recycling process etc.
- Environmental friendly packaging
- Collect devices and after that return to shop
- as much as my comfort is not affected
- Renting things
- Recycling, bringing old devices back when buying a new one (like phone)
- Buying the least stuff possible, and donating what i don't use anymore

- With the packaging recycling
- for example, i usually go to second hand shops to see if I can find the
- clothes/accessories I need

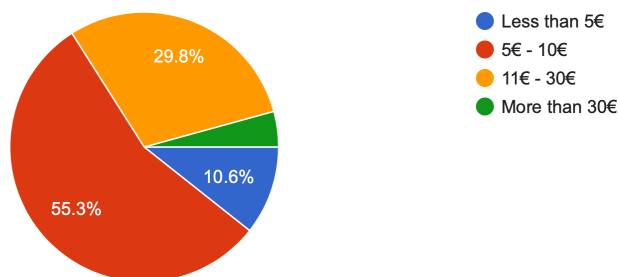
From what category(-ies) of items would you likely rent if you could?

47 responses



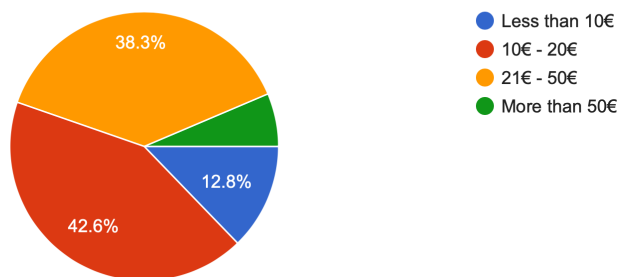
How much are you willing to spend on renting a ladder for 2-3 hours?

47 responses



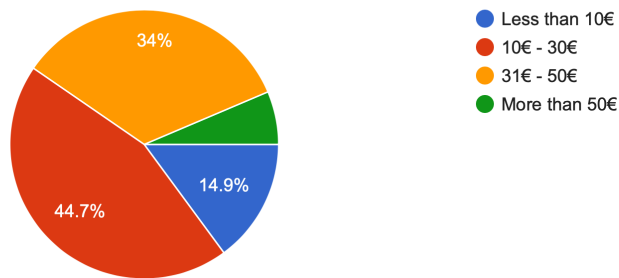
How much are you willing to spend on renting a jukebox for 1 day?

47 responses



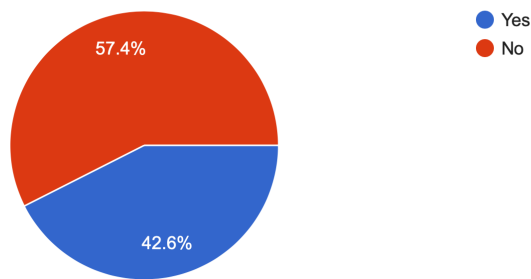
How much are you willing to spend on renting a pair of skis for 1 day?

47 responses



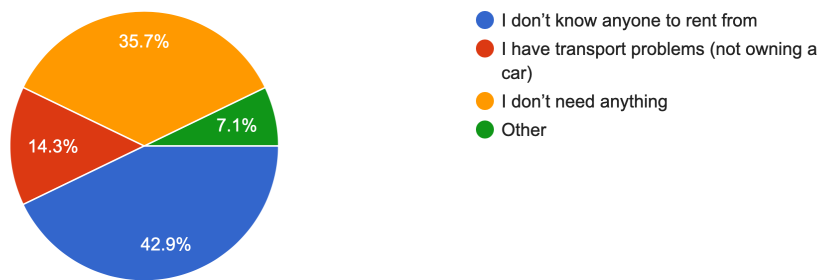
During your stay, have you already rented something?

47 responses



If not, why?

28 responses



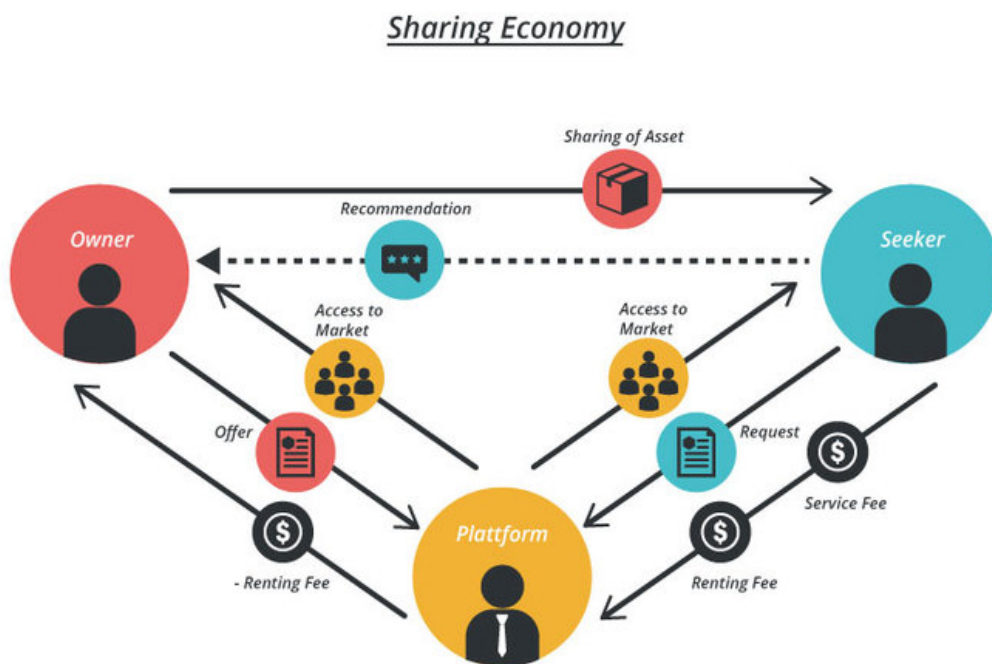
## FIGURE INDEX

Figure 1. Background image



Note. AI generate image for background

Figure 2. The Sharing Economy

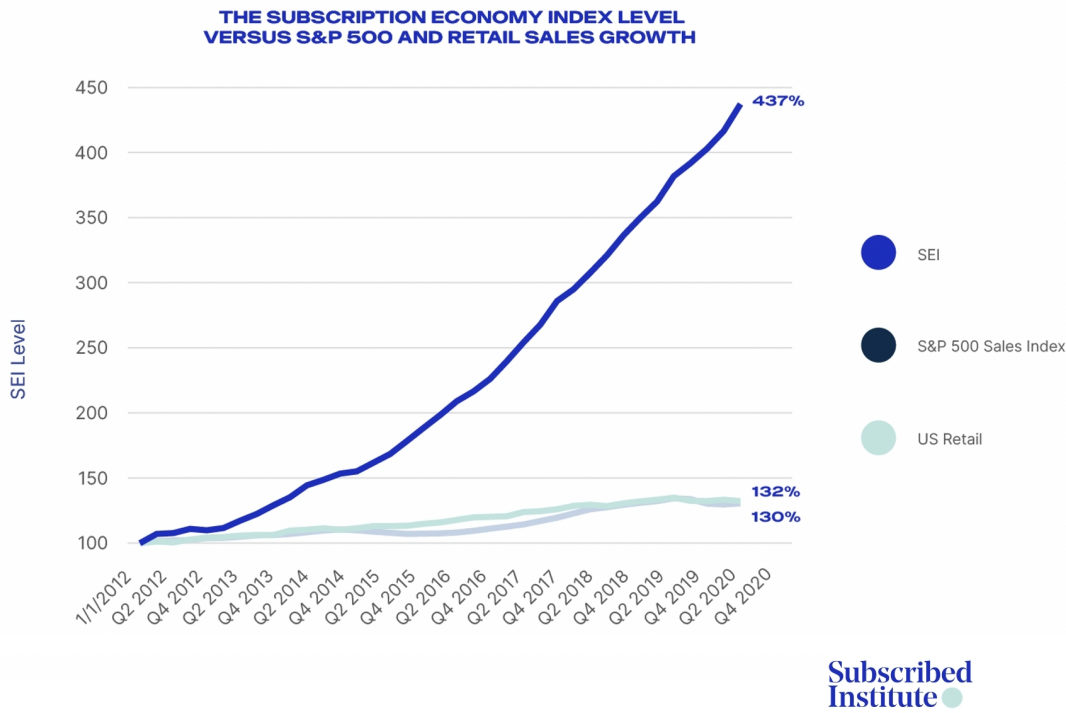


Business Model Toolbx

Note. Map showing the connections created in a sharing economy and how they are all connected (Daniel Christian Wahl, 2017)

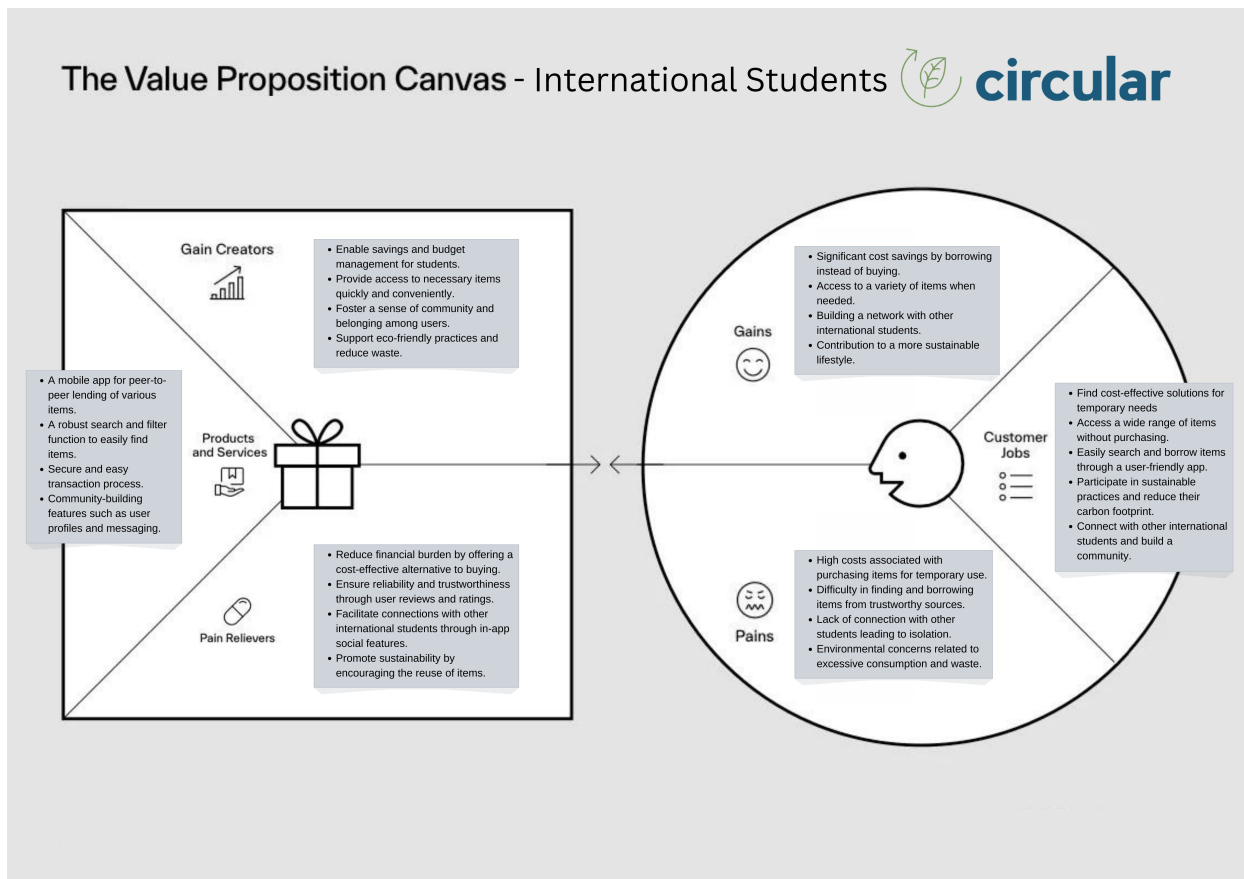


Figure 3. Subscription businesses in the Subscription Economy Index



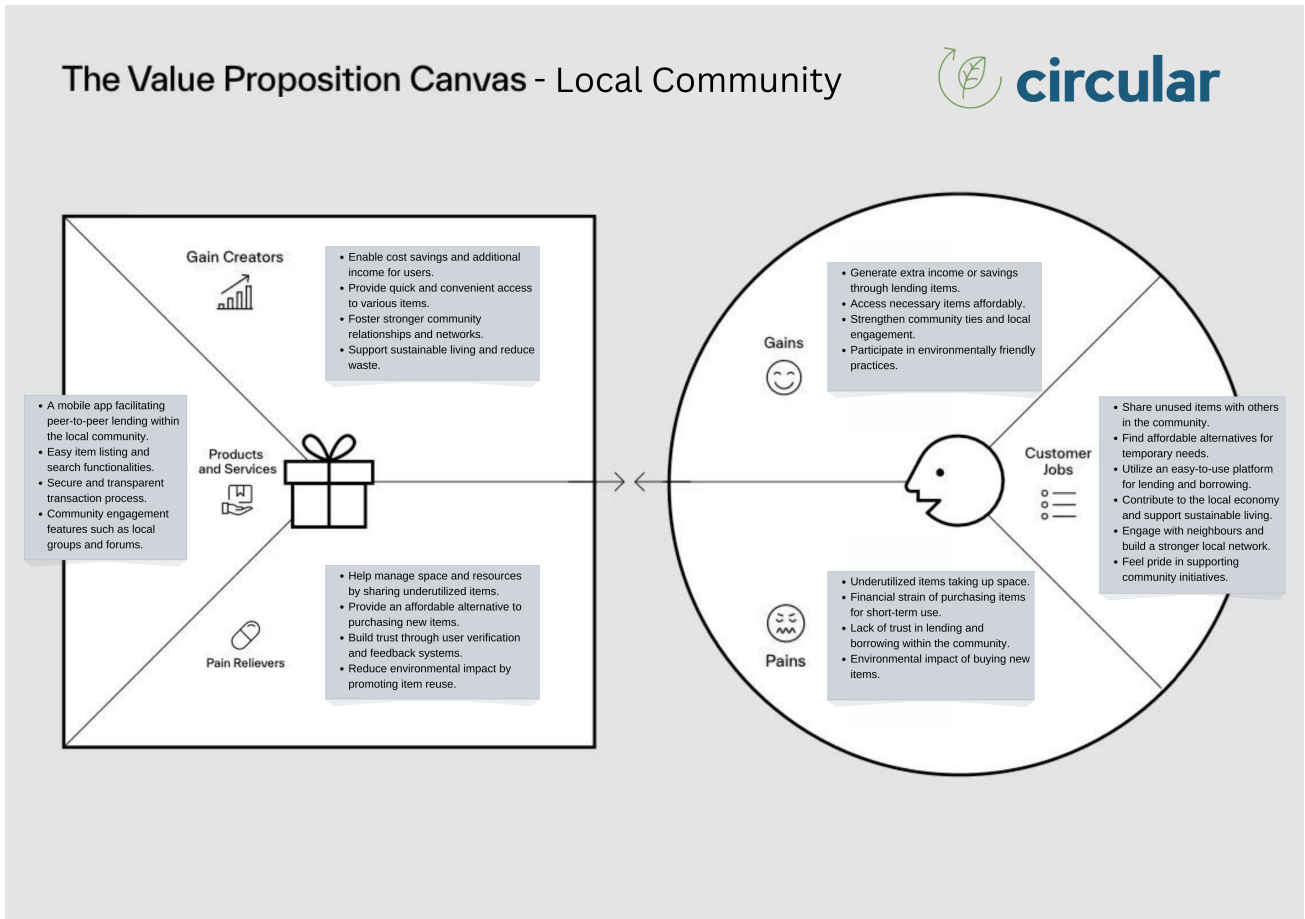
Note. Graph showing how the Subscription businesses in the Subscription Economy Index™ have grown nearly 6x faster than the S&P 500 over the last 9 years. (Zuora Financial, 2021)

Figure 4. Value Proposition Canvas for the International Students



Note. In the map we can see the value proposition for one of the users of "Circular" (Own elaboration)

Figure 5. Value Proposition Canvas for the Local Community



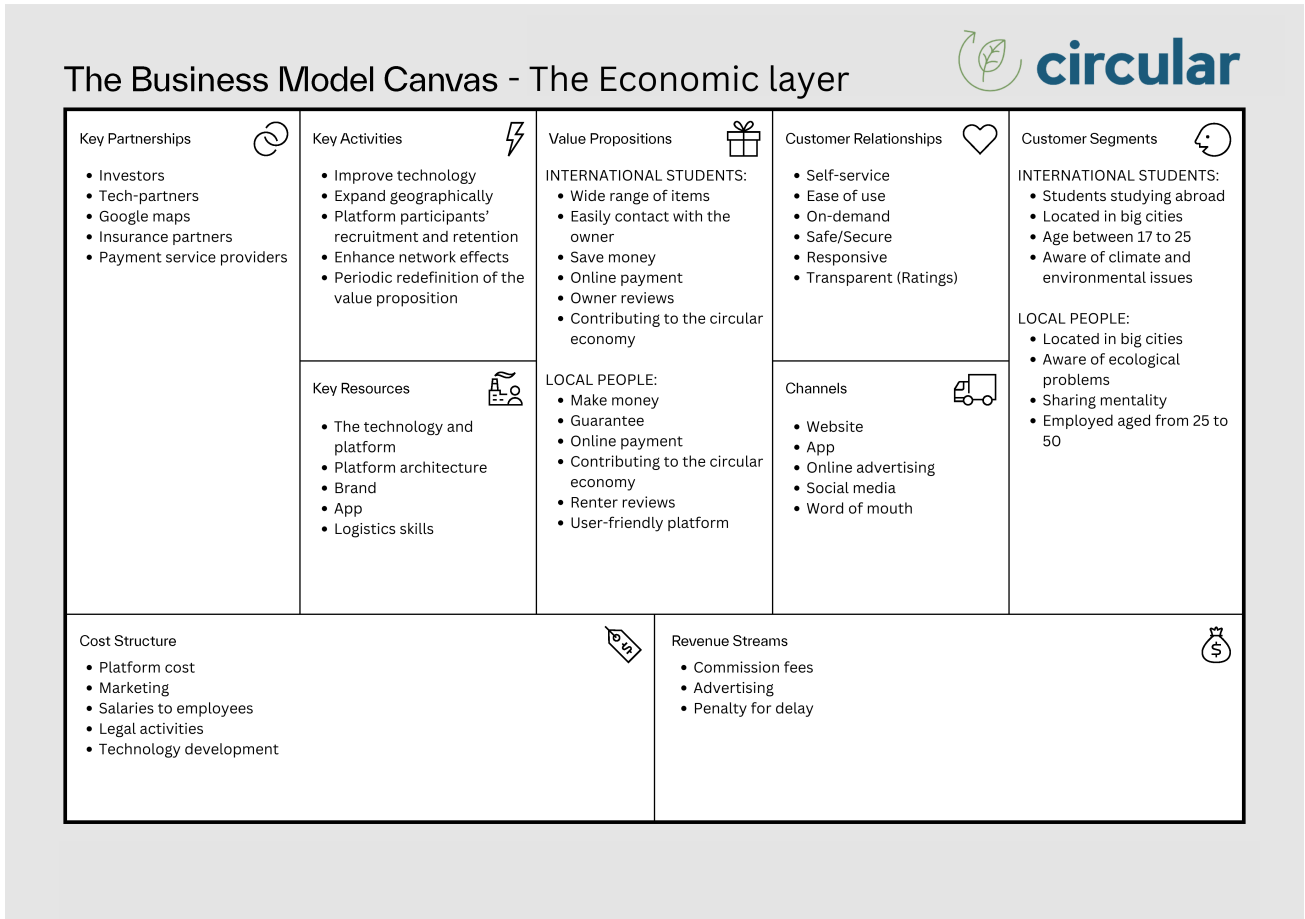
Note. In the map we can see the value proposition for one of the users of "Circular" (Own elaboration)

Figure 6. PEER TO PEER (P2P) LENDING MARKET SIZE 2023 TO 2033 (USD BILLION)



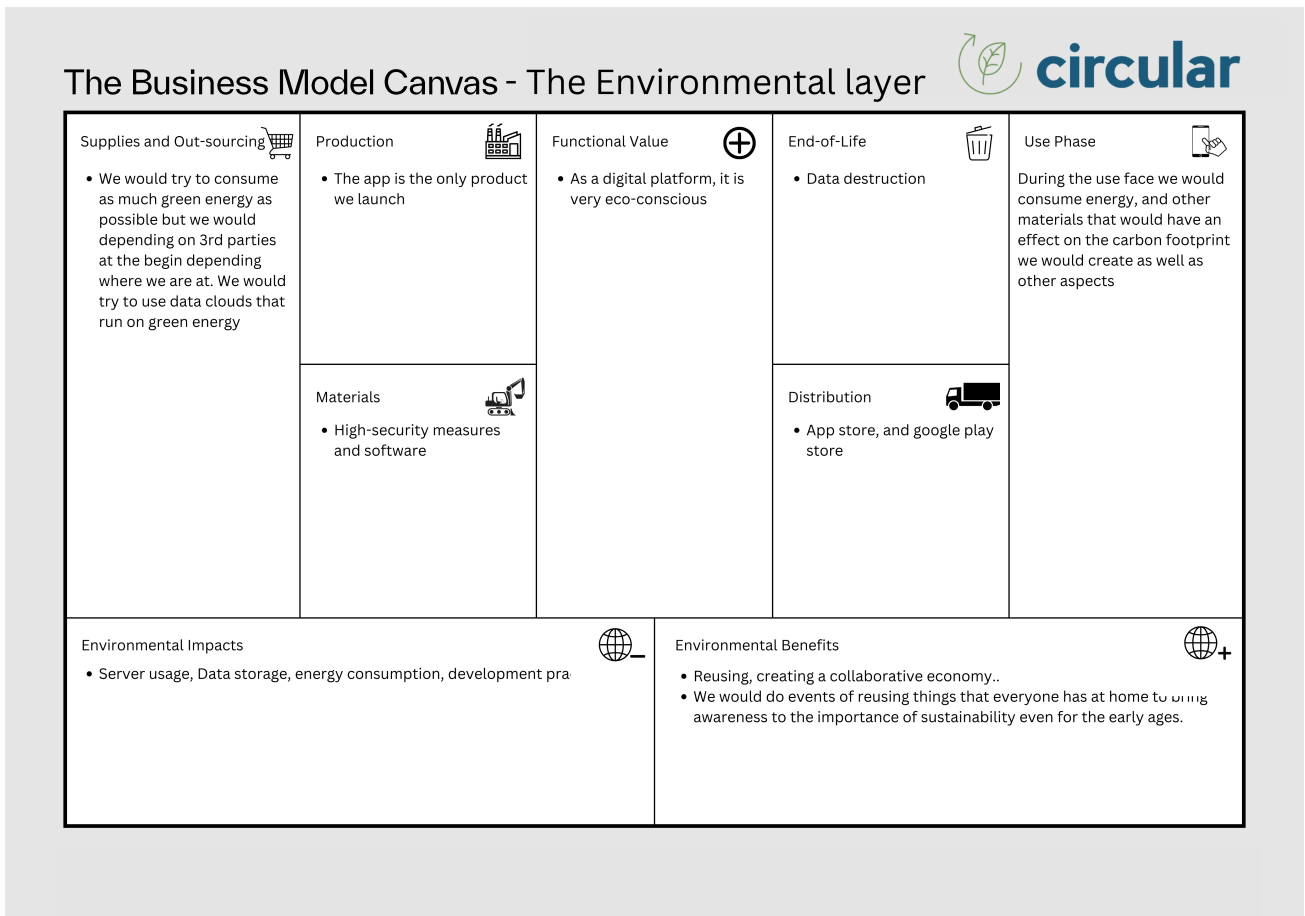
Note. In this table we can see the projected size of the peer to peer lending market from 2023 to 2033 in USD Billion (Precedence Research, 2024)

Figure 7. Business Model Canvas - Economic layer



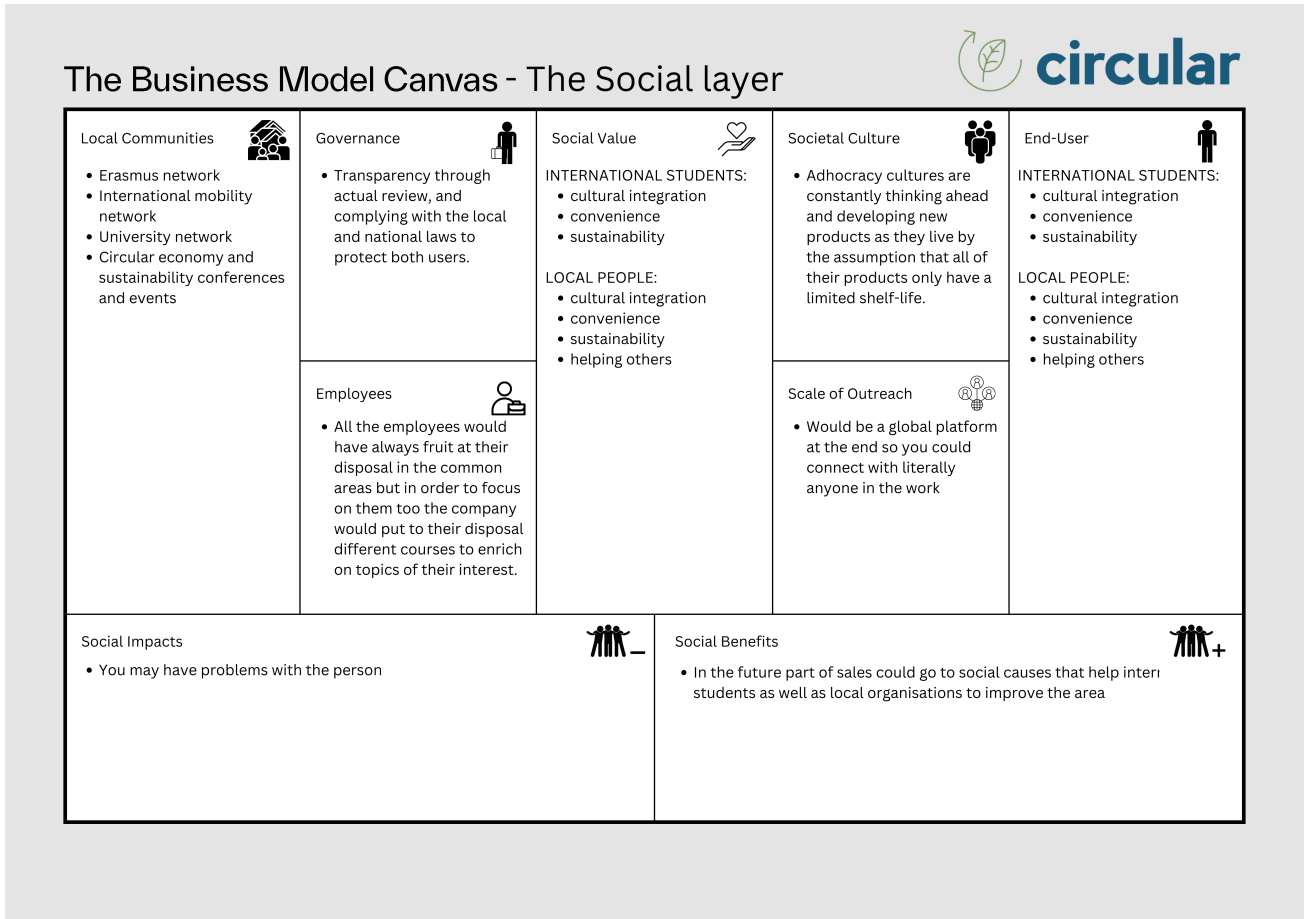
Note. In the map we can see from the triple layer business model canvas the economic layer for "Circular" (Own elaboration)

Figure 8. Business Model Canvas - Environmental layer



Note. In the map we can see from the triple layer business model canvas the environmental layer for "Circular" (Own elaboration)

Figure 9. Business Model Canvas - Social layer

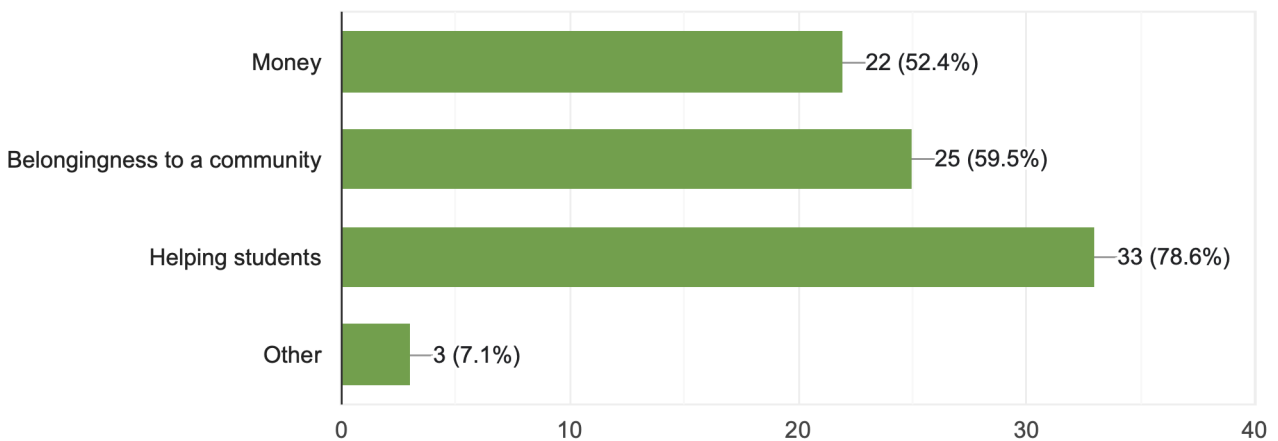


Note. In the map we can see from the triple layer business model canvas the social layer for "Circular" (Own elaboration)

Figure 10. Question about lenders' motivation

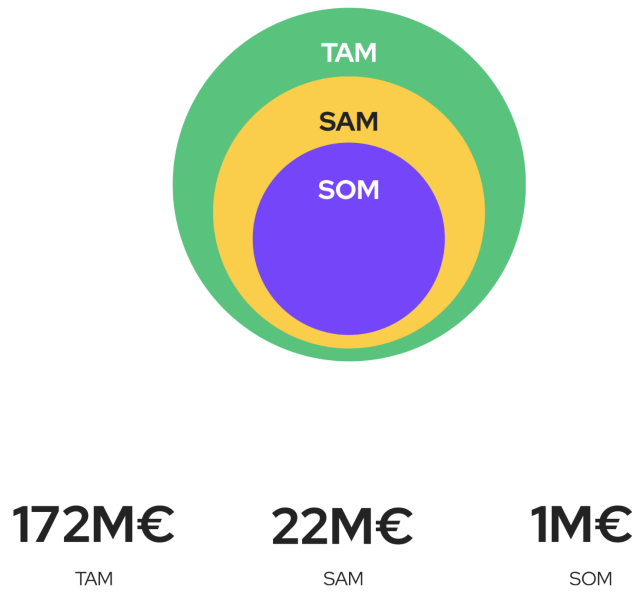
What would motivate you to rent your things to someone?

42 responses



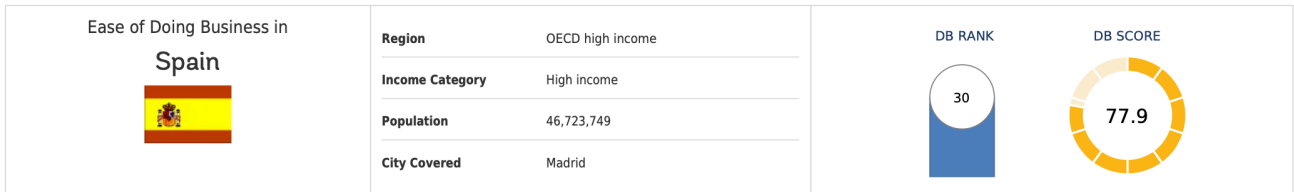
Note. In the graph above we can see that the local community would be more motivated to helping students than any other if they were to participate in this project (Own elaboration)

Figure 11. TAM SAM SOM for "Circular"



Note. We can see from the graph that the values for the Total Addressable Market (TAM) Service Available Market (SAM) and the Servicable Obtainable Market (SOM) (Own elaboration)

Figure 12. Economy Profile Spain



Rankings on Doing Business topics - Spain



Topic Scores



Note. Glance of how Doing Business in Spain ranks (Doing Business, 2020)

Figure 13. Settings page on the app



Note. We can see from the highlighted box where the privacy policy would be for users to always have it on demand (Own elaboration)

Figure 14. SWOT Analysis "Circular"

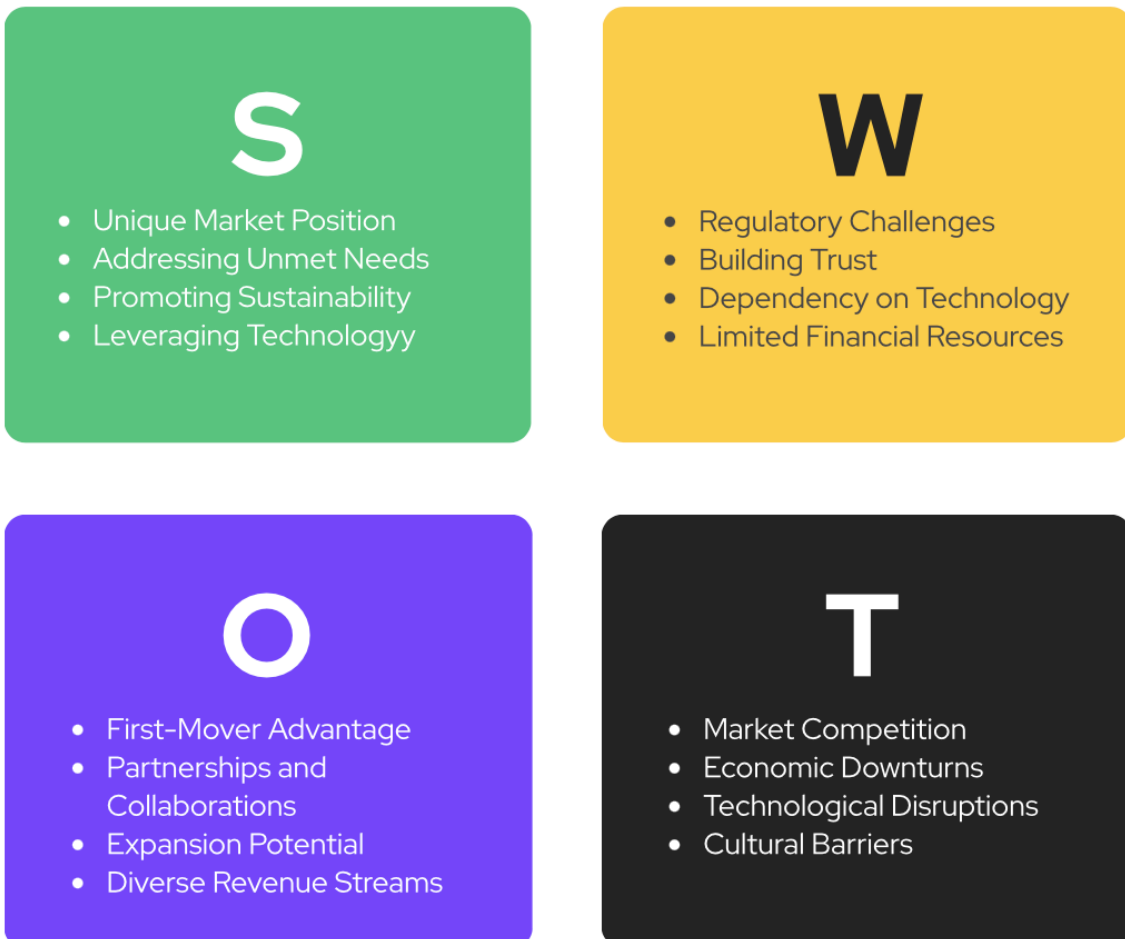


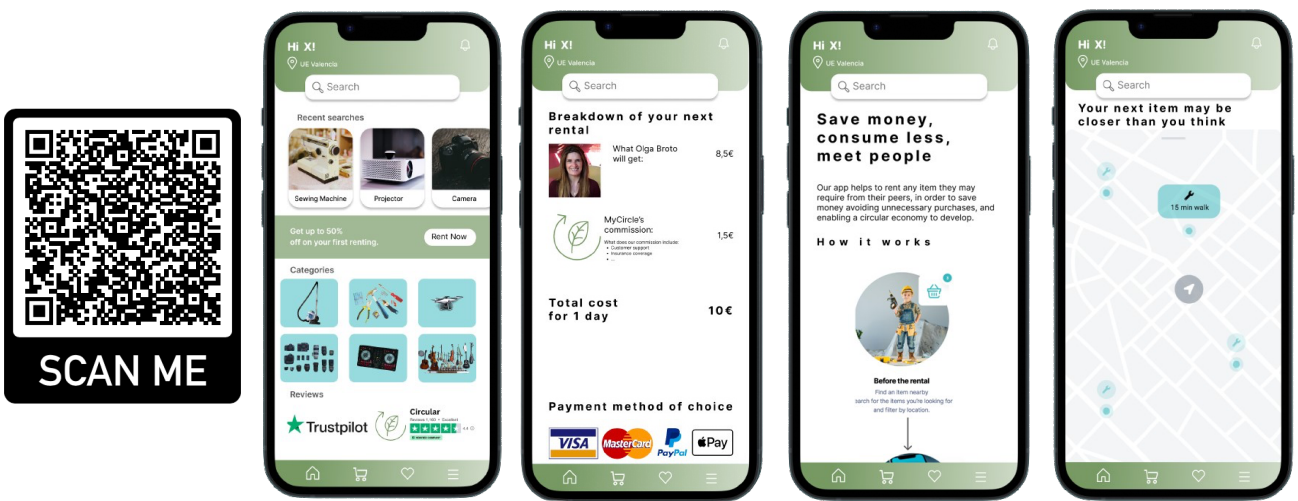
Figure 2. SWOT ANALYSIS (Own elaboration)

Figure 15. Competitors Analysis

	Large Portfolio	Global Reach	User-Friendly Interface	Security Measures	Scalability	Community Engagement	Reliability and Stability
Circular	✓		✓	✓	✓	✓	✓
Fat Llama	✓	✓	✓	✓	✓		✓
Bricolib			✓	✓	✓		
Spinlister					✓		✓
KitSplit		✓			✓		✓

Note. Competitors analysis looking into different features offered by each to help position "Circular" on the map (Own elaboration)

Figure 16. APP mockup and MVP



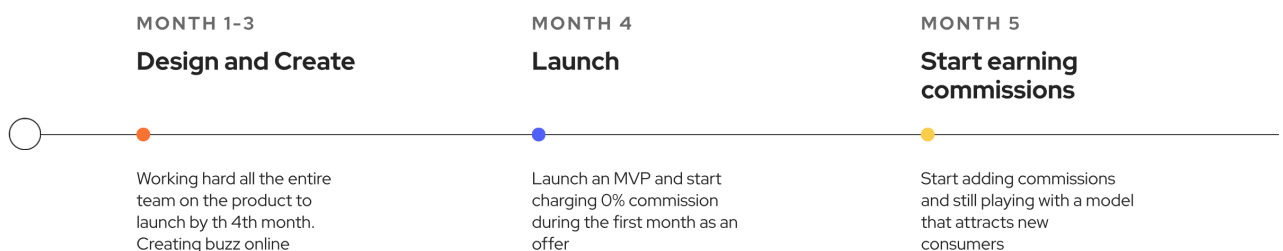
Note. Read the QR code or touch the images to view the MVP prototype of the app (Own elaboration)

Figure 17. Customer Journey Map Steps



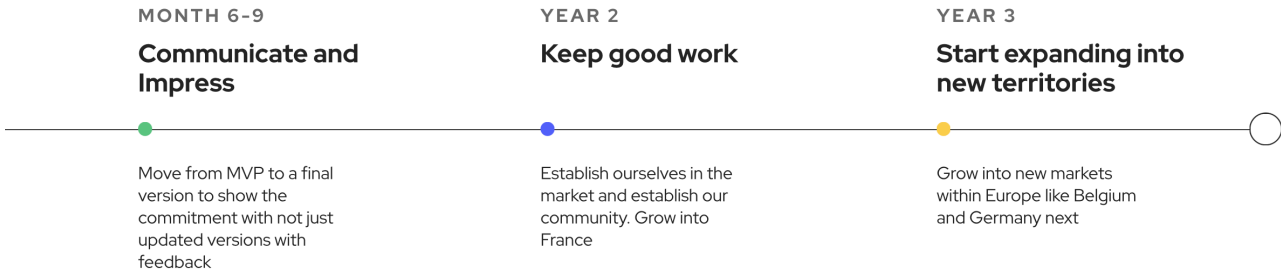
Note. 5 steps in the customer journey map that the users/consumers go through (Own elaboration)

Figure 18. Timeline months 1-5



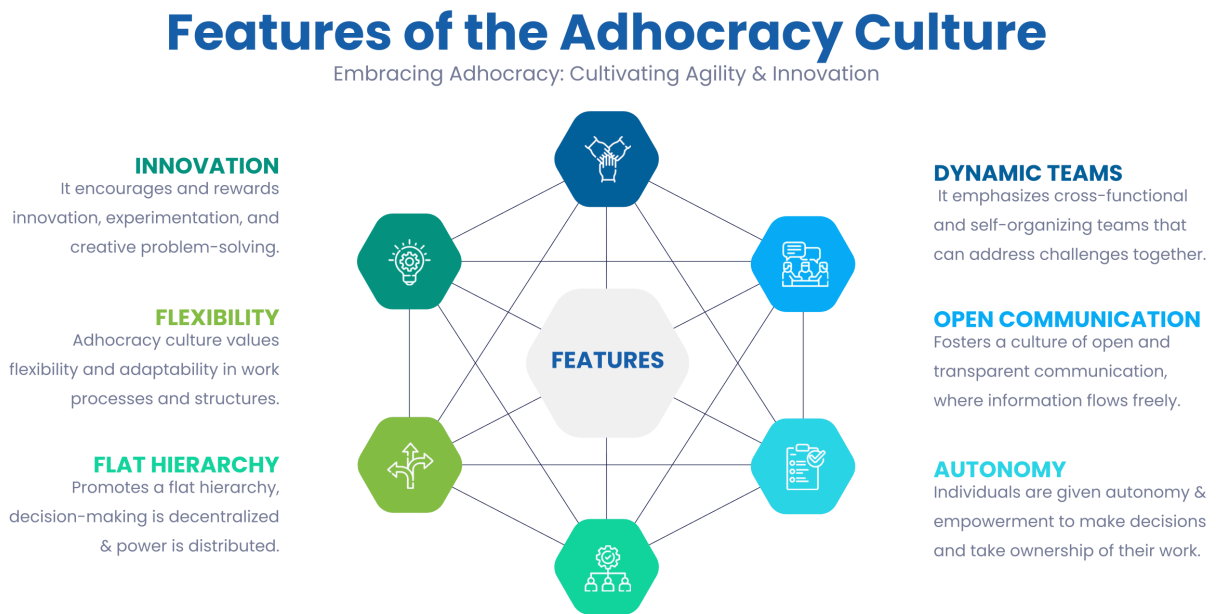
Note. Timeline detailing the step followed in the first 5 months of starting (Own elaboration)

Figure 19. Timeline month 6 till the 3rd year



Note. Timeline detailing the step followed from the month 6 the year 3 (Own elaboration)

Figure 20. Feature of and Adhocracy Culture



Note. In the image we can see in detail the different characteristics that are encouraged in an Adhocracy Culture (Murambinda, n.d.)

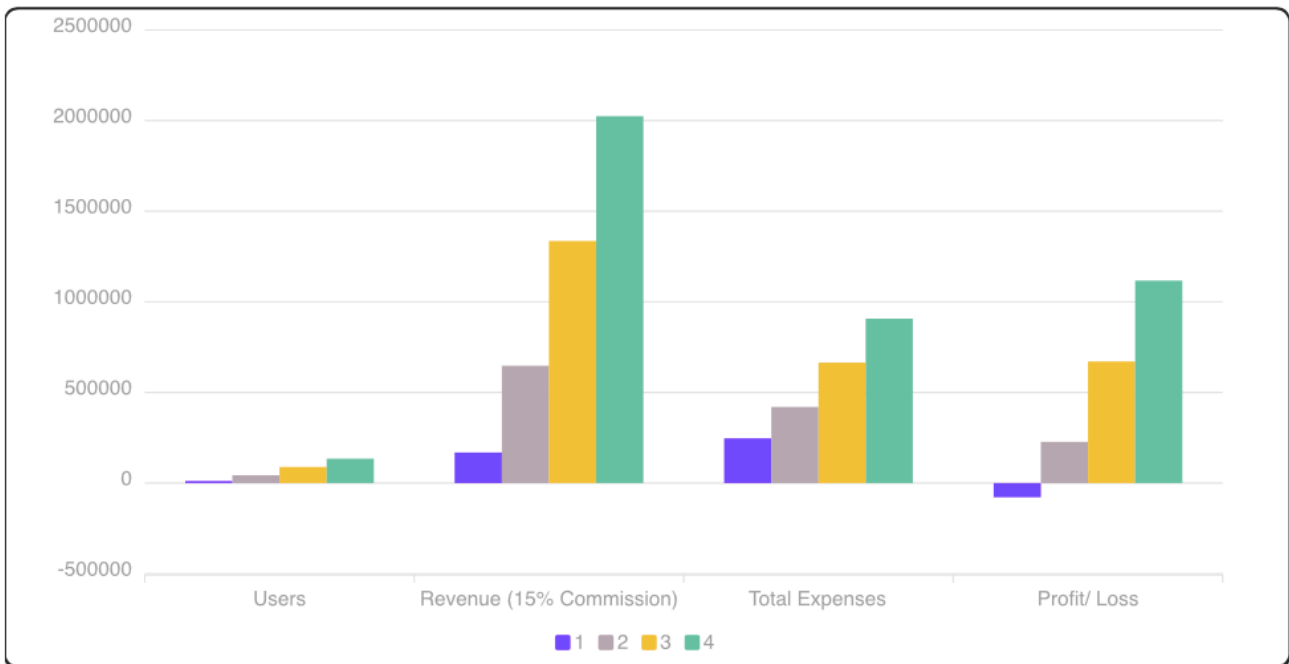
Figure 21. Personnel costs



Note. In the Figure above we can see the expenses of personnel calculating the first year breaking down what would be the salary and the social security costs. The following years we can see of all the workers total costs (Own elaboration)



Figure 22. Profit & Loss Graph for the first 4 years



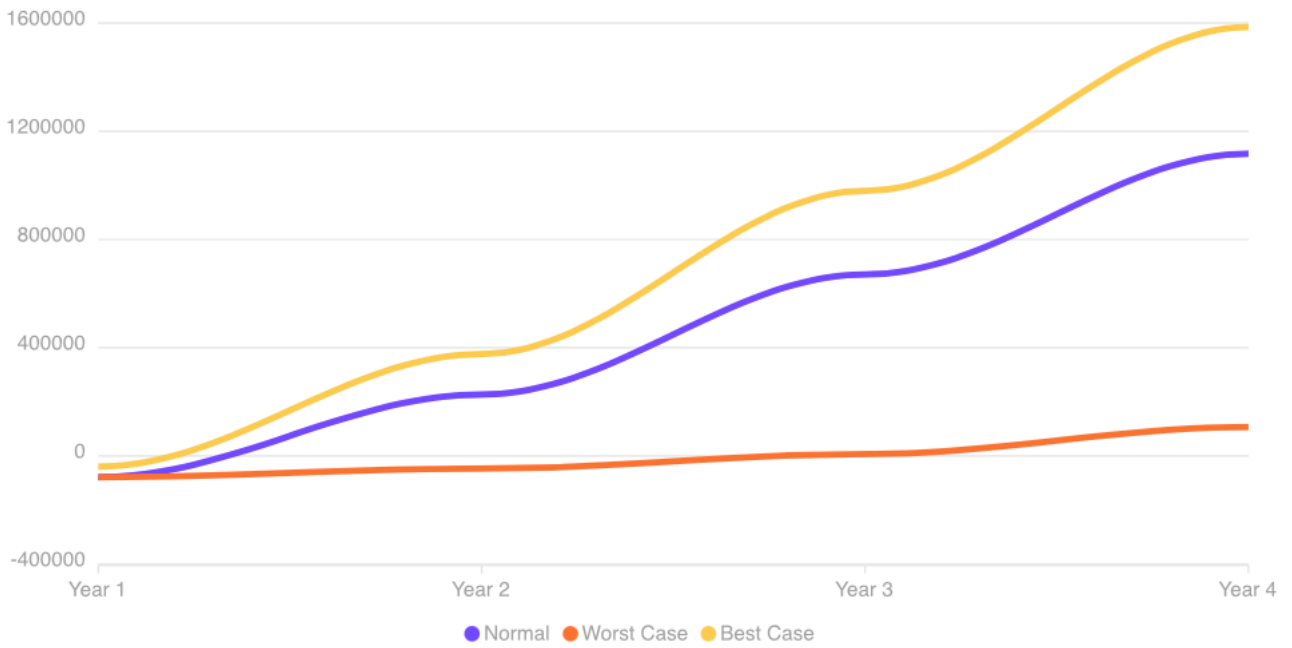
Note. We can see from the graph how the profit through out the first years grows and is broken down (Own elaboration)

Figure 23. Funding Break down



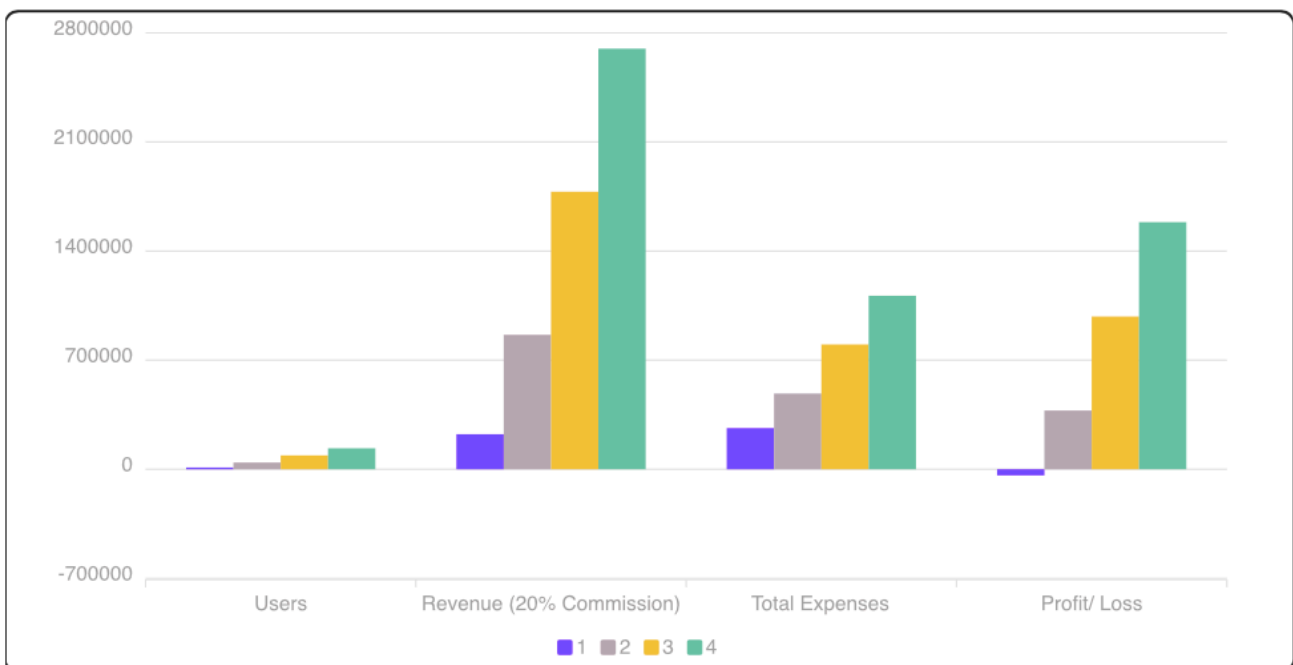
Note. We can see from the figure above the break down of where each funding comes from (Own elaboration)

Figure 24. Profit & Loss Different scenarios



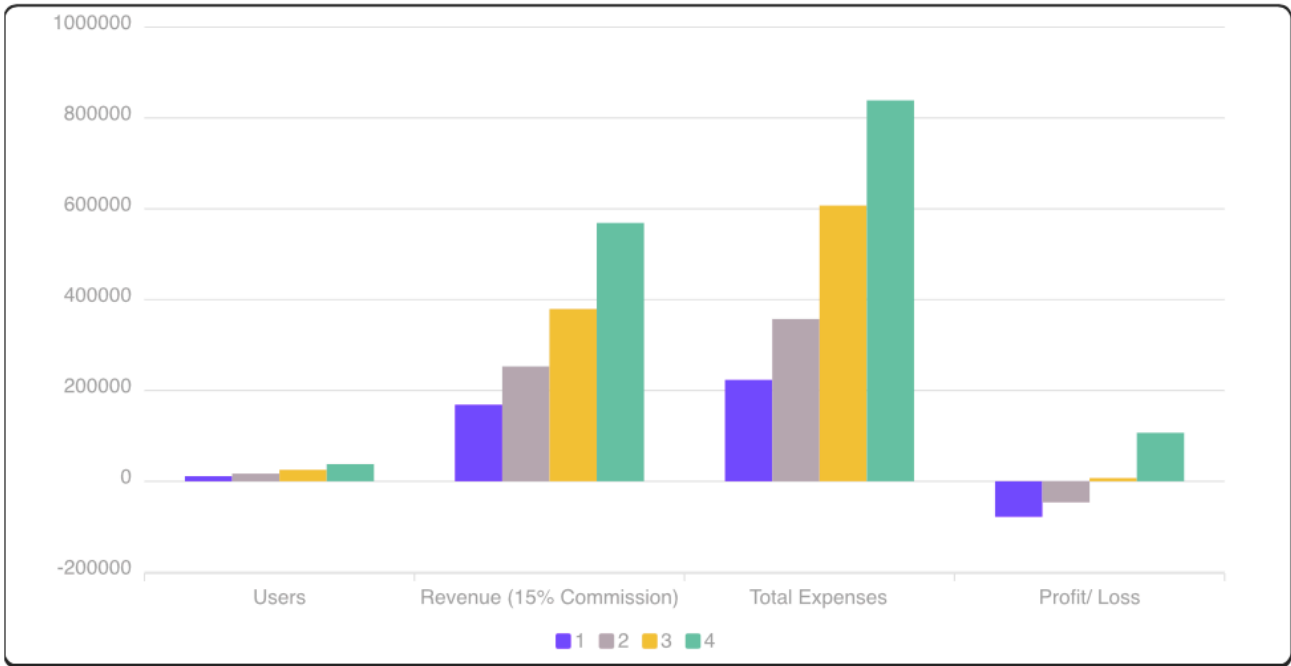
Note. In the graph above we can see three different scenarios through time (Own elaboration)

Figure 25. Best Case Scenario Profit & Loss



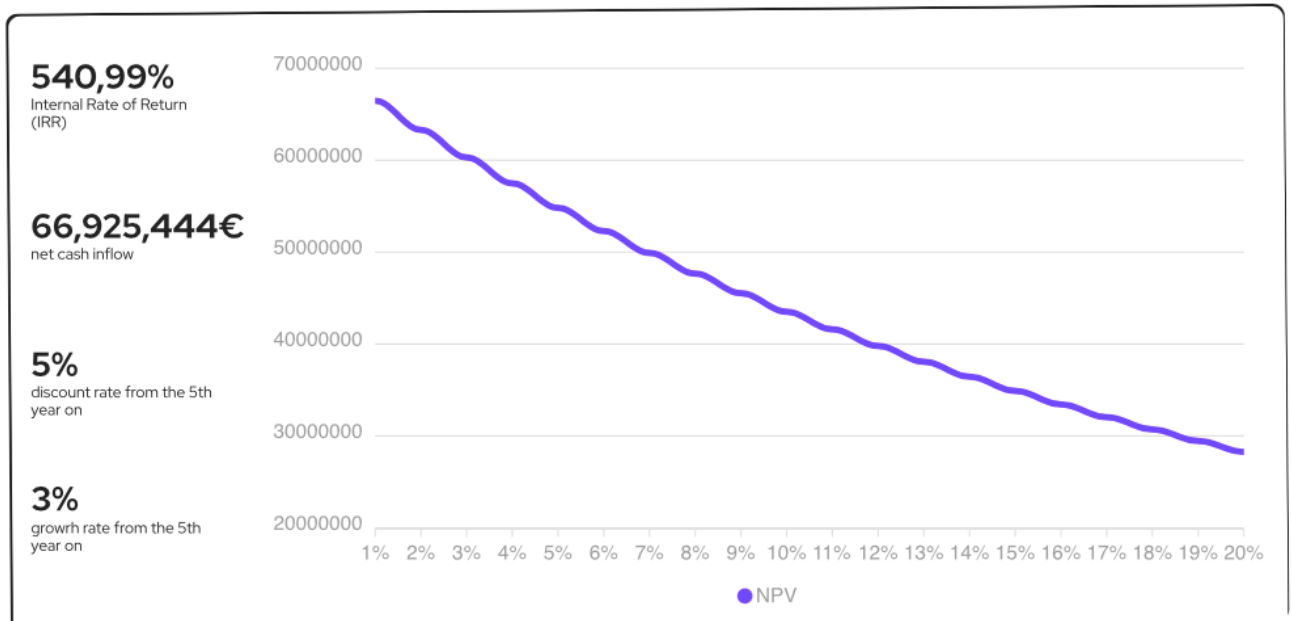
Note. We can see from the graph how the profit through out the first years grows and is broken down for the best case scenario (Own elaboration)

Figure 26. Worst Case Scenario Profit & Loss



Note. We can see from the graph how the profit through out the first years grows and is broken down for the worst case scenario (Own elaboration)

Figure 27. Net Present Value (NPV) & Internal Rate of Return (IRR) Graphs



Note. We can see from the graph how the NPV would vary depending the discount rate (Own elaboration)

Figure 28. Logo



Note. Logo combining an arrow going in a circle around a leaf with the name of "Circular" (Own elaboration)