

# Incentivised return of household electrical products

**This case study looks at incentivised return of Electrical and Electronic Equipment, particularly the commercial opportunities presented by getting re-used electrical products back into the market place.**

**WRAP research estimates that almost a quarter of Waste Electrical and Electronic equipment brought by householders to Household Waste Recycling Centres across the UK has a re-use value, and together this could be worth over £200 million in gross revenue each year.<sup>i</sup>**

## Incentivised return

An incentivised return model creates the opportunity to get re-used electrical products back into the market. The model works by a service provider purchasing used electrical equipment from individuals, refurbishing it and selling it on to new owners for a profit. This type of model is more resource efficient as it keeps electrical and electronic equipment in use for longer. It also encourages capture of end of life products for effective recycling.

## Company profile

Trade eXchange Technologies U.K. Ltd. (TradeXTech) runs in store and online trade in programs. TradeXTech has offices in United Kingdom, and Michigan USA. In August 2011 TradeXTech launched a retail based electronic trade in program with a major UK retailer in a 13 store pilot program followed by a rollout to over 240 stores and online platform in October 2011.

The scheme required no extra infrastructure set up other than the rollout of TradeXTech's browser based application suite. TradeXTech provided a comprehensive training program for store staff to ensure effective customer support for the scheme.

## How it works

The customer brings an electrical item to TradeXTech retail partner's store, where the item is identified and a value is generated from TradeXTech's system. If the customer is happy with the value (paid via in-store vouchers, loyalty points, charitable donation or as part exchange on a new product) the item is traded in. Items are collected by TradeXTech and taken to a service centre where they are refurbished or recycled depending on the value of the item.



Alternatively, for smaller items such as MP3 players, satnavs and tablet computers, the customer could use a trade-in website. The customer selects their item from pre-defined list and, on acceptance of the quoted value, uses a freepost service to package the item and send it to the remanufacturing warehouse.

## Benefits & opportunities

For Trade eXchange Technologies this is proving a profitable business model which is replicable across many retailers and products. However, there are benefits of this business model for all parties involved.

### *Retail partner*

- Increased customer footfall and loyalty.
- Margin from re-use business activity.
- Corporate Social Responsibility benefits.

### *Customers*

- Unlock value from items that they no longer want or use.
- Can use the value from unwanted items against the purchase of new items.
- Are provided with a responsible and convenient way of disposing of unwanted items.

### *Manufacturers*

Can also benefit from involvement in product specific promotions where the customer can get a discount for trading in a working product in part exchange for the product available through the promotion.

## **What are the challenges and how have TradeXTech worked to overcome them?**

- Misidentification of product in-store (product shrinkage), where in-store staff value products incorrectly and commit to a greater payment than is appropriate. The online scheme has both a much lower shrinkage rate, as products are validated on submission with a warehouse receipt, and better visibility of the product with less complicated logistics. Both in store and online systems include a stolen item database check.

- Keeping track of individual items throughout the supply chain is important.
- While it is more cost effective to transport full cages of equipment, high value items can depreciate quickly in storage. TradeXTech had to work out the balance between volume efficiency and value depreciation.
- Understanding the re-use market and the costs of transporting and processing the product.



### **Support available from WRAP**

If your company is interested in pursuing a business model that incentivises return of products then please contact WRAP who will be able to offer some support in developing the business model.

#### **Contact:**

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<sup>i</sup> The value of re-using household WEEE  
<http://www.wrap.org.uk/content/value-re-using-household-waste-electrical-and-electronic-equipment-0>

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