

Argos Gadget Trade-in



Company: Argos

Innovative business model type: Incentivised Return

Sector: Electrical

Company size: Large

Product or service: Gadget trade-in, in return for retail vouchers

Key Facts

- Argos is the UK's largest high street online retailer, offering more than 33,000 products via digital sales and in store.
- In 2014, the company ran a REBus pilot to explore the potential for re-use via incentivised return, with customers trading in unwanted products in return for a voucher.
- Through WRAP, REBus offered extensive industry data, market research, and financial modelling that added depth to the business case, and helped to identify the most appropriate products for inclusion at different stages of the project.
- In 2015, Argos launched its Gadget Trade-in service online and across nearly 800 UK stores.

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Introduction

Argos, part of the Home Retail Group (HRG), is the UK's largest high street retailer online, with over 430 million website visits annually. HRG was bought by Sainsbury's in September 2016.

Argos has an outstanding offer of convenience, choice and value to meet customer needs. Offering over 57,000 products through its 845 stores, website and mobile apps. With around 120m transactions a year, Argos's strategy is to create long-term value by offering leadership in convenience and choice for customers in an emerging digital age.

Argos have been working hard to make recycling as easy as possible for customers. It offers in-store facilities, and take-back on white goods and packaging for home delivery. However, it had also been looking for opportunities to develop efficient business models to reflect greater circular economy thinking.

"We recognise that using resources more efficiently could not only help to improve our credentials, but also improve customer loyalty, footfall and spend. Our goal was to partner with our customers to enable sustainability to become part of their daily life through the relevant products and services we offer."

Megan Kitchen, Environment and Ethical Affairs Manager, Argos

The resulting Gadget Trade-in Model proved a valuable tool to further enable customers to make confident and informed choices about recycling their unwanted gadgets securely and safely.

REBM for gadget trade-in

In 2015, Argos launched its Gadget Trade-in service online and across nearly 800 UK stores. The scheme initially includes mobile phones and tablets, but could be extended to include satnavs, cameras and laptops in the future.

The incentivised return model enables customers to trade in their old mobile phone or tablet in exchange for an Argos gift card which can be spent on anything in store.

"We have developed a model with scalability and commercial potential. It encourages the capture of products at the end of their useful lives, for effective recycling and diversion from landfill. Since the launch of the programme we have prevented thousands of mobile phones and tablets from going to landfill."

Nadeem Arshad, Proposition Development Controller, Argos

The new service includes a range of business, environmental and customer benefits, including:

- Peace of mind that unwanted gadgets will have data securely removed and the product refurbished in the UK and re-sold;
- Adding value to the current Argos business model;
- Demonstrating an innovative approach to business;
- Responding to customer demand for sustainable solutions for unwanted gadgets; and
- Scalability, commercial potential and credibility, which all add critical value to the Argos brand.

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What would success look like?

- Seamless execution in-store.
- Extension of the service to further product categories.
- Further development of other resource efficient business models in Argos.

Why REBus?

Research from WRAP estimates that UK households have around £1 billion-worth of unused electrical goods in their homes, with two thirds of those surveyed willing to trade-in their goods to a reputable retailer.

Argos had been looking to respond to customer demands for resource efficient product solutions. However, the company needed to be sure that the commercial model and processes stacked up before launching its Gadget Trade-In scheme.

WRAP offered extensive industry data, market research, and financial modelling that added depth to the business case, and helped to identify which products for inclusion at different stages of the project.

“The WRAP team have been fantastic. Without WRAP, it would have been much harder to develop such a comprehensive case for the trial. It is possible that we may not even have reached the roll out phase.”

Megan Kitchen, Environment an Ethical Affairs Manager, Argos

The pilot

WRAP’s research highlighted a gap in the market which created an opportunity for Argos. They could provide their customers with a convenient and secure way of recycling their un-used electrical gadgets.

The five-month pilot began in March 2014 across 10 stores with light-touch marketing to help raise awareness of the trial in stores.

This approach involved a press release and media coverage, editorial in Argos’ corporate social responsibility report, and information on screens at participating stores.

A video providing an overview of the process and the implementation of the incentivised returns trial was produced and can be watched [online](#).

WRAP provided guidance and support with understanding the best practice criteria for selecting suitable partners for the refurbishment and re-sale of products. Argos chose to work with West One Recycling, which provided 15 years’ experience in recycling gadgets online and at point of service. A core aspect of the pilot was to test that the process and partnership with West One worked well.

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The pilot was proved a success and was rolled out to all UK Argos stores.

- The scheme is extremely convenient, and unique on the high street;
- Trade-in is quick and easy – customers do not have to wait long for a price and are able to spend their voucher immediately if they desire;
- Prices are checked regularly to remain competitive with key industry leaders;
- Customers do not have to worry about packaging or shipping when trading-in their items in-store;
- Secure data-removal ensures that all customers have peace of mind knowing that their personal data will be safely removed prior to re-use;
- Customers benefit by receiving a reward relative to the re-usable value and condition of their device, while remaining environmentally conscious;
- The customer who buys the refurbished phone benefits from a quality second hand product from a reliable retailer; and
- Argos benefits through delivering an added value service opening up additional business opportunities, while reducing its environmental impact, extending the working life of products and potentially increasing its footfall and spend.

Next steps

Argos will review the existing gadget trade-in model to evaluate the possibility of adding other product lines into the trade-in offer.

Lessons learned

- Cross-team collaboration was crucial to the success of the project.
- A wide range of expertise is helpful in pushing the project forward.
- Always ensure you include a wide range of colleagues from different disciplines from an early stage of your business model development project. e.g. marketing, customer engagement etc.
- Mapping the types of model that could be piloted through REBus was clearly beneficial. It demonstrated the range of benefits available to the company and its customers through trade-in.

Advice to others

“If you can demonstrate the value to the customer, you already have a compelling case for piloting. It needs to make commercial sense with the environmental credentials playing a supporting role. The expertise brought by WRAP were essential to support the business case within Argos.”

Megan Kitchen, Environment an Ethical Affairs Manager, Argos

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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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