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Remanufactured and
reconditioned goods

Second use isn't second best

A guide to refurbished goods

Inspiring trust for a more resilient world.



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Definition:

In this whitepaper, the term 'refurbish' is used to cover both **reconditioning** and **remanufacturing** activities. In either case, it is the returning of used or end-of-life goods to a usable condition, close to or as good as new.

Executive summary

- Refurbished goods will play a key role in balancing the needs of people, planet and profit
- Acceleration in the refurbished goods market, making second and third-life products the norm rather than the exception, will require significant mindset shifts
- Manufacturers and consumers are looking for leadership, reassurance and the right nudge factors to drive sustainability through circularity into the mainstream
- In this guide, we explore the drivers and resisters for refurbished goods, the current business climate, changing consumer attitudes, and propose new approaches that business can adopt to move the circularity dial and avoid accusations of greenwash
- Subject matter experts are urging businesses to see circularity as a new income stream where they will benefit from contributions made when their products are re-sold. This new way of thinking supports a shift from a service-based economy to experience-based
- Manufacturers need to change the way they brief their designers, building in ease of recycling into components to enable material recovery
- BSI's new Kitemark certification for remanufacturers and reconditioners is a starting point for demonstrating that organizations are looking at, and applying best practice



Business backdrop

Pandemic, climate change and resource scarcity

If 2020's COVID-19 pandemic has taught us anything, it's that we must change our interface with the natural world. Preserving resources and drastically reducing our consumption of virgin materials is vital to balancing the needs of people, planet and profit.

Refurbishment of goods – recycling of manufactured components and establishing circularity in production – offers an essential and strategic leap forward in our quest to reverse environmental degradation.

A UK Government review of macro-economic risks conducted in 2017 highlighted a global pandemic as one of the biggest emerging threats. Fast forward four years and the aftermath of 2020's COVID-19 outbreak reinforces the impact of our consumption of vital resources, while reserves of those resources continually depletes.

Product refurbishment and circularity are not just important today but essential, and we anticipate that government, thought leaders and consumers will need to combine forces to persuade big business to re-engineer the commercial paradigm.

Challenges

Blockers to adopting circularity

Companies are looking for leadership from Government, privately acknowledging that legislation is likely to be the driving factor of corporate behavioural change.

Additional legislation could help establish an alternative approach to accounting, other than traditional profit and loss. The business mindset when it comes to carbon and consumption reduction is currently stuck in the short-term. Leaders need to look at the whole life cost of a product, requiring a reframing of business thinking.

The pursuit of lowest financial price rather than carbon savings is among the biggest challenges to overcome, particularly when procurement teams have become hardwired to drive down costs. Business leaders have their role to play here, redefining purchasing criteria for their team's procurement negotiations.

But it's not just finances holding up progress. Historically, OEMs have cited the reputational risk from safety concerns posed by poorly refurbished products as a hurdle to adopting circularity.

Indeed, a recent BSI poll showed that reliability of refurbished products remains businesses' biggest concern with quality and a lack of warranty coming joint second.

Manufacturers are habituated to encourage consumers to buy new products, so the refurbishment movement needs to convince them that there are commercial benefits to changing the model. To that end, some early adopters in the space are recognizing the value of a new income stream to be gained via recycling partnerships.

Opportunity

Green business is good business – changing manufacturer mindsets

A growing group of organizations specializing in refurbishing products believe their track record proves that second-life products can be safer and perform better, as well as offer a re-sale line of income to manufacturers.

It is not a given that new products will have a flawless performance record and component failure often happens early in the life cycle, typically in the first three months. Consumers need to be educated that second-life products have the potential to be more reliable than their brand-new counterparts and be reassured that they won't be left with something that won't work, which is why warranty and aftersales support will be vital in making refurbished products easier to deploy.

Creating a closed loop materials cycle could take another decade but we need to accelerate that process. Currently the industry is centred around a group of SME pioneers, from whom the bigger players can learn lessons and avoid ongoing claims of 'greenwashing'.

Perhaps a bigger driver for business is the potential to realize income from refurbished products. OEMs can benefit from a recycling 'stake' – additional income received when a product enters its second (and potentially third) life.

In short, industry needs to embrace the concept that second use is not second best, especially when it comes to brand equity and the bottom line.

Recommerce: an emerging consumer mindset

Today's consumers are more powerful and better connected than ever before and will drive changes in the market; looking for sustainability value in the products they buy, not just value for money.

Gen Z and Gen Alpha consumers have only ever known a world in which the climate is in crisis and therefore are more wedded to brands that champion circularity and reduced consumption of resources and carbon.

Demand from these consumers will need to be supported by assurances that refurbished products come with a mark of trust, helping bridge the gap between buying new and taking a risk in the uncertified second-hand market and auction sites. What is clear is resellers need to up their game. If trust is compromised, consumers will revert to buying new.

Options

Loan, don't own – responding to an evolving experience economy

A new business paradigm is emerging. We are moving from a service economy to an experience economy, where consumers don't feel the need to own their products outright. Increasingly we are becoming more comfortable with the idea of enjoying the benefit of goods on a service basis, where regular upgrades and new specifications can be introduced regularly without re-entering the purchasing process.

This opens up a massive opportunity around refurbished products to address predictive maintenance concerns and maintain specification upgrades.

The business-to-business sector has already successfully adopted a leasing model, for instance when it comes to HVAC or computing solutions, and the signs are that consumers are more willing to follow that lead with clothing-hire businesses, car-sharing and business-to-consumer leasing operations on the rise.



Design for disassembly: the manufacturer's role

It is a given that sending products and components to landfill is no longer an option. Recycling should become the worst-case scenario and become much easier to do, which means modularity and disassembly needs to be part of the design process.

To make the leap from the 'land of the shiny and new' to the second use, refurbishers need to be able to take products from end-of-life to as good as new with minimal resistance and the greatest likelihood of financial viability. Therefore, product creation teams need to ensure items can be refurbished again and again, rather than being produced in a 'locked down' state.

A major barrier to circularity is the lack of standard or modular design in components, making it difficult to standardise recycling. Manufacturers must start briefing their designers that overcoming these challenges is just as important as how a product works or looks.

If designers can make the recycling process straightforward, there is no reason why we cannot refurbish products on a mass scale. Advocates of refurbishment believe the aim of returning up to 90% of a product's components into the manufacturing cycle is reasonable.

It will require designers to think about avoiding glues and solders in their products, replacing them with screws or clips instead. Likewise, employing one kind of plastic rather than multiple types will also aid the disassembly process.

Next steps

Growing the recommerce market, your next steps

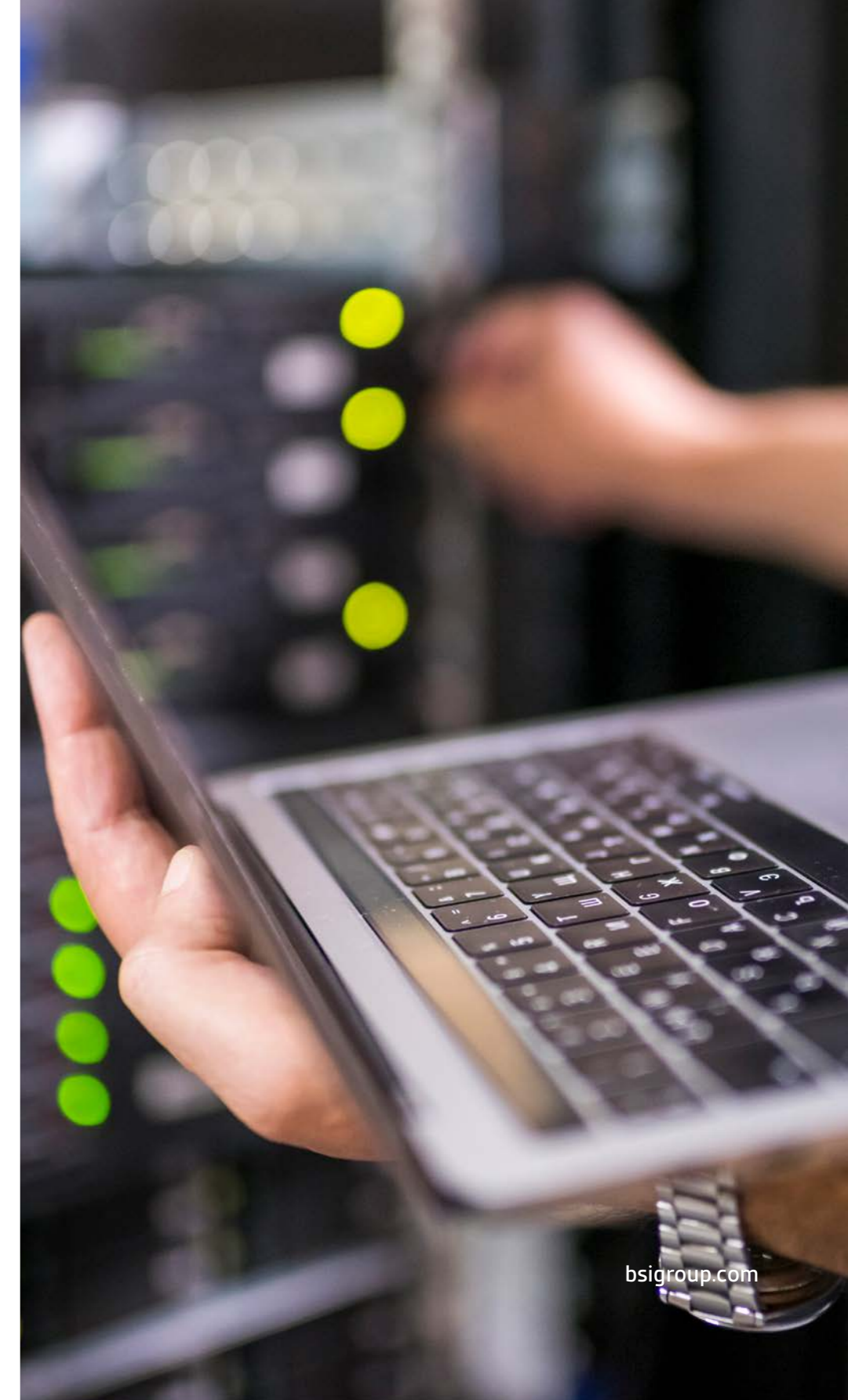
Becoming a Kitemark certified remanufacturer or reconditioner is a positive move in this direction. It will reassure consumers that a product will work and help to identify bona fide organizations working in the circular product space and contrast them with those simply looking to dump waste products in the market.

There is further potential to close a standardization gap in the industry, with the BS 8887 suite perhaps offering a foundation for further development of best practice certification.

What is clear is that a longer-term strategy around product refurbishment and the building of consumer trust to accelerate acceptance of second-life products go hand-in-hand. Support from best practice organizations such as BSI, as well as government, will be vital in playing an educational role, for both businesses and consumers.

The bigger picture context here is national and international commitments and targets. Product refurbishment aligns with the UN Sustainable Development Goals, in particular Goal 12 – Responsible Consumption and Production – and Goal 13 – Climate Action. Meanwhile, in 2019 the UK became the first major economy to pass net zero emissions law, enshrining commitments to clean growth.

Subject matter experts strongly recommend that organizations do their homework, finding a reputable partner in product refurbishment who can share learnings and experience to make circularity part of sustainability and organizational resilience.



Why BSI?

BSI (British Standards Institution) is the business standards company that equips businesses with the necessary solutions to turn standards of best practice into habits of excellence. BSI helps its clients drive performance, manage risk and grow sustainably.

BSI is responsible for originating many of the world's most commonly used management systems standards. These standards address the most pressing issues of today from clear billing to energy management and disability access to nano-technology; spanning sectors including Aerospace, Automotive, Built Environment, Food, Healthcare and IT.

BSI's standards are underpinned by a collaborative and rigorous approach honed over decades; working with industry experts, government bodies, trade associations, businesses of all sizes and consumers to develop the standards for excellence.

BSI works with 86,000 clients in 193 countries worldwide to help them adopt and cultivate the habits of best practice. Clients are trained and provided with practical guidance for implementation alongside a suite of compliance tools. BSI is independently assessed and accredited globally by ANAB (ANSI-ASQ National Accreditation Board) and by over 26 other accreditation bodies throughout the world including UKAS (United Kingdom Accreditation Service). BSI is also renowned for its marks of excellence including the consumer recognized BSI Kitemark™, which today ranks amongst the UK's most trusted brands.

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