



WHITEPAPER

# A New Approach to the Circular Economy for Mobile

The current mobile experience economy is bad for consumers, MNOs and the planet. Introducing Kingfisher's transformational new model.

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## Introduction

Today's consumers are highly eco-aware. All over the world, people are making consumption and lifestyle decisions with the environment in mind. They're donating, recycling and buying ethically.

More and more, they expect brands to do the same.

A widely-quoted study by IBM in 2022 confirmed this shift in mindset. It revealed that 77% of consumers say they want to make more sustainable choices in their purchases.

For companies, this is a significant switch. It suggests they can no longer compete solely on price, product quality and service. To truly win over customers, brands also have to demonstrate a genuine commitment to sustainability too.

This is especially pertinent for the mobile telecoms business. Mobile, more than many other industries,

is under scrutiny for its environmental track record.

Consumers are concerned about e-waste and the impact mining rare materials for devices can have on natural resources. And then there is the emissions question: research says smartphone CO<sub>2</sub> emissions grew 735% between 2010 and 2020.

But here's the thing. While consumers are looking for sustainability, many are not willing to compromise. A significant cohort still want the latest phones with exciting new features. And they want to upgrade whenever they wish.

This seems like a paradox. Can it ever be resolved?

Kingfisher believes it can. It has created a new model in which a premium flexibility program powers a thriving mobile circular economy. It works as follows:

- Customers enrol in a program that enables them to switch out their device for a new device of their choice at any time, for any reason (even if damaged)
- These customers return their old devices whenever they want to swap to a new device
- Kingfisher restores the devices to 'as new' and makes them available to consumers via a carrier's certified pre-owned (CPO) proposition
- These devices then cycle through many more lifetimes, becoming a valuable resource for consumers looking for a more sustainable mobile experience
- This circular approach to device ownership means consumers and carriers get longer term value out of devices with less environmental impact

It might seem odd to make 'anytime' upgrades the start-point of a sustainability push. But it works. Why? Because it extends the lifetimes of millions of devices across two, three, maybe even four owners.

This is far more sustainable than the current model in which millions of devices sit in drawers or landfill, and 'secondary' consumers buy millions of budget devices rather than high-quality recycled ones.

But it doesn't just help the planet and widen consumer choice. The new model also gives mobile network operators (MNOs)

a commercial edge for the following reasons;

- Consumers love the flexible new model. This improves loyalty, boosts NPS scores and reduces churn
- The new model helps to meet environmental, social, and governance (ESG) targets
- It puts MNOs back into the CPO market, giving them an accelerated pathway to a growing new segment
- Partnering with Kingfisher allows MNOs to offer programs without commercial risk or balance sheet impact

It's obvious that the current system for distributing new and used connected devices – the mobile experience (MX) economy – is riddled with inefficiencies. It's bad for carriers, consumers and the planet.

In this whitepaper, we will dive deeper into this broken ecosystem – and outline the reasons why Kingfisher's self-sustaining circular model can deliver greater value for all stakeholders.







## Chapter 1

# What is the circular economy for mobile?

A circular model of production extends the lifecycle of products across multiple generations. It makes obvious sense environmentally and commercially...

Since the industrial revolution the default approach to manufacturing has followed a linear pattern: sourcing raw materials, making disposable products from them, throwing away the used products.

In an era of increasing environmental awareness, this approach is no longer tenable. Moreover, for a growing number of businesses, it makes no commercial sense either.

For these reasons, attention is turning to the circular economy concept. Here is how the [European Parliament defines it](#).

*“The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible.*

*In this way, the life cycle of products is extended. In practice, it implies reducing waste to a minimum. When a product reaches the end of its life, its materials are kept within the economy wherever possible. These can be productively used again and again, thereby creating further value.”*

The mobile telecoms market is increasingly aware of the potential of the circular economy. Consulting group BCG says telcos are responsible for 1.6% of total global CO<sub>2</sub> emissions. However, it believes the overall IT business (of which the telco space is a part) could [eliminate up to 15% of all](#)

[global emissions](#) by 2030 if it embraces the circular economy.

And the signs are, it wants to.

According to the GSMA's [Mobile Net Zero: State of the Industry on Climate Action 2022](#) report, 50 operators representing 63% of the industry by revenue have committed to rapidly cutting their emissions over the next decade.

One way it can do this is by taking a circular approach to its own infrastructure – investing in refurbished equipment and recycling outdated kit.

But there's also the consumer angle. Here, telcos devise strategies to extend device lifecycles across up to four customers. This is not just good for the planet, it also puts MNOs squarely back into the market for recycled phones.

This has a significant commercial upside. Let's find out why.

### The \$99.9 billion secondary phone market opportunity

Every year phones get better. But not by much. The clamour to be first in line for a new iPhone or Galaxy is not as fierce as it once was. It's why, in 2019, the tech website [CNET](#) ran

[a headline](#) which said: "We're just not that into paying \$1,000 for a phone anymore."

Anyone working in the secondary market for mobile phones will be aware of the changing consumer sentiment. According to IDC, the worldwide market for second-hand devices is set to rise from \$65 billion in 2024 to \$99.9 billion by 2026. This growth is expected to continue as used smartphone shipments are forecast to reach 413.3 million units in 2026 with a compound annual growth rate (CAGR) of 10.3% from 2021 to 2026.

Clearly, the secondary market is booming. But it's also uncoordinated. The options for consumers are not straightforward. Where do they go to re-sell a device? How can they get a reliable estimate of its value? How can they trust the quality of their recycled phone purchase?

At present, this mobile experience economy is riddled with inefficiencies. The market is a mess of intermediaries and stakeholders – auction sites, local repair shops, insurers, phone buyback programs – which does not serve consumers or MNOs well.



### IDC's Worldwide Used Smartphone Market Forecast: 2020 - 2026

	2020	2024	2026
Shipments	225.5 million	351.6 million	413.3 million
Value	\$30 billion	\$65 billion	\$99.9 billion

Source: [TechRepublic](#) & [IDC.com](#)





## Chapter 2

# The mobile experience economy now: Why it's not working

Research says 5.3 billion phones disappeared into drawers or landfills in 2022. This is very bad news for consumers, carriers and the environment...

### How the market fails consumers

Consumers are looking for sustainability, but they are not willing to compromise. We can break the customer base into two key cohorts.

The first comprises top tier consumers, who are willing to pay a premium to access the latest devices. They are looking for an alternative to being locked into long-term plans that limit their ability to upgrade or leave. They don't want to be stuck with sub-optimal devices.

The second cohort comprises consumers who want a good, reliable device experience but are less concerned with acquiring the latest premium models.

For the most part, the latter group would be happy to switch to a quality pre-loved device. They just don't know how to access or where to go for a reliable, quality device ownership experience.

Meanwhile, both groups believe upgrade and trade-in programs to be too restrictive and complicated.

They are simply on a quest to find a trustworthy source.

This explains why the majority of consumers don't trade in their devices. They are concerned about data privacy, returns and warranties. Meanwhile many keep old models as 'self-insurance' should they lose their new one.

The numbers reflect this reluctance to trade in. According to the International Waste Electrical and Electronic Equipment Forum (WEEE), [5.3 billion mobile phones](#) will be thrown away in 2022 and that *"a majority will disappear into drawers, closets, cupboards or garages, or be tossed into waste bins bound for landfills or incineration."*

### How the market fails MNOs

As we've discussed, the mobile industry is building towards a \$99.9 billion secondary phone market opportunity. Regrettably, most MNOs are missing out on it. They have surrendered the market to an unstructured array of intermediaries: phone shops, insurers, repairers, auction sites.

It's easy to see why. The secondary market is complex. Pre-loved devices have to be assessed,

valued and graded. The data must be wiped. Then there's the question of storage and inventory: a secondary phone division adds more complexity to accounting and customer care systems.

But the upsides are not just financial. With the Kingfisher solution, MNOs still sell new devices at pace, with the added confidence and knowledge that the devices will reach their full usage potential, through 2nd, 3rd and 4th device lifecycles.

Additionally, giving consumers more options to trade in for an immaculate device with minimum fuss can do wonders for NPS scores. It brings with it the potential to improve loyalty and reduce churn.

### How the market fails the planet

Like any industrial process, the manufacturing of smartphones generates CO<sub>2</sub> emissions. Deloitte Global predicts that smartphones [emit 146 million tons of CO<sub>2</sub> in 2022](#). However, here is the important detail: The bulk of these emissions – 83% – will come from the manufacture, shipping, and

first-year usage of new devices. And Deloitte says 1.4 billion of them will be shipped in the year.

Logically, the mobile industry can make a big difference to emissions by reducing this new device total and extending lifecycles instead.

According to one major MNO, keeping a handset for an extra year can reduce its lifetime [CO<sub>2</sub> impact by up to 29%](#).

Extending the life of used devices is certainly preferable to raiding them for components and metals. It's easy to imagine that simply recycling a smartphone will provide a cost-effective alternative to mining virgin materials.

In fact, retrieving useful components is difficult and costly. Experts say the realisable yield in raw materials of a \$1,000 smartphone could be \$1. Obviously recycling has some marginal benefits and is always worth pursuing, but overall keeping individual devices in circulation is by far the best way to reduce CO<sub>2</sub> impact.





## Chapter 3

# Kingfisher: A new model that works for everyone?

Giving consumers the option of ‘anytime’ upgrades can power a system in which 100% of devices are returned, repurposed, and recycled...

The analysis in this whitepaper shows how badly the current mobile experience economy serves carriers and consumers. The sector needs a radical re-think.

The Kingfisher solution does just this. Its circular model allows 100% of connected devices to be reused, refurbished, and recycled with trust and reliability. This gives carriers and their customers greater value and choice with less waste and negative environmental impact.

How is this possible? By facilitating a new model in which premium upgrades power a thriving mobile circular economy.

Let's dig into the detail.

The process starts with a solution Kingfisher spent four years pressure-testing. This is [FLIP](#).

It lets consumers or carriers pay for an add-on flexibility service when a consumer buys a device – either

outright or on a financing contract. With FLIP, the consumer can return the device at anytime and be released from any remaining financial obligations.

This frees them up to choose a new device. Kingfisher then pays out any outstanding financing on the old device in return for the used device. And it does so no matter what condition the device is in, even if it's damaged, lost or stolen.

Top tier customers love FLIP because of the freedom and flexibility it offers. Crucially, Kingfisher makes the process work for MNOs by handling the financing and management in the background. It also enables carriers to white label FLIP so they can offer the program in their own branding in store, online, on the app or through call centres.

So what happens to the supply of nearly-new premium smartphones?

This is the second part of the Kingfisher model: [Nexus](#).

Nexus is Kingfisher's program for repurposing used devices. Here, Kingfisher acquires devices from FLIP (and other sources), and submits them to its exhaustive process of evaluation, repair and refurbishment. It gives every device a grade based on the digital diagnostic and a cosmetic inspection.

The refurbished devices are then put back into circulation via a second-life portal which can be carrier branded. Kingfisher's real-time pricing intelligence engine ensures that prices consistently beat market rates.

Ultimately, the FLIP/Nexus circular model leverages the residual value in 'first ownership' devices. It unlocks a supply of reliable source of 'second life' devices that carriers can sell to customers who prioritise sustainability or value.

## KINGFISHER

### How Kingfisher works with carriers

Kingfisher designs programs to help carriers meet their goals.

This process starts with a business review that establishes the following:

- Strategic imperatives
- KPI objectives
- Competitive market dynamics
- Consumer and B2B segmentation
- Brand positioning
- Operational and IT systems and constraints

On completing the review, Kingfisher then works with the carrier to create a circular MX proposition that can include:

- Off-balance sheet financing
- Subscription/DaaS models
- Flexibility programs (FLIP)
- Risk management solution
- Trade-in program
- CPO propositions
- Business Intelligence reporting
- Regular governance meetings at all levels of the business
- On-going iteration to keep the products relevant and market leading

## Carrier customer stories: Belong Australia and Telstra

### Belong

Belong is an Australian telco that [prioritises environmental protection](#). It is completely carbon neutral. In 2022, Belong worked with Kingfisher to [create an eCommerce store](#) – Second Life – on which customers can choose a certified refurbished device with a carbon-neutral plan in a single transaction.

Kingfisher sources all Second Life used smartphones locally before submitting them to a 30+ point testing process and clearing them for resale. Belong then sells the devices with a 12-month warranty in 100% recycled packaging.

Although the Second Life customer-facing service is Belong-branded, Kingfisher handles all the portal hosting, inventory and regulatory management, device supply, packing and kitting, pricing, warranty provision and logistics.

### Telstra

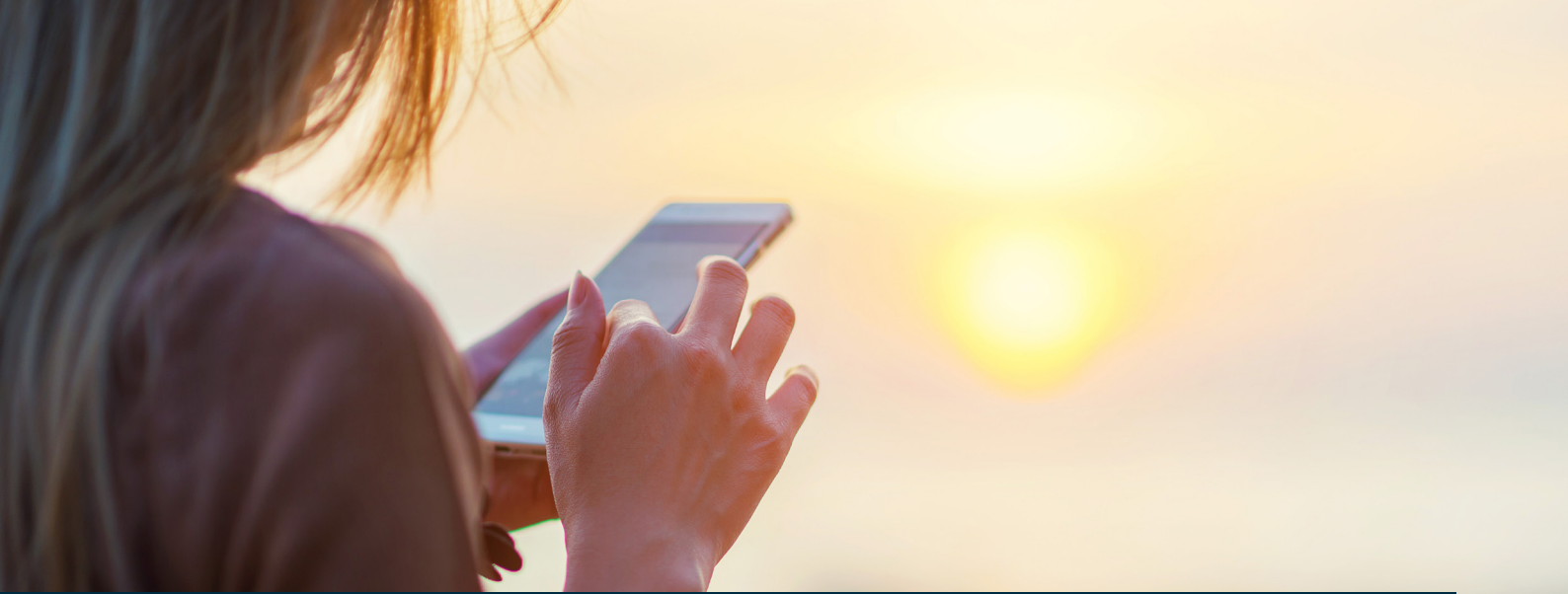
Telstra is Australia's leading MNO with more than 18.3 million retail mobile phone customers.

In 2020, it teamed up with Kingfisher to develop a version of the FLIP model, which it launched under the brand: Upgrade and Protect.

The service lets Telstra customers pay \$15 per month to have the option to change their device before the contract ends. Whether it's because they want the latest device, or because their old device is damaged.

After two years, Upgrade and Protect has proved a popular choice with Telstra customers for value and an improved device ownership experience. It also enables simple frictionless choices for customers to upgrade or fix their device. This has delivered NPS scores well over the industry average, reduced churn and achieved market leading re-enrolment rates.





## Your next step

In the telco space, 83% of emissions come from the manufacture, shipping, and first-year usage of mobile devices. In this context, moving to a more sustainable model of phone ownership makes perfect sense for MNOs and their customers – and also the planet.

If the industry can extend the life of existing devices across three, maybe even four, consumer generations it can drastically reduce its environmental footprint.

But a significant proportion of consumers will always value a new device. Kingfisher's radical approach to device flexibility and reuse actually makes it easier for them to do so – and then ensures that 100% of these used devices are reused, refurbished

and recycled with trust and reliability.

This is great for consumers and the planet. But it is also a big commercial win for carriers. By giving consumers a better consumer experience and more choice, carriers can create clearly differentiated offers that deliver less churn and ultimately more profit.



### The benefits can be summarised as follows:

- Consumers love the flexible new model. This improves loyalty, boosts NPS scores and reduces churn
- The new model helps MNOs to meet environmental, social, and governance (ESG) targets
- MNOs can participate in the certified pre-owned (CPO) market, giving them an accelerated pathway to a growing new segment
- Partnering with Kingfisher allows MNOs to offer programs without commercial risk or balance sheet impact



# KINGFISHER

Kingfisher is a next-gen mobile experience company, totally re-engineering the mobile experience economy.

People-first by design, we're obsessed with optimizing the lifecycle of connected devices, developing end-to-end experience solutions, designed to transform the mobile experience economy for carriers, their customers, and the planet.

Through our ingenious solutions, we extend the lifespan of connected devices by powering the efficient circulation of new and second-life devices within the global value chain, creating circular transformation at scale.

**Find out more on how we're transforming the industry at: [www.kingfisher-mx.com](http://www.kingfisher-mx.com)**

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