

Used and Refurbished Smartphone Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The used and refurbished smartphone market (hereafter referred to as the market studied) was valued at 251.09 million units last year. It is expected to reach 459.86 million units in the next five years, registering a CAGR of 10.23% during the forecast period.

Key Highlights

Multiple product launches in the premium smartphone segment, more brand options, new price points, and the overall aspirational value of an upgraded smartphone are some of the significant factors rapidly driving the second-hand smartphone industry to increase its market globally.

Using a previously owned device to fund the purchase of either a new or used instrument is also crucial in the growth of the used and refurbished smartphone market. The trade-in, combined with the increase in financing plans (EIP), is also anticipated to act as a significant driver for the used and refurbished smartphone devices over the forecast period.

An increase in the upgrade cost has been one of the prominent reasons for the market's growth. An increase in the prices of premium smartphones led to multiple consumers holding on to their phones much longer than expected. However, at the same time, this factor also raised the average selling price of a pre-owned device.

The mobile device industry has declined due to supply concerns, significant inventory levels, and reduced customer demand due to high inflation. The smartphone will spend the next decade acting increasingly as a central hub until completely replaced by wearable screens, ubiquitous voice assistants, and ambient interfaces, thanks to converging trends, such as 5G and AI in the cloud.

The emergence of COVID-19 led to a movement toward working and studying from home. The trend toward remote work has been steadily growing over the past decade. However, the effect of COVID-19 dramatically accelerated this trend in a brief period, forcing companies, irrespective of their size, to adapt quickly to the self-isolation measures that governments across the world were recommending. Due to the pandemic, delayed availability of new handsets owing to supply chain constraints and lower

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disposable cash has pushed local demand for refurbished smartphones to new milestones.

Used & Refurbished Smartphone Market Trends

Growing Popularity of E-commerce Platforms for Used and Refurbished Smartphones

The market witnessed several players making strategic investments and acquisitions to tap into the growing secondary smartphone market. In January 2022, Flipkart Group acquired Yaantra, an electronics recommerce company, for an undisclosed amount as part of efforts to strengthen its recommerce business and enhance its recommerce business after-sale offerings for its customers in the smartphones segment.

The growth of online platforms offering refurbished smartphones increases market penetration, especially in emerging economies. The easy availability of smartphones on e-commerce platforms and the discounts offered during the festival and summer seasons will attract new customers. Therefore, a rise in e-commerce platforms creates a demand for used and refurbished smartphones. An increase in buy and sell platforms has, in turn, increased visibility and helped sellers to get the right price for their old phones. It has standardized the secondary smartphone market and has also increased competition among different players in the market. As e-waste that is generated from electronics, computers, smartphones, and other electronic appliances in the world is growing faster, at a rate three times faster than general waste in countries such as the US, China, Japan, Germany, India, and Australia, the market sentiments have switched over to buying refurbished smartphones, reducing the carbon footprint and recycling costs, that has gained traction among several players such as Boost Mobile, Cole's, and Phoenix Cellular. Such factors are expected to drive the market's growth during the forecast period.

Amazon, the world's largest online retailer, has a dedicated section for refurbished devices. Customers can sell their old smartphones to Amazon in exchange for a discount on a new gadget. The business inspects them and makes any required repairs to seem and function as new. These devices are then sold in the refurbished sector. They are even backed by a vendor or manufacturer's limited warranty.

Supply chain concerns and chip shortages are also helping to propel the refurbishing sector forward. Businesses are turning to refurbished electronics suppliers to meet this demand, which is projected to drive the refurbished electronics industry, particularly smartphones.

North America Expected to Register Significant Growth

The growing advancements in smartphone features and the expanding scope of 5G smartphones are some of the major factors driving the growth of North America's used and refurbished smartphone market. The United States is one of the most advanced markets for smartphone vendors globally. The region has a history of developing innovative smartphones, especially with vendors like Apple, that have changed the market dynamics of the global smartphone market.

According to GSMA, North America will surpass 1 billion 5G connections by 2022 and 2 billion by 2025, driven by continued network investments from operators and the expanding range of 5G smartphones at varying price points. By 2025, North America is expected to become the first region where 5G accounts for more than 50% of total connections.

Refurbished smartphone sales are rising in North America, especially in the US, because of tech-enabled firms like Walmart and BestBuy. Refurbished mobile devices offer affordable choices for buyers and sellers, and they are growing in popularity due to the money they save for both parties. Local merchants also provide high-quality refurbished mobile phones at wholesale prices. With all brands available on one platform, customers can shop for their ideal smartphones and mobile phone accessories while minimizing costs. The rising popularity drives the market demand in this region for used and refurbished smartphones.

The region is also witnessing the trend of low-end smartphones and mid-range devices, as many smartphone manufacturers

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believe it is more viable during the market situation affected by the COVID-19 pandemic. Although other brands and product lines are available, iPhones and premium Samsung flagship products mainly accounted for significant market shares. The changing trends can drive the region's used and refurbished smartphone market.

North American trade-in service providers witnessed product business growth in the last few years due to companies and consumers updating and upgrading their devices due to the changes in the workplace and workforce. For instance, in February, Phobio, a trade-in service for mobile operators and consumer electronics brands, was named a trade-in provider to three new companies: Hyperion Partners, Amazon Canada, and Drone Nerds. The company approximately doubled its revenue last year, and this momentum continued as it added new businesses.

Used & Refurbished Smartphone Market Competitor Analysis

The competitive rivalry amongst the used and refurbished smartphone providers is very high, owing to the presence of various smartphone brands across the world. Some major smartphone giants, including Samsung, Huawei, Apple, Xiaomi, and OnePlus, are competing for market shares worldwide. The demand for refurbished smartphones has spiked in recent years due to the massive smartphone penetration across developing countries. This has led to an increased focus on customer acquisition and formulating distribution channels as critical strategies to maintain competitive advantage and market share.

In September 2022, Fairphone, the Dutch social enterprise building a market for ethical smartphones, started selling refurbished smartphones, Fairphone 3, New Life Edition, through its website to promote longevity in smartphones to reduce e-waste and save valuable resources.

In March 2022, the iPhone 12 and iPhone 12 Pro models were introduced to Apple's official Certified Refurbished store. A new battery, a new outer shell, authentic Apple part replacements (if necessary), and a one-year warranty are included with products purchased from Apple's Certified Refurbished store.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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