

# SKY is brighter with new take-back scheme



**Company:** SKY

**REBM type:** Re-use & recycling

**Sector:** Electricals

**Company size:** Large

**Product or service:** Introduction of take-back of mobile devices into launch of new SKY service

## Key Facts

- SKY is a pan-European communications company, which has 30,000 employees and 22 million customers.
- As part of its new service – which offers consumers mobile, TV, broadband and home phone supply – SKY was keen to include a resource efficient, mobile device product ‘take-back’ option.
- SKY turned to REBus for advice on market research, business modeling, trends in the re-sale market, and data wiping.
- REBus also helped develop criteria for potential refurbishment and recycling partners.
- The new scheme is to launch in 2017. If successful, SKY may also explore the ‘take-back’ potential with wearable technology or other gadgets.

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## Introduction

SKY is an entertainment and communications business with 22 million customers across Europe. It offers SKY-TV, contract-free streaming services (NOW TV) as well as SKY Broadband, home phone and line rental services in the UK & Ireland. The company has circa 30,000 employees and revenues of £12 billion.

## REBM for take-back

SKY has launched a UK mobile service, to expand its services to cover mobile, TV, broadband and home phone supply.

As part of the roll out, the company was keen to create a take back option for customers to swap up their mobile phones, part of the entirely mobile phone service.

This would allow customers to refresh their device mid-contract, trade in their existing handset. Tablets and wearable devices could be included in phase two.

SKY decided upon a hybrid model, with SKY managing the process and screening devices, and the repair, refurbishment and secondhand sales operated by a third party.

## Business model options

SKY was conscious that the way it set up its operational delivery supply chain would influence the options available for customers. The proposition would have 2 phases:

**Phase 1:** Launch into market the mobile phone service as a separate offering – known as a 3+1 service bundle.

**Phase 2:** Introduce the service for other mobile type devices

<h3>Swap</h3> <p>Swap to get the phone you want, when you want.</p> <p><a href="#">Learn more</a></p>	<h3>Roll</h3> <p>Roll over unused data. Never lose a megabyte.</p> <p><a href="#">Learn more</a></p>	<h3>Save</h3> <p>Talk and text for free with Sky TV.</p> <p><a href="#">Learn more</a></p>	<h3>Mix</h3> <p>Mix your data, calls and texts every month.</p> <p><a href="#">Learn more</a></p>	<h3>Sync</h3> <p>Sync Sky+ recordings with your phone.</p> <p><a href="#">Learn more</a></p>
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## Benefits to SKY

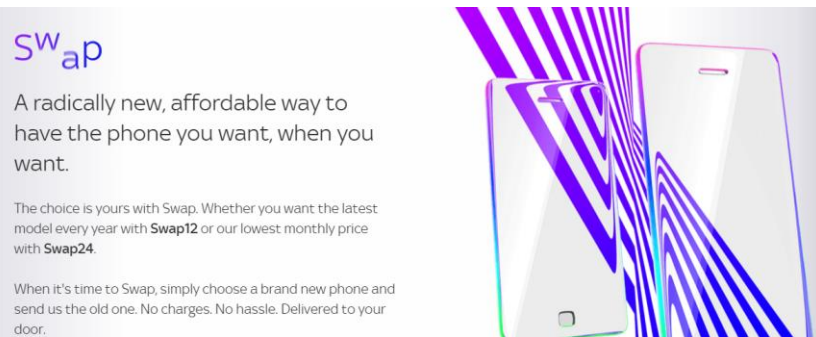
SKY believes that offering take back services to customers will make their customer offer richer.

In addition, the company can retain the asset value of returned products, which are currently being given to mobile suppliers. Acquisition and marketing costs will be reduced and finally, SKY will benefit from contributing better environmental practices to its corporate social responsibility (CSR).

Research showed that this option attracted the most interest, and logistically it was also the most achievable.

“The WRAP team’s expertise was helpful in developing the proposition idea, understanding the market for trade-in goods, dealing with ITAM refurbishment and re-use suppliers, and helping us minimise the waste and environmental impacts.”

*Dionne Rickards, Head of Mobile Supply, SKY*



The advertisement features the 'SWAp' logo in purple and blue. The text describes a service where customers can swap their old phone for a new one. It offers two options: the latest model every year with 'Swap12' or the lowest monthly price with 'Swap24'. A small note at the bottom states: 'When it's time to Swap, simply choose a brand new phone and send us the old one. No charges. No hassle. Delivered to your door.'

## What would success look like?

SKY wanted to introduce a unique, incentivised return scheme that could compete with similar competitor schemes; one that would encourage customer loyalty and increase market share, while also helping the company to introduce more environmentally friendly practices.

The new service will be open to all customers but will focus on the existing customers who might be interested in benefitting from a package bundle.

With the model still in development, success will be measured from 2018, when SKY expects to have selected a supplier, set up the scheme, with a longer focus on circular product flow and trade-in as part of future roadmap propositions.

## REBus support

WRAP/REBUS had been in touch with the Responsible Business team at SKY, and it was felt there were natural synergies with some prior circular economy work.

REBus was able to offer expert insight into current and future trends in secondary market values for mobile phones, and for wearable tech, including portable audio (e.g. headphones).

SKY was keen to implement effective assessment in order to monitor the social and environmental impact of its scheme. The REBus team advised SKY on appropriate KPIs and also helped to analyse existing trade-in schemes, including suggestions on ways to improve the offer.

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## Project stages

The REBus team undertook a short research project, to provide commentary and a view on current and future trends, analyse existing schemes, and suggest appropriate social and environmental measures. The investigation into existing schemes was designed to include key recommendations for an improved offer.

As SKY was building a completely new mobile service there was a requirement to build the whole proposition, from pricing and handset selection to logistics, distribution route, supply chain and marketing. REBus' help was focused on the take back element of the new Supply Chain.

## Project adaptations

Over time, the offer developed from take back of phones and gadgets, to trade-in of phones, with the potential to include to wearable devices and tablets in the future.

Launch timing shifted, with a SIM-only launch in January 2017 and device launch in March 2017.

## Partners

The SKY proposition not only involved customer and market research on outline commercials and pricing, it also involved the choice of selection measures for recycling and refurbishment partners.

The criteria chosen included: KPIs; prices of trade-in items; re-sale prices; grading of returned items; customer journey; speed of implementation; commercials process; risk management, and ease of integration into the SKY operating model.

## Targets

REBus suggested two metrics options. The first suggests improving the value and transparency of current schemes. This would include setting targets and measuring performance to increase levels or numbers, such as the number of handsets remaining in longer term use; units that are refurbished; or materials recovered to other forward uses, including plastics and metals extracted in recycling.

The second option aims to improve circularity and, therefore, the sustainability of handsets. This would involve influencing the material design of products, and measuring for:

- Proportion and weight of virgin materials in handset.
- Proportion and weight of re-used components in handset.
- Proportion and weight of recycled components in handset.
- Energy use/consumption of handsets.

## Next steps

The scheme launched in March 2017 with take back starting in 2018. If it is successful, SKY may expand to add wearable technology or other gadgets in the future.

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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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