

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

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### **Report description:**

The China Refurbished Market is expected to grow at a CAGR of 9.51% during the forecasted period of 2022 to 2027. The significant increase in disposable incomes and the rise in online gaming have been major reasons consumers adopt premium smartphones. Moreover, technological advancement has further increased the demand for upgraded specifications. However, such specifications come with higher costs, and consumers often exchange their existing smartphones with upgraded used or refurbished premium models against lucrative buyback value.

### **Key Highlights**

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 has led to multiple consumers holding on to their phones much longer than expected. However, at the same time, this factor has also raised the average selling price of a pre-owned device.

According to a report published in July 2021 by Zhuanzhuan Group, Apple is one of the prominent market players in the used smartphones category in China, which controls approximately 36.53% of the secondary market for smartphones. Further, the company was followed by regional giants such as Xiaomi with a market share of around 13.88% and closed the top three with Vivo, around 12.7%.

Moreover, a higher percentage of refurbished devices are being sold with warranties. These phones can be insured with proof of purchase, which is significantly helping in overcoming consumer hesitancy towards the purchase of refurbished devices. For instance, Samsung offers certified pre-owned devices at heavy discounts. The main advantage of directly buying from Samsung is that consumers get a full one-year warranty, which is offered on a new product.

The factor that may affect the market in the coming years is the evolution of the 5G network. Most smartphones have a minimum life of 24 months and can be used up to 5 years. However, with the emergence of the 5G network in the market, most of the 3G and 4G enabled refurbished devices would be obsolete. It may, in turn, give rise to a huge pile of refurbished and used

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smartphones, which will be irrelevant in the developed nations as most of the population would be willing to follow the present technological trend of the market. For instance, according to a report by Zhuanzhuan Group, sales of used Honor devices increased by 88.34% in the Q2 of 2021. In general, the smartphone market grew by 10.76% in China compared to Q1 of 2021 since consumers are especially eager to buy devices with support for fifth-generation networks.

The Covid-19 pandemic has severely disrupted the growth of industries worldwide due to nationwide lockdowns imposed in almost all the countries. The smartphone industry has also experienced economic changes due to the pandemic. As China is the global manufacturing center for most of these devices and components, and with similar trends on the demand side, the smartphone manufacturing industry has been adversely hit by delayed shipments and weakened development of next-generation products. Also, the region has been choked off by suppliers, workers, and logistics networks.

## China Refurbished Smartphone Market Trends

### Increased Adoption Through E-Commerce Channels

The professional way of refurbishing where an old phone goes, several quality and performance check-ups means that the users, in most cases, are getting a quality device or at least what they are promised. The problem is that the refurbished industry is currently handled largely by offline stores, which tend to offer lower quality phones at higher prices and low reliability. This gives a bad name to refurbishing. However, with changing times and the rise of e-commerce and professional refurbishing, it is anticipated that the refurbished smartphone market will grow additionally with the involvement of major companies like Amazon, Cashify, and others that are dedicated to refurbishing and producing quality products will further strengthen the market and will bring the much-needed confidence in users for refurbished smartphones.

The telecom operators are best positioned to play in the e-commerce economy. These companies are uniquely capable of generating both the used-phone supply and demand. With millions of available smartphones sitting idle in people's drawers and millions of 3G and 4G phones that are expected to be traded in as part of the 5G technology migration, operators can capitalize on this expanding supply pool to drive new subscriber growth and consumer affordability. To seize this opportunity, these companies require a well-defined re-commerce strategy that boosts and leverages a device's residual value and market price for a used smartphone at any point after its launch to potentially drive significant benefits in the business.

Refurbished products have their area on Amazon, the regions, and the online store. Customers can trade their old smartphones for a discount on a new device at Amazon. The company inspects them and makes any necessary repairs to make them appear and work like new. After that, these devices are resold in the refurbished market. They're even covered by a limited guarantee from the merchant or manufacturer.

Concerns about supply chains and chip shortages prop propel the refurbishing industry forward. To address this demand, businesses are turning to refurbished electronics suppliers, expected to drive the refurbished electronics market, particularly Smartphones.

There's also a category called "manufacturer reconditioned," which distinguishes itself from fixes performed by local repair companies. This means that the manufacturer, like original equipment makers, repairs the phone with original components, confirms its functionality, and renews it in a "like new" state. This is what most people look for, and customers prefer refurbished smartphones.

### Impact of 5G on Refurbished Smartphones

In the current market, 5G technology is one of the most heavily invested technologies by several major corporations worldwide. 5G connectivity is also expanding the range of applications to enhance numerous sectors' efficiency. Consumers increasingly

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demand digital involvement and personalized experiences as technology in cellphones becomes more prevalent. Furthermore, the increased willingness of government bodies to adopt and commercialize 5G technology is expected to benefit the industry under study. The 5G device ecosystem is expanding in terms of the many device pricing tiers and operating systems available on the market.

According to GSMA's Mobile Economy China 2021, China will be adding around 340 million smartphone connections by 2025, with adoption rising to 9 in 10 connections with 1.5 billion in Mainland China, 12.3 million in Hong Kong, 1.9 million in Macao, and 25.7 million in Taiwan. The consumer willingness for 5G adoption is high in China. This is evident in mainland China's growing share of 5G device sales. According to GSMA's Mobile Economy 2021, 163 million 5G smartphones were sold in 2020, accounting for nearly 53% of total smartphone shipments.

Additionally, the brand new, top-of-the-line flagship smartphones are not always an option for buyers on a budget. The hefty price tags and underwhelming advancements between the models have seen multiple consumers turning their back on the conventional smartphone upgrade cycle.

Although 5G smartphones will take a while to hit the refurbished segment, trade-ups are starting to impact the market landscape. For now, the time has been limited for the refurbished market for 5G phones itself to properly get going. Also, any large uptake of new technology such as 5G is anticipated to drive increased trade-in volumes and, consequently, more products entering the secondary market.

A major impact of 5G technology on the refurbished industry can be huge dumps of older technology 3G and 4G compatible smartphones. As more and more consumers move to 5G technology with respect to better connectivity and internet speed, they will discard their older 3G and 4G smartphones. This can be problematic for refurbishers to sell obsolete technology phones, especially when telecom industries shut down their 2G and 3G spectrums.

## China Refurbished Smartphone Market Competitor Analysis

The China Refurbished Smartphone market is moderately fragmented. Players tend to invest in innovating their product offerings to cater to the insurance industry's changing demands. Moreover, players adopt strategic activities like partnerships, mergers, and acquisitions to expand their presence. Some of the recent developments in the market are:

March 2022 - The iPhone 12 and iPhone 12 Pro models have been 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.

November 2021 - Huawei's official online store in China has begun selling certified reconditioned premium cellphones. Huawei products are available at discounted pricing for purchasers. The phones are 100% original, with new batteries and the HarmonyOS 2.0 operating system.

### Additional Benefits:

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

### Table of Contents:

#### 1 INTRODUCTION

##### 1.1 Study Assumptions and Market Definitions

##### 1.2 Scope of the Study

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## 2 RESEARCH METHODOLOGY

## 3 EXECUTIVE SUMMARY

## 4 MARKET INSIGHTS

### 4.1 Market Overview

### 4.2 Industry Attractiveness Porter's Five Forces Analysis

#### 4.2.1 Bargaining Power of Buyers

#### 4.2.2 Bargaining Power of Suppliers

#### 4.2.3 Threat of New Entrants

#### 4.2.4 Threat of Substitutes

#### 4.2.5 Intensity of Competitive Rivalry

### 4.3 Industry Value Chain Analysis (ecosystem, distribution channel, and stakeholder analysis)

### 4.4 Impact of COVID-19 on the Market

## 5 MARKET DYNAMICS

### 5.1 Market Drivers

#### 5.1.1 Increased adoption through e-commerce channels

#### 5.1.2 Competitive pricing and value-added services from major vendors in the market

### 5.2 Market Challenges

#### 5.2.1 Short terms of impact of the COVID related supply chain disruptions and general decline in demand for smart phones

#### 5.2.2 China-US Trade war leading to considerable import-export constraints in the recent years.

## 6 Competitive Landscape

### 6.1 Company Profiles

#### 6.1.1 Samsung Electronics Co. Ltd.

#### 6.1.2 Apple Inc.

#### 6.1.3 Huawei

#### 6.1.4 Alibaba

#### 6.1.5 Amazon.com Inc.

#### 6.1.6 Verizon Communications Inc.

#### 6.1.7 AT & T

#### 6.1.8 Flipkart Internet Private Limited (Walmart Inc.)

#### 6.1.9 AliExpress

#### 6.1.10 Aukte Limited

## 7 MARKET OUTLOOK

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