Analysis of Recyco

**Background**

Businesses will only adopt environmentally responsible practices if they have the economic incentives to do so. The global recycled plastics market reached a value of USD 35.4 billion in 2018. It is further projected to reach USD 50.5 billion by 2024, growing at a CAGR of 6.1% during 2019-20241.

**Problem**

Eco friendly companies will need to include recycled materials in their packaging within the next 10 years. However, firms are currently unable to effectively collect used paper, plastic, glass and other reusable materials for their packaging needs in an economically viable way.

We have met with several consumer product companies such as Unilever and Nestlé, and validated our hypothesis about their need to find an economically viable way of gathering used plastic packaging to be reused in their products.

**Offering**

[Recyco](https://recyco.in) offers an integrated solution to collect recyclable materials, classify them and return them to their respective processing plants for re-use. We provide companies with fully managed stands in both public and private areas. Initially, an operator will manually separate the materials which are then shipped to their respective processing plants. This operation would be similar to a reverse vending machine, but those are unable to separate different types of materials, leading to increased segregation costs during reverse logistics. We will start with plastics and eventually add other reusable materials.

Recyco offers an [app with a rewards system](https://app.recyco.in) (best to open on mobile). Consumers earn Recycoins for every recyclable turned in, which can then be exchanged for discounts on products and services. Recyco’s platform also includes a data analytics tool, to help the government and businesses track product consumption data and trends. It also allows companies to directly advertise certain products to users with specific consumption patterns picked up by the app.

**Market & Differentiation**

The market for Recyco is relatively new; few companies are offering a similar service in Latin America: Molécoola (Brazil), Plasticoin (Uruguay) and Ecoin (Costa Rica, Perú, Panamá, Guatemala and El Salvador) amongst others. None of these offer an analytics platform as part of their solution. Besides not having an agreement with any company yet, Plasticoin lacks a plan to scale beyond two stands they currently have. Both them and Ecoin have a limited number of products and services for which coins can be exchanged.

Molécoola is Recyco’s biggest competitor in the software space. They also offer a technology that allows more coins to be awarded to certain commercial brands of products, and also separate materials in situ in their stands, but they do not handle any part of the logistics. Recyco’s replaces the traditional process of transporting to a generic processing plant → sorting → washing → shredding → identification and classification with the streamlined process of transporting to a specialized plant → washing → shredding.

Recyco is also the only one who is developing reverse vending machines, which will allow gathering and separation of materials in a more cost effective way in locations such as supermarkets or events, and targeted advertising based on consumer consumption patterns.

**Team**

Our team consists of two people with complementary skills: Cristian Marquez and myself. Cristian is an entrepreneur that specializes in plastics recycling supply chain, and in industrial waste value-added initiatives. His current companies include Hense, BCS Logística, Bilagun and Finca El Legado. He has experience working with various multinational corporations such as Cencosud, PepsiCo, Kimberly Clark and Coca Cola. I graduated from ORT High School in Buenos Aires, with a specialization in Information and Communication Technologies. I have experience designing and developing several software platforms, at places such as Satellogic (satellite monitoring) and Reindi (healthcare document storage and processing using blockchain technology).

**Final Analysis**

First mover advantage is key and only one company will win in each market because consumers will prefer to receive coins in one system to concentrate their purchasing power. Knowledge and connections with local recyclers and cooperatives will be vital to win in each market.

The best way to expand into large markets will be by doing corporate deals with regional offices. As of now, Molécoola seems to be better prepared to handle large amounts of stands or operate in a really big area of coverage, such as Brazil. Recyco is the only company offering a fully managed solution. It will be the service of choice for companies that either do not want to hire staff to handle the logistics of the reverse supply chain, or that do not need the plastic because they are in a completely different industry and treat the stands as a “contribution” towards an eco friendly environment. The employee required to operate each stand will only be viable in those countries where labor is inexpensive, thus Recyco’s material-separating reverse vending machines will be required to enter more expensive markets.

**Sources**

1. <https://www.bharatbook.com/marketreports/recycled-plastics-market-global-industry-trends-share-size-growth-opportunity-and-forecast-2019-2024/1598793>
2. <https://www.nytimes.com/2019/07/04/business/plastic-recycling-bottle-bills.html>