



Helping customers access latest technology products through circular resource models

Company: Samsung Electronics (UK) Ltd

REBM: Finance and re-use offer highlighting the opportunities of circular business models

Sector: Electronic

Company size: Large

Product or service: Lease access to premium mobile products with refurbishment and re-sale



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Case Study



Introduction

Samsung Electronics is a global information technology leader, manufacturing a wide range of home electronics with cutting-edge technology. Samsung aims to inspire the World with innovative products and designs that enrich people's lives and contribute to a socially responsible, sustainable future.

As an Original Equipment Manufacture (OEM), Samsung Electronics is well placed to implement circular economy business models that generate genuine business and environmental benefits. In the UK Samsung was prepared to explore a wide range of options to identify which was the most suitable project for the organisation and its customers, both now and in the future.

REBM for product re-use and access to the latest products

- An online Samsung 'Upgrade' programme for customers, helping them to get the latest device each year with a 2-year manufacturer warranty and offering the Samsung service.
- Smartphone trade-in offer with refurbishment of products to offer premium preowned products to customers

Samsung can now recover a better residual value for used products and process them through its world-class service network for re-use, using genuine Samsung replacement parts where needed and ensuring data is forensically eradicated from devices.

These premium preowned products can be sold to new customers, offering them good value with confidence that the product meets manufacturer's condition.

During the project, Samsung identified further opportunities to refurbish and resell smartphones to improve financial performance and environmental benefit.

The Upgrade programme was launched on the UK ecommerce site in March 2016 and was extended in 2017. Since the original launch with premium smartphones, Samsung has extended the programme to premium QLED Ultra HD televisions.

What would success look like?

- Developing and testing the business case for circularity of specific products for customer markets.
- The business model would retain the value of pre-owned products and create a service that meets customers needs using the unique knowledge and skills of the OEM.
- Gaining product back from customers would keep the product in play for longer through multiple ownership lifecycles.

Why REBus?

Samsung is a leading member of WRAP's electrical and electronic product sustainability action plan "esap". In its 2016 sustainability report¹, Samsung committed to establishing and operating a resource circulation management system. Samsung recognises the need to shift to a circular resource paradigm.

The time was right to trial circular business models. Senior management supported new approaches to business focused on the developing needs of customers.

1. <http://www.samsung.com/us/aboutsamsung/sustainability/sustainabilityreports/download/2016/samsung-sustainability-report-2016-environment.pdf>

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Business and wider opportunities:

- The business models gave Samsung a good opportunity to get closer to its customers, to help them access the latest and greatest technology products. Samsung realised business models could help recover high volumes of product for refurbishment. In turn, these products could be used to satisfy new markets.
- Allows Samsung to introduce new commercial models which offer a subscription service via its developing ecommerce platform.
- The potential value of refurbishing products and how to best communicate the service to consumers.
- Market research delivered by REBus experts indicated a growing market for young customers eager to access the latest class-leading products and regularly upgrade.
- Developing long-term beneficial partnerships to ensure products are remanufactured to high specifications.
- Working across the organisation and with the REBus team to develop the business case for trial and profitable scale-up.
- Testing the environmental, social and financial benefits of reuse and the premium preowned model, through effectively extending the life of products.

REBus support

The REBus team provided specific support, including:

- A facilitator for initial discussions who helped to clarify aims and challenge internal “business as usual” thinking;
- Recognition of the issues involved in creating a commercial success from circular business models;
- Rapid market research; and,
- Coaching from experienced practitioners to maintain communication between commercial teams and identify relevant models to test.

“REBus gave us the opportunity to test how we can recover high-value used products to be refurbished and offer access to our latest products to the consumer. The REBus team helped us to understand and realise the environmental and financial opportunities.”

Kevin Considine, Sustainability Affairs Manager, Samsung Electronics (UK) Ltd

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SAMSUNG wrap

Pilot

Samsung ran a pilot to assess uptake of the business model and the potential scale of the project. It was based on indications that a finance or subscription type service would be attractive to customers who want the latest technology every year

“Many of our customers want to access and keep up with the latest technology and it has been great to test circular business models that help consumers meet these needs.”

Ryan Van Der Riet, Head of Business Development, Service, Samsung Electronics (UK) Ltd

Samsung launched the “Upgrade” model on its ecommerce site in March 2016 for the Galaxy S7 and S7 Edge products.

Results

- Samsung’s Upgrade programme trial was successful and saw strong uptake from customers.
- Samsung will have a better understanding of the multiple lifecycles of its products and have the skills to maximise the value of those lifecycles for its customers.
- The new supply partnership allows Samsung to recover products, allowing the organisation to keep products in play for longer. That activity is at the heart of circular economy thinking and material resilience is one of the key benefits.
- The company is clear that the circular economy offers organisations and their customers sound business opportunities. Since Samsung launched its Upgrade offer, competitors were driven to follow suit later in 2016.

Next steps

Samsung has extended the Upgrade offer to its newest flagship smartphone, the Galaxy S8 | S8+ and to its class-leading QLED Ultra HD televisions. Samsung is actively assessing the opportunity for similar opportunities across other product categories

Advice to others

- Be prepared to engage widely within the organisation and to align requirements between teams.
- A great facilitator who has specialist knowledge of the sector and customer market is essential for rapid progress and identifying a coherent and robust business model.
- Circular approaches to business provide an opportunity to develop and test environmental benefits and material resilience, as well as introducing new ways of doing business which strengthens customer relations.

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KTN
the Knowledge Transfer Network



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Case studies were generated as a result of pilots carried out for REBus by WRAP or RWS and the named organisations from 2013 to 2016.

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