



Bugaboo Flex

The new Bugaboo leasing service

2021



Business model innovation

Turnkey solution

Powered by circuly.



How Bugaboo Successfully Relaunched a Rental Pilot with circuly

Success Story

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Part 1 | Summary & Introduction.

- Executive Summary
- The Customer: Bugaboo
- The Challenge: Overcome the limitations of the first rental pilot
- The Solution: Expertise, processes & software solution to build a scalable model
- The Benefit: Relaunched the rental pilot with no complexities







INTRODUCTION & SUMMARY

Executive Summary.

Bugaboo has high sustainability ambitions and is pushing to become Net-Zero by 2025. And to achieve that, they are rethinking and innovating their business on multiple levels. They are actively moving toward the Circular Economy through innovations in their business model and manufacturing process.

Bugaboo launched a subscription service as a pilot in 2016 and discovered that running such a business model is entirely different from the traditional way of offering products.

But driven by their belief in the Circular Economy, they decided to **relaunch the rental pilot in 2021**, this time with circuly. They took the learnings from their first rental pilot and relaunched in 2021 with circuly's knowhow, technology and expertise to **accelerate the launch** and **scale their subscription business** by **focusing on their core competence**.



circuly took away all the struggles we had in managing and scaling our first rental pilot.

Rolf Smeding, Bugaboo



In this success story, you will learn how **Bugaboo**, a Dutch manufacturer and seller of parental products **overcame the struggles of their first rental pilot** and successfully launched a rental pilot with circuly to continue working towards their ambitious **sustainability and growth goals**.

The success story also highlights Bugaboo's journey, motivation and expectations with the launch of their rental pilot.



The customer.

Bugaboo is a Dutch **manufacturer of parental products** known for revolutionising the baby stroller industry with their clean design and outstanding quality.

The challenge.

Driven by the circular economy and their high sustainability ambitions, Bugaboo decided to launch the **rental pilot in 2021** but were met with the challenge of making the relaunch less risky, less complex and more scalable.

The solution.

circuly provided the processes and expertise Bugaboo was missing in their first rental pilot and a **flexible** subscription operation management solution to build a scalable subscription business.

The benefit.

Bugaboo overcame the struggles of their first rental pilot and relaunched a new rental pilot with rental-specific processes like credit checks, fraud prevention, reverse logictics etc., that lowered complexities and increased scalability.



Part 2 | Bugaboo.

- About Bugaboo
- Bugaboo's rental model explained







ABOUT BUGABOO

About Bugaboo.

Designed for discovery - Bugaboo designs solutions that make family time an exciting and memorable experience. They do that by taking something complicated and making it simple with sleek, purposeful design and sophisticated engineering.



1996

Founded



Netherlands

Origin



Amsterdam



Parenting products

Industry



50

Locations



1200



Employees





Bugaboo is a Dutch company founded in 1996 by Max Barenbrug and Eduard Zanen. They make parenting products and solutions such as strollers for infants and

With its assembly plant in China and headquarters in Netherlands, Bugaboo serves 50 countries with its award-winning products and parenting solutions.

With Bugaboo customers not only benefit from exceptional quality and long-lasting products but also take an active part in making a conscious consumption choice.

Bugaboo is actively working towards minimising its ecological footprint by sourcing materials responsibly and providing healthy working conditions in its factory.

They not only focus on product restructuring through product engineering and product innovation but also incorporate sustainable business models to bring the company full circle.

Launching a circular business model

In 2021 Bugaboo relaunched their rental pilot project with circuly to continue working towards their business and sustainability goals.

The rental service is launched under the name Bugaboo Flex.





RENTAL OFFER

Bugaboo's Rental Model.

Bugaboo Flex leasing service - Bugaboo Flex is a carefree, flexible and sustainable way of getting access to parenting solutions like Strollers.

RENTAL OFFER

Products offered

Bugaboo has rolled out its new circular rental business model under Bugaboo Flex in partnership with Refurbished Kinderwagens with a selected number of products in its lease fleet.

Bugaboo customers can choose to either rent a new stroller or a refurbished one.

RENTAL OFFER

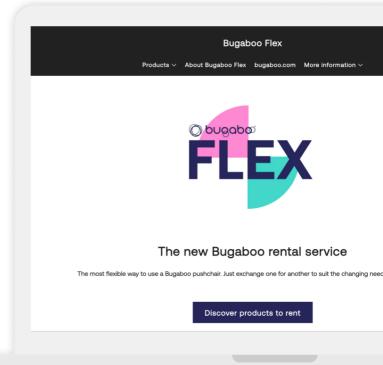
Partnership with refurbishers

Bugaboo has launched the rental business in partnership with Refurbished Kinderwagens. Refurbished Kinderwagen is a Bugaboo-certified baby stroller refurbishing company.

They refurbish the strollers returned at the end of the subscription period and make them ready for further renting.

By partnering with refurbishers in a particular location Bugaboo can fast-scale to different countries as to serve the consumer needs in a particular geographical location they need refurbishing partners in that location.





RENTAL OFFER

Customer Journey

1. Selecting a product – Before proceeding to a product details page, Bugaboo Flex customers can browse through a range of products to select a product of their choice and needs. The rental products are displayed in a catalog format with product images, rental price and product variations.



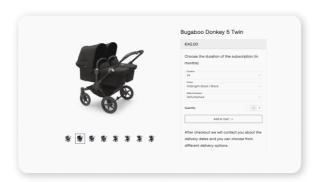




2. Personalisation options of the product page – After selecting a product, customers have the possibility of customising their rental plan. Some of these selections affect the overall rental price.

Selections that have a price implication include whether the customer chooses a new product or a refurbished one and the duration of the subscription.

All the changes that affect the overall rental price are displayed on the product page itself so that the customer is not met with any surprises on the checkout page.



3. Proceeding to the checkout page - After personalising the product as per the customer's needs, customers proceed to the checkout page. The checkout page summarises their selection. There is no sign-up form account creation step on the checkout page. Having a clean and fast checkout optimises conversions and adds to a solid customer experience.



4. Access to a customer self-service portal– After Bugaboo ensures full transparency with their customers in a customer-self service portal where their customers can manage certain aspects of their subscription and get in touch with Bugaboo with minimum efforts.

www.circuly.io



Part 3 | Launching a Rental Model.

- Why Bugaboo decided to relaunch a rental model in 2021?
- Why Bugaboo paused the first rental pilot in 2015?
- Rental pilot product 2015 vs 2021







WHY RENTALS

Why Bugaboo Decided to Re-Launch a Rental Model in 2021?

During an interview with Bugaboo we asked Rolf Smeding (Director of Business Development) why Bugaboo launched a rental model in the first place. Here's what he said:



Bugaboo has set high sustainability goals for itself and a rental model is a way to achieve these goals and become a more responsible company.

Serving consumer needs while increasing product knowledge.

The goal of the rental pilot is to serve the ever changing needs of the consumers and to take the learnings and implement them into the design of their product to make it fit for circularity and repairability.

Increasing profitability and value of the company

With the rental pilot Bugaboo aims to see if a rental business can become a substantial part of their existing business and increase its value.



WHY RENTALS

1. Sustainability and taking responsibility

Bugaboo has always set ambitious sustainability targets for itself, and its sustainability strategy is centred around its product. They launched a rental pilot in 2015 because it fits their sustainability strategy of making their products fit for circularity and repairability and supports them in becoming a responsible company. They re-launched a rental pilot in 2021, still guided by the same motivation and drive of being more sustainable and responsible.

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We have been quite ambitious with our sustainability goals from the start. We started with making the products as durable as possible. Then we invested in CRS standards in our factory in China and then we added rentals in an effort to build a sustainable business model for Bugaboo.

Rolf Smeding, Bugaboo





WHY RENTALS

2. Serving consumer needs while increasing product knowledge.

A rental business model also serves as an opportunity to serve consumer needs in a different way. Bugaboo identified the struggles their target customers typically have when buying products for their newborns and they aim to solve these problems with a rental business model.

Additionally, a rental business model supports their strategy of finding new customer segments.

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We want to make sure that we can match the needs and preferences of the customer – sometimes they want to buy a product and sometimes they want to rent. And we want to make sure that we can do both.

Rolf Smeding, Bugaboo

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Bugaboo also wants to take active steps toward the circular economy and advance in that direction. They believe that by taking ownership of their product, they can learn more about their product. They can incorporate the learnings and findings into the design and engineering of the product. Doing all this will support them in extending the life cycle of their product while serving the ever-changing consumer needs.



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By taking ownership and responsibility of the product we can not only maintain the product but also learn from it, like what we need to change in design to make it fit for circularity and repairability.

Rolf Smeding, Bugaboo

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WHY RENTALS

3. Increasing profitability and value of the company.

One of the most common reasons to get started with a subscription business is to earn and benefit from recurring revenue. Recurring revenue is known to have multiple advantages over one-time revenue such as predictability, stability and attractiveness for stakeholders.

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Subscriptions are more valuable than selling products because of the recurring revenue, which ultimately increases the value of the company and makes it more profitable.

Rolf Smeding, Bugaboo





LEARNINGS

What Were Bugaboo's Learnings From the First Pilot?

Bugaboo decided to stop operations for their first rental pilot due to operational complexities. However, driven by their aim and goals of becoming more sustainable they took all the learnings from their first launch into perfecting the second pilot. Some of the learnings are listed below



In the first rental pilot the project team tried to incorporate the rental business processes into the existing sales processes, but soon realised that they needed separate processes for the rental model. These processes were added in the 2021 launch.

Deploy rental-specific processes.

The first rental pilot lacked rentalspecific processes such as fraud prevention measures which were later added to the second pilot.

Decrease customer onboarding time.

The complexities increased the onboarding time for new customers to 6 weeks or more which was not ideal for eCommerce. An important aspect of the second pilot was to decrease the onboarding time.



WHY STOP

1. Incorporating the rental model into the sales model created complexities.

In the first rental pilot, the project team tried to incorporate the rental business processes into the existing sales processes, which didn't work out. They treated a rental business just like a regular sales-based eCommerce business because that seemed the logical step forward. But after running the rental business for a while, they realised that they needed dedicated processes for the rental model and separated it from the sales model.

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We stopped the first rental pilot because we tried to incorporate the rental business into our existing process of sales, finance and logistic which was a huge mess and didn't work out.

Rolf Smeding, Bugaboo





WHY STOP

2. Deploy rental-specific processes.

Since subscriptions lower the financial barrier of getting access to a product, the company operating the rental model often has no control over the type of customers such a business model attracts.

In the first rental pilot Bugaboo didn't have fraud prevention measures such as credit checks in place on the customer side to reduce subscription fraud and product damage. But they added all rental-specific processes to their 2021 launch.

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We didn't have rentalspecific processes like credit checks in place for subscription fraud prevention which further increased complexities.

Rolf Smeding, Bugaboo







WHY RENTALS

3. Decrease customer onboarding time.

Besides their product design and quality Bugaboo is known for its excellent customer service and speed in delivery of products to their customers. But the complexities in operations increased the onboarding time for new customers to 6 weeks or more which is not ideal for eCommerce.

With their 2021 launch they worked on ways to reduce the onboarding time.



Due to all the complexities, we had an onboarding time of more than 6 weeks for the new customers which is not typical for eCommerce.

Rolf Smeding, Bugaboo



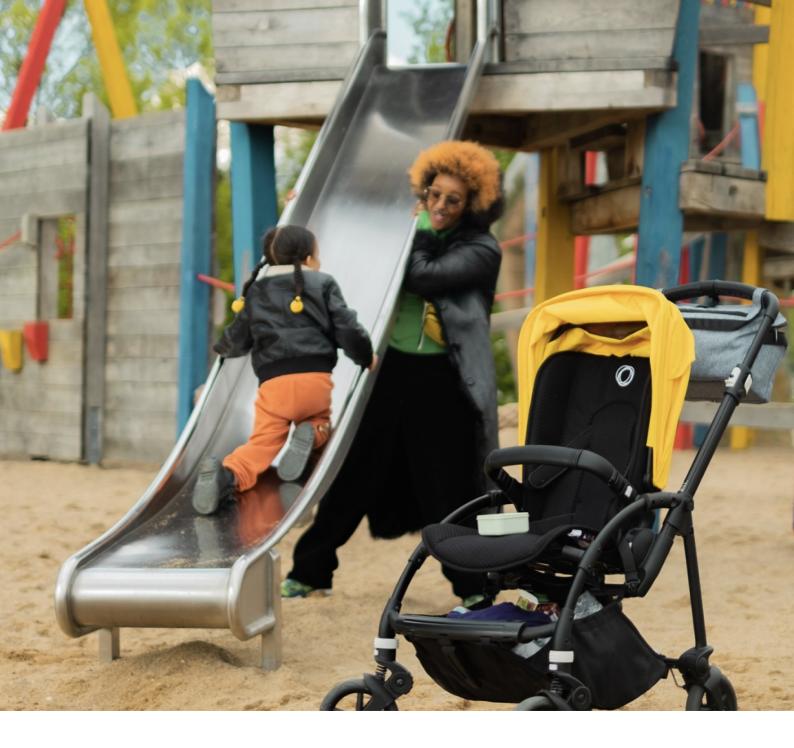


COMPARISON

Rental Pilot Project: 2015 vs. 2021

Same business model but different approach. Here's how the rental pilot looked in 2015 vs in 2021

Factor	2015	2021 with circuly
Setup	The rental business was incorporated into the existing selling process. There were no separate processes for logistics, finance, quality, etc.	The rental business was set up independent of the selling process with dedicated processes for logistics, finance, quality, etc., with circuly's support and system.
Customer Onboarding	The onboarding timeline for new customers was more than 6 weeks which was not ideal for eCommerce.	A rental and conversion optimised checkout hosted by circuly was implemented to reduce the onboarding time from weeks to minutes.
Processes and Stock	The rental business was set up on the existing ERP and on existing selling modules which did not distinguish between the sales stock and the rental stock.	The processes and stock were re- evaluated and the systems (ERP and Shop) were integrated with circuly to make them ready for rentals and understand the logic behind a rental business.
Operation management	Didn't have a system to manage operations and scale them.	Introduced circuly as a dedicated tool to manage and automate rental operations and scale them.
Rental modules	Didn't have rental-specific processes like credit check in place to prevent subscription fraud while onboarding new customers.	Incorporated fraud prevention measures and credit checks with circuly to protect the business and products against subscription fraud.
Market readiness	According to Bugaboo, the market wasn't ready to subscribe to emotional products like Strollers back in 2015 when they launched their first rental pilot. Plus the customer treated the products badly.	Accoring the Bugaboo, the market has evolved and there are many companies already operation such a business model. This shows market readiness plus the customers have started treating the products with more care.



Part 4 | Success Strategy.

- What was Bugaboo's stretagy for success in 2021?
- How did Bugaboo get the management on board??







STRATEGY

What was Bugaboo's Strategy for Success in 2021?

For Bugaboo, It was very clear from the beginning that they are not an IT company and IT is not their core. Therefore they decide to work with an external partner like circuly to increase the success potential of their second rental pilot.

Here is why Bugaboo went for an external solution:



Crucial for the second rental pilot project was to reduce complexities in the relaunch

Utilise the expertise of external partners & their established processes.

Bugaboo chose to work with external partners and make use of the existing expertise and processes of the partners to scale.

Concentrate on Bugaboo's core business.

Since Bugaboo is not an IT company an external partner like circuly supports them in accelerating the process and reduce risk while they continue to concentrate of their core business.



SUCCESS STRATEGY

1. Reduce complexities & risk.

Bugaboo learned from their first rental pilot that the key to success was to keep the second rental pilot uncomplicated and low on risk. In their first rental pilot, they learned that a rental business is not the same as their existing selling business.

Therefore instead of setting it up on the existing processes, they decided to separate the two businesses as they should be.

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In the first rental pilot, we learned that we cannot incorporate a rental in our existing ERP system. Rental is completely different and we needed circuly to enable the necessary processes.

Rolf Smeding, Bugaboo





SUCCESS STRATEGY

2. Utilise the expertise of external partners & their established processes.

Bugaboo didn't want to build up a whole team with a high investment up-front and therefore decided to work with experts and scale with the processes they have in place for the second rental pilot.



We underestimated the complexity of the rental model in the first pilot - that's why we made sure to get circuly and their expertise on board for the second roll-out.

Rolf Smeding, Bugaboo







SUCCESS STRATEGY

3. Concentrate on Bugaboo's core business.

Bugaboo is a worldwide active direct-to-consumer brand that is mainly focused on selling its products. Also, for selling their products, Bugaboo uses other top-notch software infrastructures like shop systems and ERP systems or Customer Service software. At the core of Bugaboo are their product, new customer acquisition, and their sustainability strategy.

Now talking about renting out their products means adding a new business model besides selling. And also here, Bugaboo sees the value of using established software tools to enable this model.

Adding a rental model is a way for them to combine their three core points into a profitable business case.



Bugaboo is not an IT company and a solution like circuly is helpful in accelerating the process of launching a subscription-based rental business model for our products.

Rolf Smeding, Bugaboo





MANAGEMENT

How Bugaboo Got the Management on Board for a Launch?

Even though there was no internal opposition, given below are some points that made Bugaboo's management agree to launch a rental pilot:



The rental pilot can be made successful by partnering with experts and leveraging their processes.

2 Showing how it fits the sustainability strategy of Bugaboo.

Bugaboo's goal to make their products fit for circularity and scrap as little as possible can be achieved with a rental model as it makes it easier to learn more about the product.

Highlights that rentals are a way to find new customers.

Bugaboo's innovation team got the management on board for the second rental pilot by highlighting that Bugaboo's strategy to find new customers can be achieved with a rental business model.



CONVINCING THE MANAGEMENT

1. By keeping it low on risk and less complicated.

Bugaboo didn't want to create an organisation within an organisation and therefore decided to work with experts and scale with the processes they have in place for the rental pilot.

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We were able to launch fast and cost-effectively with circuly. That convinced the management.

Rolf Smeding, Bugaboo





CONVINCING THE MANAGEMENT

2. Showing how it fits the sustainability strategy of Bugaboo.

Bugaboo aims to become an even more responsible company, and they also recently launched their Net Zero by 2030 strategy. And a part of that strategy is to make the products circular and fit for repairability.



A rental model fits our strategy of being more responsible with the company. If you are not responsible as a premium brand you just don't play a role in the consumer's mind anymore.

Rolf Smeding, Bugaboo







CONVINCING THE MANAGEMENT

3. Highlights that rentals are a way to find new customers.

Over the past few years, the customer landscape has changed tremendously. Due to the ongoing climate crisis, there has been an increase in demand for sustainable solutions among multiple customer segments. Subscriptions are known to be an alternative solution to buying mainly because of the sustainability aspect attached to it.

Bugaboo's innovation team got the management on board for the second rental pilot by highlighting that Bugaboo's strategy to find new customers can be achieved with a rental-business model.



Customers who rent products instead of buying them are generally more environmentally and sustainability-driven.
Therefore a rental model is a way for Bugaboo to find new customer segments.

Rolf Smeding, Bugaboo



Part 5 | Partnership with circuly.

- How circuly supported in the launch on the second pilot?
- What are Bugaboo's goals and expectations with the second pilot?







How circuly Supported in the Launch of the Pilot?

When looking for a solution, Bugaboo said that they were looking for a solution that could take away the struggles they had with their first rental pilot and a solution that had a flexible approach. Here's why Bugaboo decided for the circuly solution:

Eliminate complexity.

The first rental pilot was met with complexities that prevented Bugaboo from keeping up with the pilot and scaling it. circuly took those complexities away with its sophisticated infrastructure.

Overcome system limitations.

The existing systems were perfect for a selling model but were not well suited for a renting model. circuly helped Bugaboo overcome their system limitations with rental-ready processes.

Fast go-to market.

circuly allowed Bugaboo to focus on its core competence and accelerate the launch process, making it possible to quickly launch into new markets.

Flexible setup.

circuly quickly adapted to the changing business needs of Bugaboo so that Bugaboo could design with their ideal rental

business.

WHY CIRCULY

1. Eliminate complexity.

A rental model fundamentally differs from a selling model and therefore requires an independent setup. But many companies start a rental business by integrating the rental processes into the selling processes, which inculcates complexities. Bugaboo faced similar problems with its first rental pilot. However, with the second rental pilot, they worked on eliminating complexities by bringing circuly on board and working with experts in the field.

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circuly took away all the struggles we had in managing and scaling our first rental pilot.

Rolf Smeding, Bugaboo

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WHY CIRCULY

2. Overcome system limitations.

Traditional sales processes and systems are not made for handling rentals, and doing so inculcated complexities for Bugaboo in the first rental pilot. To overcome this hurdle Bugaboo got circuly on board and circuly made the ERP and the shop system rental ready.

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Our systems were not made for rentals. circuly directly integrated with our existing systems and made them smart and ready for rentals.

Rolf Smeding, Bugaboo





3. Fast go-to market.

Based on the learning and finding of the first rental pilot, Bugaboo knew that to make their second rental pilot successful, they need to concentrate on their core business and implement the learnings from the pilot into improving their product and increasing their knowledge about the customer instead of developing a solution to operate the rental business. They hired the circuly system to deal with the setup and IT while they continue to concentrate on their core business.



circuly had everything in place we needed to launch our subscription pilot fast and costefficiently.

Rolf Smeding, Bugaboo







WHY CIRCULY

4. Flexible setup.

To make their second rental pilot work, Bugaboo wanted a flexible solution that could adapt to their changing needs and business approach. circuly provided the needed flexibility with a solution that is designed to be flexible and fit to the business needs of companies like Bugaboo.



We recommend circuly to other business because circuly is flexible and can adapt to the business needs of different businesses.

Rolf Smeding, Bugaboo





What Are Bugaboo's Goals & Expectations With the Rental Business?

Here are a few goals and expectations that Bugaboo has with its rental pilot:

Learn more about the customer journey for rental products.

Bugaboo's aim with their rental pilot is to learn what is driving consumers towards renting instead of owning.

Learn more about the product to increase repairability and lifetime.

A rental pilot enables Bugaboo to learn about its product and improve it to fit it better for circularity.

Make people aware of the possibility of renting products.

Bugaboo aims to make its consumers aware of the possibility of renting products and the practicality behind renting.

EXPECTATIONS

1. Learn more about the customer journey for rental products.

One of the benefits of a rental business is the direct touchpoint that the business has with its customers. Business-customer interactions can be translated into knowledge and used by the company to improve its offering. Bugaboo's aim with their rental pilot is to discover the most decisive reasons why consumers go for subscriptions and what is driving this trend to better understand their customers' needs and serve them in the best possible way.

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With a rental, we want to find out the most decisive reasons why consumers go for subscriptions so that we can understand what is driving this trend and serve them in the best possible way."

Rolf Smeding, Bugaboo







EXPECTATIONS

2. Learn more about the product to increase repairability and lifetime.

In a sales-based model, the seller cannot control how the customer uses the product. But because of the close contact between the seller and its customers in a rental business, the seller can closely monitor the usage of the product by the customer and see what breaks down, how often it breaks and how it can be repaired. This knowledge can support the seller in improving their product. Bugaboo aims to do the same with their rental pilot and discover how they can make their products a better fit for circularity and repairability.

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By taking ownership and responsibility of the product, we can maintain it and learn a lot about what we need to change in design to make it a better fit for repairability and circularity and reduce operational costs.

Rolf Smeding, Bugaboo

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EXPECTATIONS

3. Make people aware of the possibility of renting products.

Bugaboo recognised that first-time parents go through emotional turmoil when deciding on essential purchases like strollers, nurseries etc., because they do not know what they need and what to expect. Bugaboo introduced a rental service for their Strollers because it lets first-time parents get access to products in a flexible, sustainable and carefree way. With a rental, they want to make people aware of the practicality of renting instead of buying and serve their customers in the best possible way.

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We want to make
consumers aware that
renting is possible and is
a more practical and
rational choice when it
comes to products that
you only need for a short
duration in your life.

Rolf Smeding, Bugaboo

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Part 6 | Word of Wisdom.

• Bugaboo's recommendation to companies that want to launch a rental business

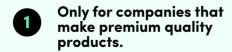






Bugaboo's Recommendation to Companies That Want to Launch a Rental Business.

Here's Bugaboo's recommendation to companies that want to get started with a subscription-based rental model for their products:



Products in a rental business need to be rental-ready, meaning that they should be able to go through more than one rental cycle.

Make the products backwards compatible.

Products in a rental business should be made backwards compatible in order to stay relevant and fresh.

A sustainable strategy for switching products to stay relevant.

Rental businesses need to develop a sustainable way of swapping products to keep operational costs and carbon footprint low.



RECOMMENDATION

1. Only for companies that make premium quality products.

The basic idea of a rental business for physical products is to increase the profit earned per product by making the product compatible for usage by multiple users. This can only be achieved if the products are designed to be durable and the quality of the product is high. Having durable products is essential as it directly goes into the operational costs attached to making a product available for renting instead of selling.

RECOMMENDATION

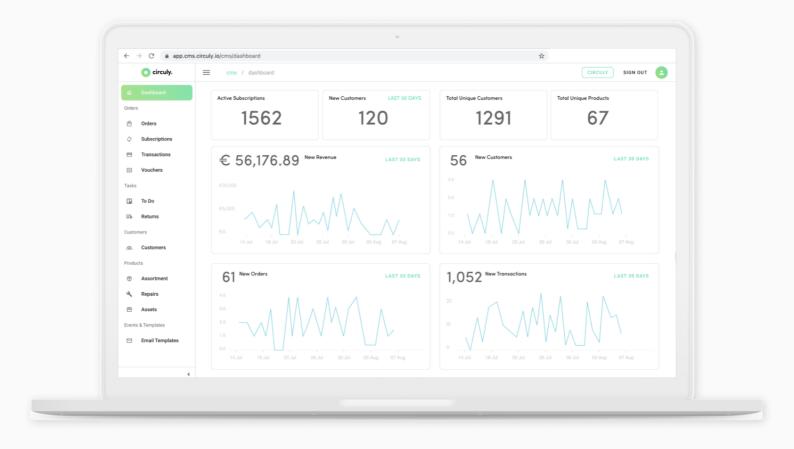
2. Make the product backward compatible.

Many rental companies have "an always up-to-date experience" as their value proposition meaning that products need to stay relevant and fresh and cater to changing market trends. Rental products should therefore be made backwards compatible by having a sustainable strategy for updating the products as per the changing customer needs and market trends.

RECOMMENDATION

3. A sustainable strategy for switching products to stay relevant.

Customers can upgrade or downgrade their subscription plan in a rental business by changing the product. Companies that want to start a rental business should therefore work out a sustainable strategy for swapping products since swapping products involves logistics, and logistics tends to increase not only the operational costs attached to a product but also the carbon footprint.



Part 7 | About circuly.

• About circuly: a turnkey solution





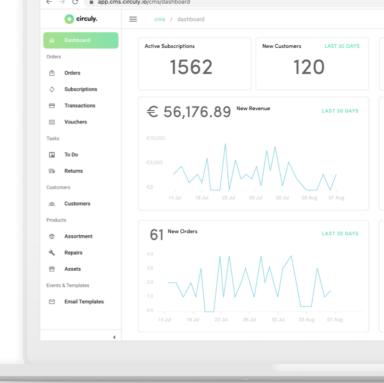


About circuly: A Turnkey Solution.

circuly is an **API-powered subscription management software** for physical products that makes renting products via eCommerce as easy as selling them online.

We support companies of all sizes to **develop, launch, manage and scale** subscription-based business models for physical products.

With circuly you can do the following:



Develop a new sustainable business model within months.

We support you in business model innovation, developing a sustainable business model from scratch and launching it within months.

2 Stay focused on your core competence.

With circuly you can continue to focus on your core competence, brand and customers. We take over the responsibility of business model innovation and bringing your customer journey to life.

Participate in the growing recommerce market.

circuly supports you in exploring the subscription landscape and learning from it to build sustainable and circular businesses of the future while increasing your revenue potential. 11

We recommend circuly to other business because circuly is flexible and can adapt to the needs of different businesses.

Rolf Smeding, Bugaboo

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Get in touch



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