

# Smartphone Re-commerce: India Market Opportunity



**ICEA**

INDIA CELLULAR  
& ELECTRONICS  
ASSOCIATION

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Research and Insights by



# Table of Contents

<b>FOREWORD</b>	<b>04</b>
<b>Situation Overview</b>	<b>06</b>
<b>OVERVIEW OF SECONDHAND SMARTPHONE MARKET IN INDIA</b>	<b>06</b>
<b>STRUCTURE OF SECONDHAND MARKET</b>	<b>08</b>
<b>DEMOGRAPHICS</b>	<b>09</b>
User details	09
Brand Preference for Secondhand Smartphones	09
<b>SECONDHAND SMARTPHONE MARKET FLOW/MODEL</b>	<b>10</b>
Greater Availability of Secondhand Smartphones Across the Country	10
Key Entities in Secondhand Phone Market	11
Third-party Vendors Involved in the Refurbishment of Devices	12
Inventory Cycle	12
Procurement and Sales of Secondhand Smartphones	12
Sourcing of Secondhand Phone Devices	13
Steps to Refurbish the Devices	13
Sourcing of Secondhand Phone Parts	15
Allocating ASPs and Deciding Margin Structures	15
<b>KEY SECONDHAND PHONE PLAYERS IN INDIA</b>	<b>16</b>
Cashify	18
Yaantra	18
Regional players	19
Minte	19
Budli	19
eTailers and Affiliates	19
Other Players	20
Instacash	20
<b>COVERAGE OR REACH OF SECONDHAND PHONE MARKET</b>	<b>20</b>
<b>GLOBAL SECONDHAND SMARTPHONE MARKET OVERVIEW</b>	<b>20</b>
<b>USED CAR MARKET</b>	<b>22</b>
Learnings from Used Car Market	23
<b>Future Outlook</b>	<b>24</b>
<b>Challenges/Opportunities</b>	<b>26</b>
<b>CHALLENGES</b>	26
<b>OPPORTUNITIES</b>	28
<b>ESG – Environmental, social and governance practices</b>	<b>30</b>
<b>Conclusion</b>	<b>32</b>
<b>Definitions</b>	<b>34</b>

# List of Figures

1	ASP (INR) of New vs Secondhand Smartphones	06
2	The second life of a smartphone, 2020 market size	06
3	WW Smartphone Forecast	07
4	Market Size of New and Secondhand Smartphone Market	08
5	Organized and Unorganized Secondhand Market	08
6	Reasons to buy secondhand phone	09
7	Used Smartphone Brand Preference	09
8	ASP Trend US(\$) excludes 18% GST	10
9	Flow to the secondhand market	11
10	Players in Secondhand Phone Market	11
11	Share of Smartphones Procured Through Different Sources in the Organized Segment	13
12	Refurbished Smartphones	14
13	Steps to Refurbish	14
14	Secondhand Phone Market Players in India	16
15	Key processes in secondhand phone repair/sale	17
16	WW Used Smartphone Shipment Mn	20
17	Framework to understand the similarities that co-exist in secondhand market for cars and smartphones	23
18	Reasons to Buy Secondhand Phones Again	24



# Foreword

Ajay Sawhney, I.A.S.

**Secretary**

Ministry of Electronics and  
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The pandemic has brought about several changes in terms of habits and behaviour since early 2020. With social distancing, working from home, and remote learning becoming the norm, more and more persons feel the need to transition from shared devices to personal mobile phones.

The pandemic has brought about several changes in terms of habits and behaviour since early 2020. With social distancing, working from home, and remote learning becoming the norm, more and more persons feel the need to transition from shared devices to personal mobile phones.

As we move into the post-pandemic world, connecting everyone digitally is a high priority, especially for the Indian market, which still has more than 400 million feature phone users. Electronics production in India is growing rapidly, taking India towards becoming a global manufacturing hub by 2025. The production of new devices can be supplemented by the second-hand smartphone market to provide a cost-effective alternative to both consumers and businesses that are price conscious.

The second-hand market requires skillsets, repair techniques and spare parts, that are abundantly available within India, which can be leveraged to refurbish devices and make them available in the market. This activity, taken up on a large scale, generates a circular economy for phones that can play a big role in reducing e-waste and ensuring recycling of devices.

Considering these factors, re-commerce of smartphone industry appears set to grow in India, create employment opportunities and evolve effective ways of reuse of devices through efficient waste management practices and efficient utilization of resources.

In this context, I would like to compliment India Cellular and Electronics Association (ICEA) for bringing out this timely study on Smartphone Re-commerce in partnership with IDC, that will serve as a ready reckoner for all the stakeholders.

A handwritten signature in blue ink, appearing to read 'Ajay Sawhney'.

Ajay Sawhney, I.A.S.

# Foreword

## Pankaj Mohindroo

### Chairman

India Cellular & Electronics Association  
(ICEA)



India is the fastest growing market for second hand smartphones and still has a large potential in this market. Low ASP and performance as of a new phone are reasons enough for feature phone users to migrate to smartphone users. During the pandemic smartphones proved to be the way of life. They have been the most effective tool for the frontline workers, professionals, students to name a few.

The second hand smartphone market was largely dominated by unorganized players. However, the introduction of organized players in this market, have boosted growth in this sector, being more cost-effective for both the consumer as well as the businessman.

The second-hand market will also pave the way for related industries in India; like the repair/refurbish, components industry and the likes. This in turn will add to employment opportunities.

The growth of this market will also ensure that there will be a significant drop in e-waste as recycling will become the new norm. Therefore, Smartphone Re-commerce is a big opportunity for India to gain momentum in its quest to become a global electronics manufacturing hub.

Re-commerce's profound growth will also substantially curb a unique feature of India's trade i.e., to cannibalise phones for use as parts in repairs-mostly duping consumers who get tantalised by lower repair prices compared to company authorised repair stores.

With this report we believe that the policy makers will get a through insight about this market; it will help the policy makers to make decisions that will not only support this industry but also enable its growth at a faster pace.

ICEA along with IDC has worked hard on this report and we trust that our findings and recommendations will be taken into consideration for building an organized re-commerce industry.

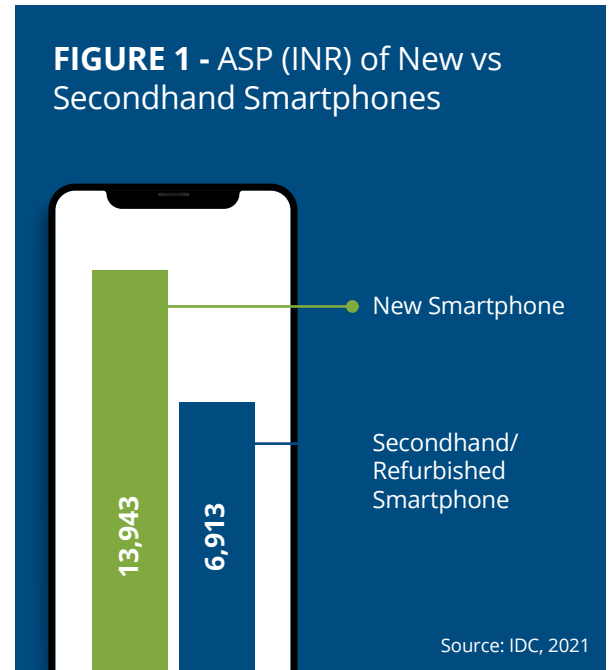
ICEA envisages and envisions that India should be the global hub of remanufacturing and recommerce by leveraging its delta of labour cost. Policy measures to enable the same are required.

Pankaj Mohindroo

# Situation Overview

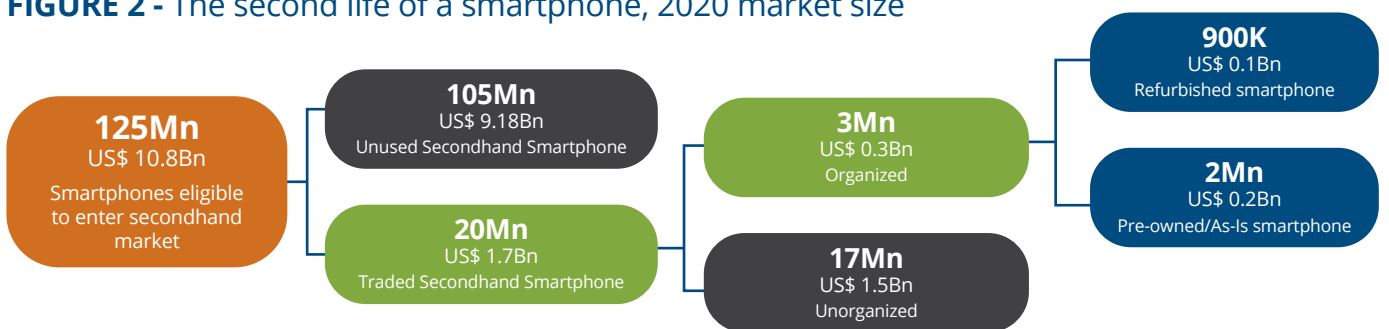
## OVERVIEW OF SECONDHAND SMARTPHONE MARKET IN INDIA

Millions of smartphones in India pass through the hands of more than one owner every year as people sell their phones in the secondhand market or pass it on to family and friends. With more smartphones being used, greater awareness about the residual value of the smartphones and increased ease of selling a phone in the secondhand market, the number of phones entering this space has been increasing in recent years. In 2020, more than 20 million smartphones were traded in the secondhand market. There are possibly another 100 million smartphones that were left idle at home. Most of the phones that remain at home are kept as a spare phone if and when needed or just sitting in a drawer. There is a large untapped potential of secondhand or used devices as just a fraction of these devices re-enter the market annually. Secondhand smartphones trade at half the ASP of a new smartphone, thereby reaching a wider set of users who find these smartphones within their budget and match their aspirations, thereby allowing them to buy their desired smartphone brands and models.



The secondhand smartphone market in India is evolving rapidly as more devices get traded in the secondary domain. It comprises of two segments - Refurbished and As-is / Pre-owned smartphones. More than 95% of all the secondhand phones are sold "As-is" and the remaining 5% go through any kind of repair or refurbishment in India. Amongst the consumer electronics devices, smartphones are the largest volume driver (90%+) in the secondhand market currently, and others such as laptops, smartwatches, gaming consoles, and cameras are picking up gradually.

**FIGURE 2 - The second life of a smartphone, 2020 market size**

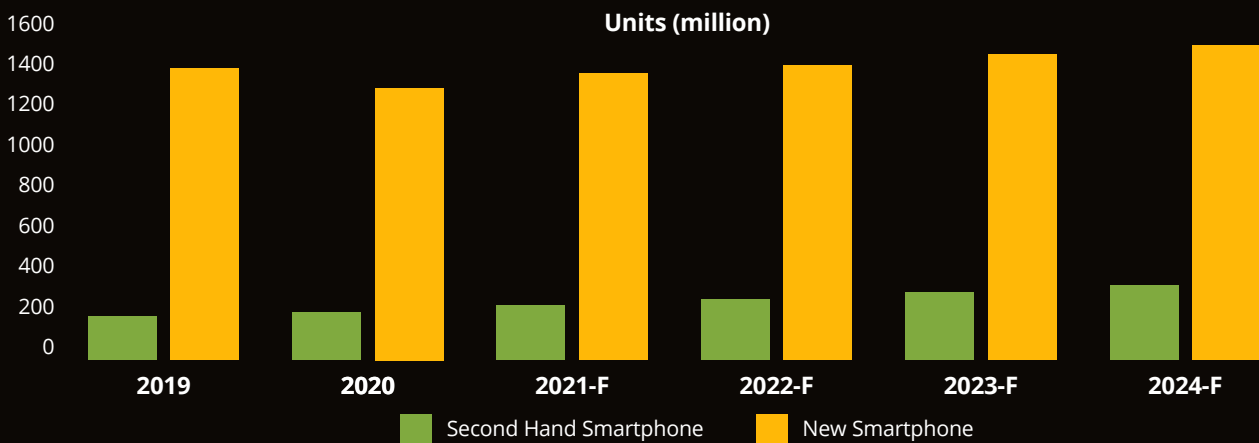


The secondhand market has been growing steadily in tandem with the new smartphone market in recent years, including in 2020 that was hit by the COVID-19 pandemic, and has a strong potential to grow in the upcoming years. The nationwide lockdown through 2Q20, challenges on transportations, logistics, unavailability of skilled/unskilled labor and migration to hometowns had a huge impact on the market for both new and secondhand phones. The supply challenges impacting the availability of spare parts required for repairs further impacted the secondhand smartphone market. On the other hand, due to the pandemic and following measures like stay-at-home mandates, remote work, remote education, travel restrictions, and manufacturing shutdowns increased the consumer demand for secondhand phones market.

IDC predicts the global smartphone shipments to reach 1.37 billion growing by 7.4% in 2021 and expected to reach 1.54 billion units in 2025 with a compound annual growth rate (CAGR) of 3.9% from 2020 to 2025. This growth is attributed mainly to the emerging countries in South Asia, the Middle East, and Africa where demand for smartphones is strong due to the lower penetration of smartphones in these countries.

The worldwide used smartphone market reached a total of 225.4 million units, inclusive of both officially refurbished and as-Is smartphones, in 2020 resulting in a 9.2% increase from the 206.5 million units shipped in 2019. This is expected to grow to 351.6 million by 2024, a CAGR of 11.2% between 2019 and 2024.

**FIGURE 3 - Worldwide Smartphone Shipment Forecast**



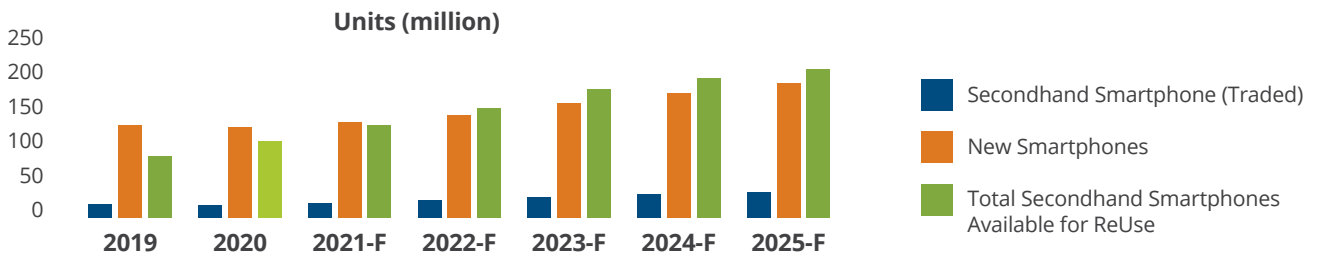
Note: The secondhand phones sourced in one country may be sold in another country. The chart represents sourcing volume globally  
Source: IDC, 2021

The demand for smartphones in India has been resilient, seeing a drop during the lockdown periods as the pandemic raged, but bounced soon after. IDC predicts a growth of 9% in 2021 reaching 158 million units. While the shipments were impacted in 2Q21 due to the lockdown during the second wave of the pandemic and remains uncertain with fear of a third wave looming, but IDC expects demand to stay strong in absence of a lockdown. The persistent supply chain constraints and rising component prices along with intensifying inflationary rates continue to put pressure on smartphone shipments. 5G shipments are expected to lift the market in 2022. The online channel played a crucial role in the country during the covid impact and is expected to remain a key channel for smartphone shipments.



IDC estimates 90 million used smartphones will enter the secondhand market in 2021, in addition to another 60 million that are eligible for trade from previous years. IDC anticipates 25 Million units of these smartphones will be traded in the secondhand market in 2021. This equates to ~US\$2.3 Billion with an average selling price of in the range of US\$94/INR6916. This is expected to increase to 51 million by 2025 with the organized segment accounting for 20-25% share up from 15% in 2020. At this rate, IDC estimates the cumulative market to reach 245 million units by 2025, of which only about 21% or 51 million will be traded in the secondhand market. However, with the aggressive expansion of players such as Cashify, there is potential to increase the reach of secondhand smartphones to prospective users. India's smartphone penetration stands at 35% of the population in 2020 whereas mature smartphone markets have a figure of 80%+. There is a huge potential for growth and secondhand smartphones can help fill this gap along with new smartphones shipping into the country.

**FIGURE 4 - India Smartphone Shipment Forecast**

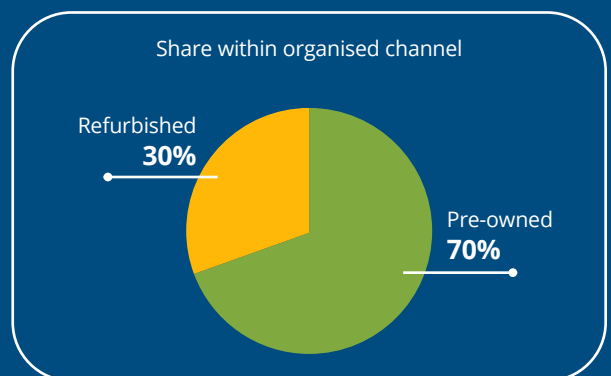
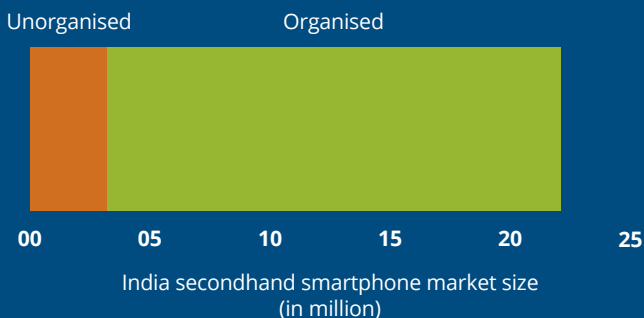


Source: IDC, 2021

## STRUCTURE OF SECONDHAND MARKET

The unorganized offline retail market has been the biggest channel for new smartphone sales in India, challenged by the eTailers and large retail chains in recent years. The entry of organized players in the secondhand market such as Cashify, Yaantra, InstaCash, Flipkart Refurbished, Amazon Renewed has facilitated the growth in the secondhand market, thereby raising the share of organized trade to 15% in 2020 from less than 10% five years ago. In the tier 3/4 cities in India such as Mathura, Howrah, Thrissur, Kannur, the easiest option for the customers has been to go to their neighborhood stores and give their old handsets, in exchange for cash or to offset the purchase of a new phone. With organized players, with an earlier focus on tier 1/2 cities and gradually expanding to lower-tier cities, there are more options to the consumers to resell/exchange their secondhand smartphones and increased circulation of secondhand smartphones. In particular, when secondhand phones need to go through repairs before their second life, the refurbishing companies have played a big role in extending the lifespan of these phones. These players have also streamlined the processes thus ensuring more trust and hygiene in the whole process through measures such as providing invoices and offering warranties.

**FIGURE 5 - Organized and Unorganized Secondhand Market**



Source: IDC, 2021



## DEMOGRAPHICS

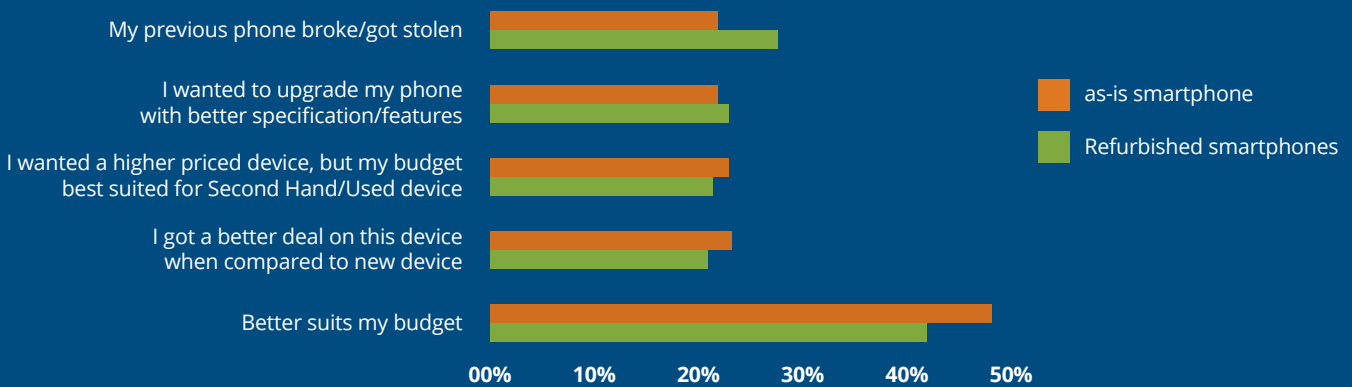
### User Details

The secondhand market has been instrumental in getting users to adopt smartphones. In IDC's consumer survey, two out of three consumers who bought a secondhand phone stated that it was their first smartphone. Secondhand devices also helped in the migration of the feature phone users to smartphones as 38% of consumers who bought a secondhand device as their first smartphone were using a feature phone earlier. Further, upgraders from lower price segments to higher price segments and the desire to get the high-end technology devices has also propelled the overall secondhand phones market.

Affordability with the good features on the smartphone is the major reason why consumers buy a secondhand smartphone. Many users have opted for a secondhand phone for online classes and playing games.

78% of the users buying a secondhand smartphone have a monthly income of less than INR30,000, and 18% have a monthly income of INR30,000<INR50,000 thus making the affordable price range a key factor driving the demand for these smartphones.

**FIGURE 6 - Reasons to buy secondhand phone**

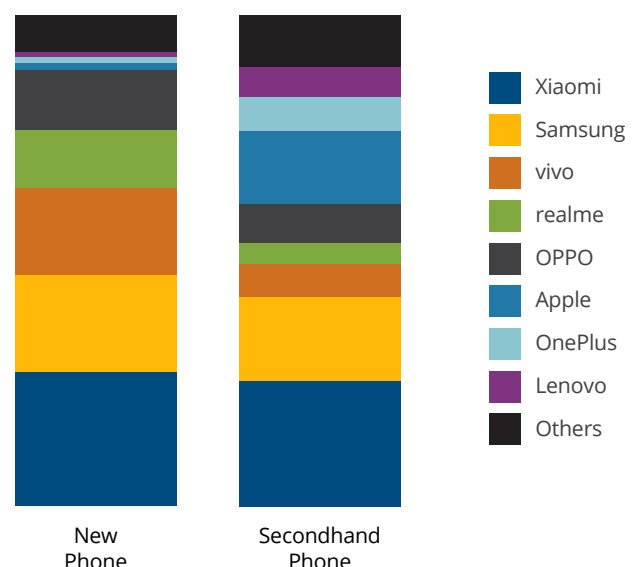


Source: IDC, 2021

### Brand Preference for Secondhand Smartphones

When compared to the new smartphone shipments, secondhand vendor play is distinct. Though the market leader, Xiaomi, holds the pole position in the secondhand market as well, there are variations as we move down the grid. Worth mentioning is Apple which has a disproportionately high share in the secondhand market when compared to new smartphone shipments, especially within the organized segment. The new iPhones with a higher ASP of US\$700+ are out of reach for the mass consumer segment, however owing to the aspirational value attached, command a much higher share in the secondhand devices market. Similarly, OnePlus which holds a share of 2% in the new smartphone market, features in the top 5 vendor list in the organized segment, demonstrating the traction for flagship/premium devices in the secondhand market.

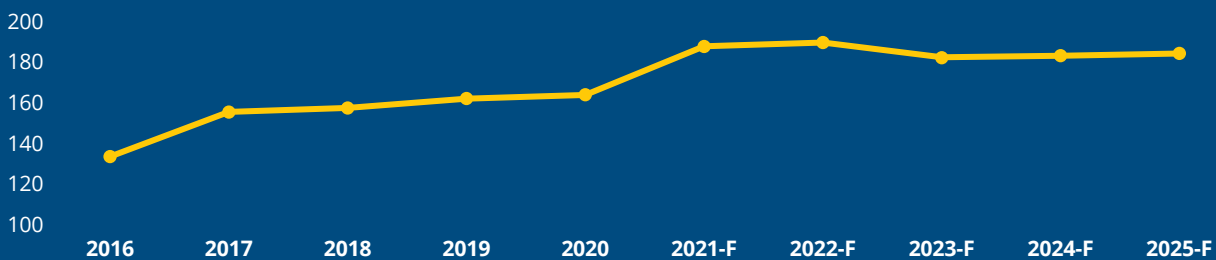
**FIGURE 7 - Secondhand Smartphone Brand Preference**



ASPs of smartphones have seen a constant rise over the last few years as consumers have opted for smartphones with better technology and superior specifications in terms of memory, camera capacities, refresh rates and are now drifting toward 5G. In 2020, the ASP growth stalled as consumers opted for cheaper smartphones during the pandemic. IDC believes that as the contribution of 5G increases, along with other factors such as price hikes due to component shortages, higher freight charges, inflationary rates, ASPs to peak in 2021/22 and then start to decline/normalise subsequently.

Even in the pandemic hit 2020, the average price of smartphones was 25% higher compared to five years earlier. While the smartphone market in India is booming, there remains very limited availability of smartphones in lower price bands of ~INR5000-6500. In the first half of 2021, out of the total 280+ smartphone models shipping in the market, less than 80 were priced below INR6500. On the other hand, the prices of new smartphones have continued to rise as users opt for more feature-rich smartphones that come at a higher price. This has created a bigger void in the lower-end space, which makes secondhand smartphones even more attractive.

**FIGURE 8 - Smartphone Average Selling Price (ASP) Trend, Excl. 18% GST**



Source: IDC, 2021

## SECONDHAND SMARTPHONE MARKET MODEL

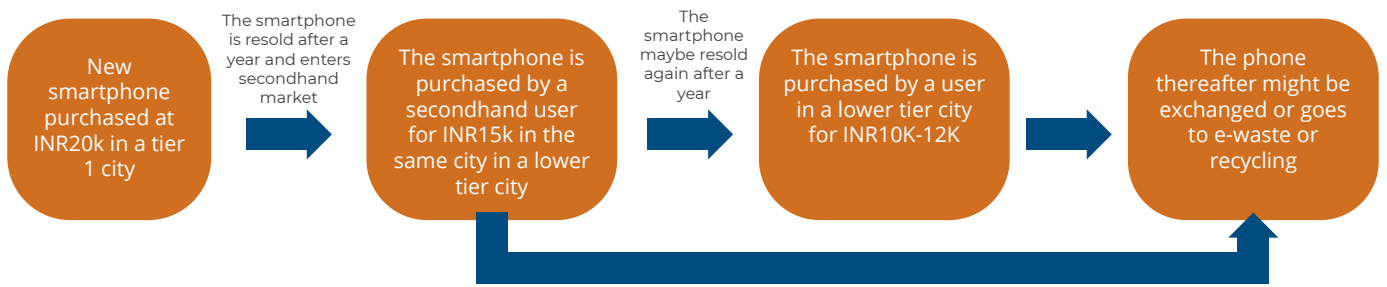
### Greater Availability of Secondhand Smartphones Across the Country

The rise of the secondhand market has also enabled a greater flow of smartphones into lower-tier cities. The emergence of large, organized players means the flow between different regions within India has become more streamlined and thus creating a demand-supply balance. When phones change hands, they usually move down the tiers (and not consumed in similar geographies) where they can get higher value due to higher demand. For example, a lower-tier city such as Asansol has a low demand for new iPhones due to their high price but a strong demand for secondhand iPhones due to more affordable prices. Thus, the demand, in this case, is fulfilled by sourcing from a larger city such as Kolkata, Guwahati, which has an ample supply of secondhand iPhones. This is largely facilitated by the organized players as small retail shops are limited to local sourcing and selling. Typically, a phone is sold at 70-75% of its price after one year of use and this further depreciates by another 10-15% after every subsequent year of use. The price drop usually stops after about three years.



The journey of a smartphone is explained below:

**FIGURE 9 - Flow to the secondhand market**



Source: IDC, 2021

Within the organized secondhand market, most of the sales are concentrated within the larger cities (Tier 1/2) such as Delhi, Bengaluru, Mumbai, Hyderabad, Gurgaon, Chennai, Pune, Noida, Ahmedabad, Faridabad, Ghaziabad, Lucknow, Kolkata, Jaipur, etc, accounting for ~40% sales. The share of smaller cities has risen in the past few years as these players have expanded their footprint in India.

However, in the unorganized market, there is more demand generation from lower-tier cities with devices that have either already exchanged hands in bigger cities or used within similar tier cities.

### Key Entities in Secondhand Phone Market

Before the secondary devices re-enter the market, there are multiple checkpoints/processes/platforms through which they pass by.

**FIGURE 10 - Players in Secondhand Phone Market**

#### Refurbish Segment

##### Collectors

Procure smartphones from multiple sources  
Directly from consumer  
From businesses such as big/small retailers, wholesalers, OEMS, corporates or eTailers like Amazon or Flipkart

##### Refurbishers

These companies prepare used devices for reuse. Refurbishers typically clean the device, upgrade the software, and make any necessary repairs to prepare the device for resale.

##### Distributors/Wholesalers

Act as middlemen, who supply these secondary devices to retailers or any other selling entity.

##### Retailers

Collect old devices in exchange for new devices from customers. Payments harm of each or discount for the new device.  
Procure secondhand devices either directly from refurbishers or wholesalers and sell to final consumers.

##### eTailers

Players such as Flipkart and Amazon offer trade-in schemes on sales of new devices.  
They also have their selling platform wherein - they allow! sellers to make available refurbished or pre-owned devices on sale. Examples are 2Gud and Amazon Renew.

#### As-is segment

##### Collectors

Obtain devices from multiple sources  
Directly from consumer  
From businesses such as big/small retailers, wholesalers or e-commerce players like Amazon or Flipkart, corporates, OEMs, etc.

##### Distributors/Wholesalers

Act as middlemen, who supply these secondary devices to retailers or any other selling entity.

##### Retailers

They collect old devices in return for new devices from customers. Payment is based on offers/ what consumer wants. In few cases, retailers pay back in cash, in some others they deduct the value of the old phone from the MOP of the new device.

##### eTailers

Trade in offers are done by the e commerce platforms like Flipkart and Amazon

Source: IDC, 2021

### **Third-party Vendors Involved in the Refurbishment of Devices:**

Third-party players are generally present in the refurbished market and not in the pre-owned market. Typically, these players include:

- **Repair companies** - mostly in-house for big players but some smaller companies also engage third-party repair companies such as Repair Easy, JustLikeNew, BigFix E-care. The larger players such as Cashify and Yaantra also offer doorstep repair facility.
- **Recyclers** – Almost 1-2% of devices procured are not in a state to be repaired or reused in any way owing to the damage they went through. They are then sent to recyclers who extract precious metals like copper from dead phones and laptops and then dispose of the same in an organized way. Eg Exigo recycling.
- **Insurance partners** – given for extended warranties in certain cases and involves players like ICICI Lombard.
- **Logistics companies** – facilitate the collection and delivery of secondhand smartphones.

### **Inventory Cycle**

The average inventory cycle of secondhand phones, similar to new smartphones, varies between 20-25 days from the time they are collected, checked for repairs, and resold in the market. The secondhand players aim to clear older stock first while also keeping track of the market demand.

During the festive period, sales of new smartphones are stronger in the market, thus leading to more supply push into the secondhand market as phones get exchanged for newer ones, however, demand for secondhand smartphones is rather slower during this time and eventually picks up post the festive period ends.

### **Procurement and Sales of Secondhand Smartphones**

There are multiple points through which secondhand phones are usually sourced/procured by the players within this ecosystem.

In the organized segment, the smartphones are procured either from the consumers directly (C2B) or from other market players (B2B). In the C2B segment, consumers can exchange devices for cash or sell through any app or vendor website. In the B2B segment, it can be either through exchange on eTailer platforms or tie-ups with OEMs or retail chains and stores.

Within the unorganized segment, devices are usually sourced from customers directly by retailers. These unorganized channel partners may sell the smartphones directly to the consumer or further move these procured devices to organized partners.



## Sourcing of Secondhand Phone Devices

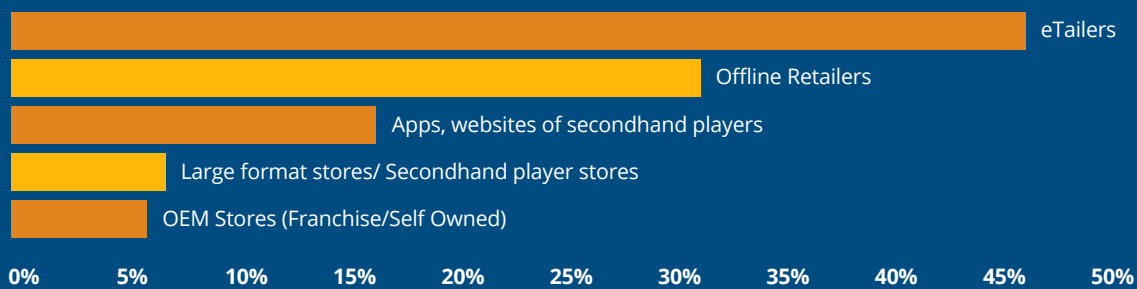
A secondhand phone is sourced/collected in one of the following ways as it re-enters the market:

- **Exchange of devices** – when new devices are bought during exchange programs and old ones are given back to the retailer/eTailers etc.
- **Trade-in programs** – usually run by OEMs ensuring a certain buyback value for old devices in a set time period. This ensures stickiness to the brand and faster refresh cycles.
- **Upfront sale of old devices in return for cash.**
- **DOA** – Dead on Arrival devices, which are returned by the customer to usually the e-commerce players, retailers or OEMs in case bought from the company website.
- **Open-box devices** – the device is out of the box, activated by the consumer, but not used – this device is as good as new. In this case also it is usually returned to the seller.

In terms of the upper limit of sourcing secondary devices from the market, usually, any and every kind of models are procured by these vendors spanning all brands.

The organized segment players source the smartphones from either big retail chains, eTailers or OEMs, their own apps/websites as well as through their partnerships in the unorganized segment with the small retail stores selling old devices.

**FIGURE 11 - Share of Smartphones Procured Through Different Sources in the Organized Segment**



Note: The share corresponds to First tier procurement for organized segment  
Source: IDC, 2021

The small retailers buy the used smartphones directly from the users. Almost 15% to 20% of the consumers trade-in the device with the retailers in the form of exchange and upfront discounts. The retailers then sell the secondhand devices to the secondhand players, sell as-is to consumers looking for a secondhand smartphone or sometimes do in-house repairs to again sell the device to the consumers at a margin of 10%-12%.

## Steps to Refurbish the Devices

The devices sourced by vendors in the secondhand smartphone market go through a series of steps before they are made available in the market.

### Case 1 – Selling devices as-is or with minor repairs

This essentially falls into the pre-owned device category. A lion's share of the entire secondhand market lies here. There is a possibility that the device sourced is as good as new and requires no repairs.

### Case 2 – Devices undergoing refurbishment

A device will fall into the refurbished category if and only if it undergoes repair, put in a new box, repackaged (with the name of refurbished vendor details) and a fresh warranty is assigned to it. It carries a warranty of typically 6 months to one year.

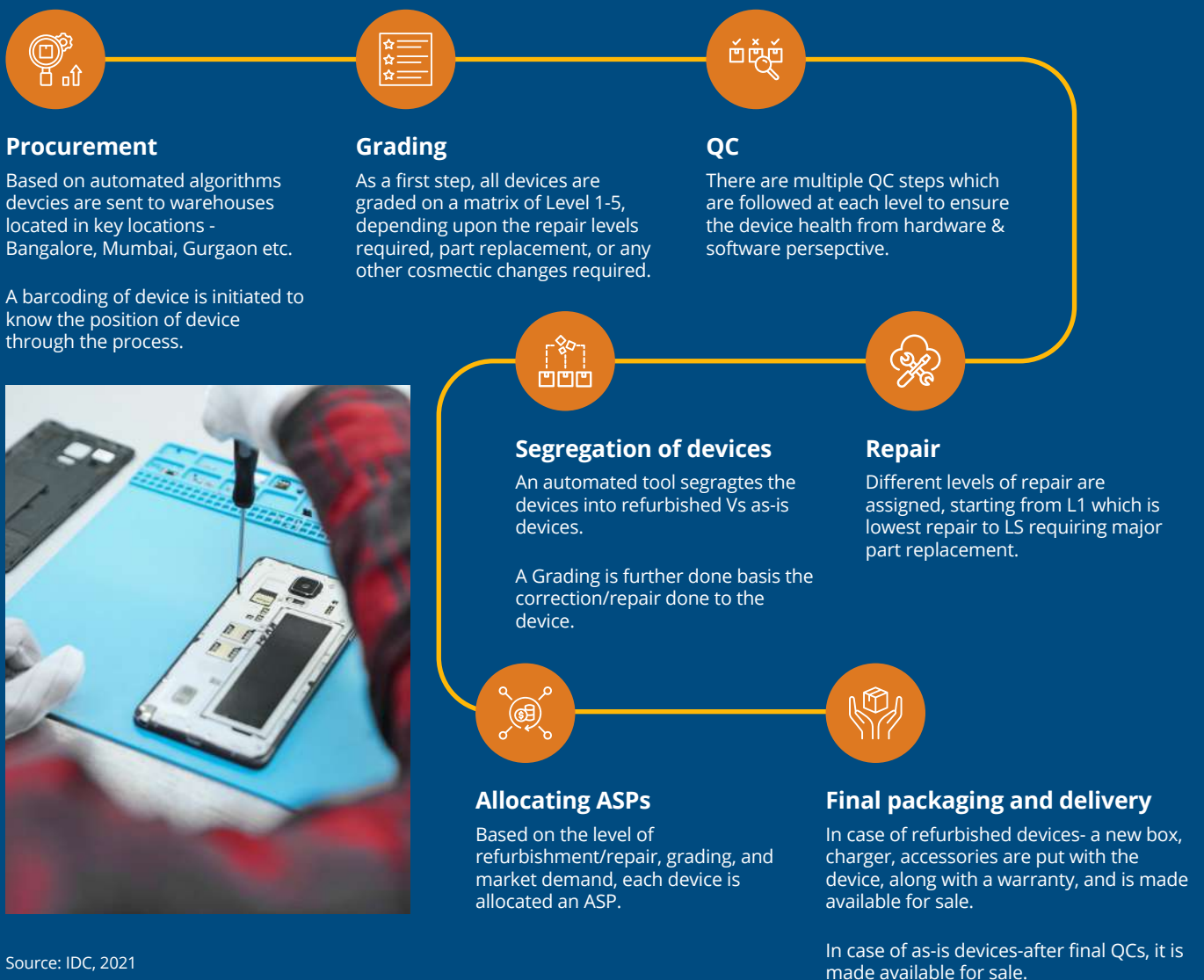
**FIGURE 12 - Refurbished Smartphones**



Source: IDC, 2021

There are a few companies in India that undertake the process of refurbishing smartphones, some of which are only engaged in refurbishing while others have end-to-end operations from procurement, to refurbishing to sales. There are multiple steps needed to refurbish the smartphones, some of which need minor repairs while others may need parts replacement.

**FIGURE 13 - Steps to Refurbish.**



Source: IDC, 2021

## Sourcing of Secondhand Phone Parts

The secondhand phones and parts needed for their repairs/refurbishment are acquired from various sources, including:

- **Sourcing locally in India** - Local sourcing of spare parts especially those which are more susceptible to frequent failures
- **Sourcing from China** – as otherwise in the new smartphone ecosystem also, India is heavily dependent on sourcing components from China, the same is the case for refurbishing vendors as well. There are instances where they have direct tie-ups with factories or partners in China, and countries in South East Asia such as Vietnam for bulk orders. Also, it's cheaper when sourced directly in comparison to buying parts locally from grey markets.

## Allocating ASPs and Deciding Margin Structures

Factors defining the cost of devices are multifold as there is no fixed MRP for secondhand smartphones and depends on demand & supply, the initial cost of the smartphone, wear & tear and years of usage.

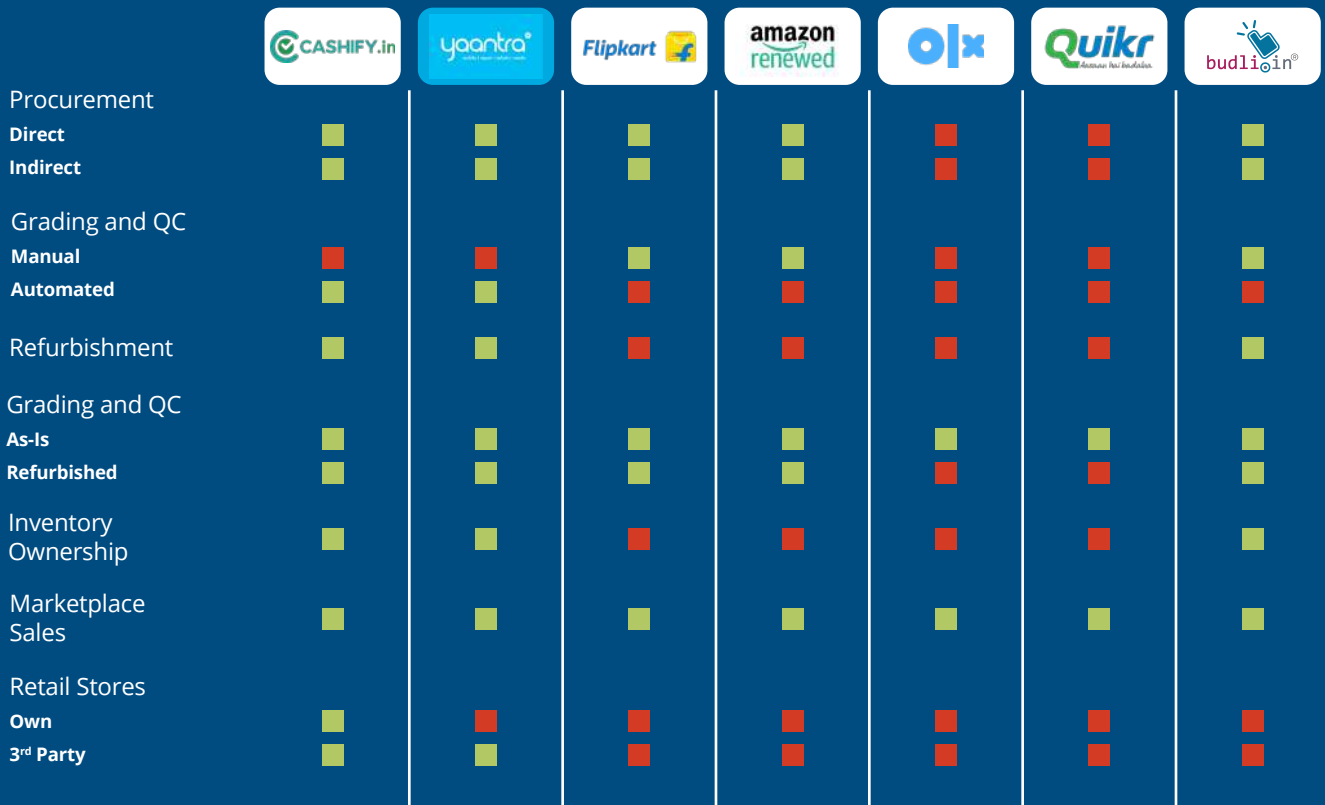
- **Ease of repair and sourcing of components** – the parts repair cost adds to the cost of the secondhand smartphone and higher repair cost makes a secondhand phone unattractive. For instance, while changing a battery or speaker/mic etc are easier and readily available, screen breakage or motherboard fixes require costlier spare part.
- **Market demand** – the latest phones have a higher demand compared to EOL (as usually the majority are EOL on previous generation devices) and thus are priced as per the gap between the launch date and current demand. A two-year model will be priced lower than the one which is more recent say six months.
- **Stable costs** – like rentals, labor (skilled and unskilled both), logistics and transportation, etc.
- **Steps required before sale of devices** – in case of a refurbishment of devices, a few extra days are required before it is available for sale. This adds to the cost of refurbishment.
- **Margins** – depending upon the condition of the device and the above-mentioned points, the re-commerce market operates on an average margin of 10-15%.



## KEY SECONDHAND PHONE PLAYERS IN INDIA

As the secondhand market in India has evolved over the last couple of years, multiple large and small players have made their way into the market. The larger players such as Cashify and Yaantra have a presence across different stages in the secondhand market. The smaller players have their niche in specific areas of the value chain.

**FIGURE 14 - Secondhand Phone Market Players in India**



Source: IDC, 2021







Once the secondhand phones are collected, they are categorized if they need any repairs/refurbishing or to be sold as-is, and undergo a grading process. The sets that need to go through repairs are channeled accordingly and finally go through a QC process.

The players in the organized segment have digitalized their processes, and instead of meeting on a daily/weekly basis to sell/buy devices, now follow a streamlined process. This has reduced the turnaround time drastically, along with better inventory and stock management. For instance, Cashify after launching its "Super Sales" application during the pandemic time was able to effectively lower its return rate to less than 5%, make an immediate diagnosis of devices and launch it live on the B2B platform along with competitive pricing. Further, every step involved in the process is algorithm-based and transparent.

Players who are offering just a platform to sell devices require lesser tools/technology as the steps involved are lower in complexity in comparison to refurbished players. However, effective use of these tools helps in a 360-degree approach to managing the entire value chain of business.

While repair only covers the replacement of broken parts, refurbishing covers additional value-added parts to refinish the product to its original form through steps such as checking the phone's condition, testing, replacing components if needed, data erasure and resetting to factory state. Some of these steps need experienced technicians and sophisticated tools to identify and fix the problems in the device. There are automated workflows and advanced technologies for grading, testing and identifying problems in the smartphone.

**FIGURE 15 - Key processes in secondhand phone repair/sale**



**Warehouse**

after collection and initial screening, the devices are dispatched for any repairs/refurbishment or to vendors for selling as-is



**Refurbishment centers**

devices are repaired/checked for faults under trained professionals, assigned warranties, and made available in the market. These are bigger set-ups and usually in prime locations like metros



**Repair centers**

usually handle minor faults or in some cases tuned for major repairs as well. They are usually smaller setups with multiple locations



**QC Process**

A smartphone undergoes multiple round of quality checks ranging from L1 to L10 before it re-enters the market



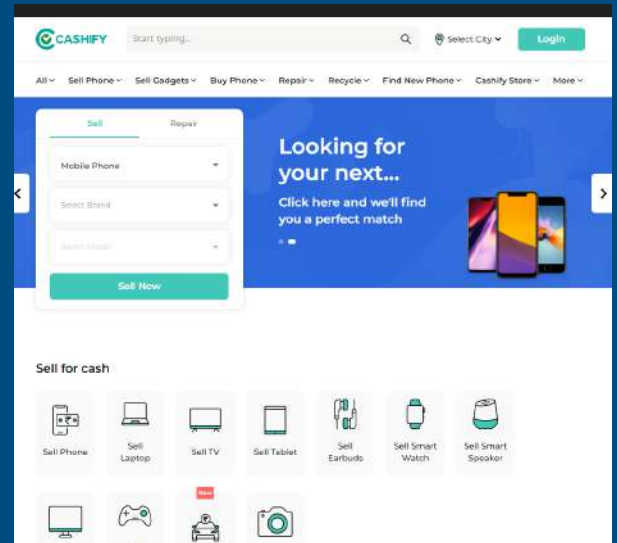
**In house training**

offered by key vendors in the form of internship or hiring diploma holders, eventually absorbed within the company

## Cashify

Cashify is the largest player in the organized secondhand segment. Conceptualized in 2014 with an aim to create a platform that would let consumers sell, repair, recycle and manage phones in a simple manner for the best price. Currently, Cashify is a team of more than 1000+ employees engaged in buying, selling, refurbishing, repairing, and recycling secondhand devices in the market. The major focus for Cashify is to ensure more trading into the secondary market by buying/sourcing devices, to make more devices re-available for consumers to buy at an affordable price.

SuperSale and Cashify Pro are user-friendly B2B platforms where any registered professional/company/distributor/retailer can buy/sell used smartphones in a short time. Cashify also has a "private label" named "Phone Pro" that sells refurbished devices along with a warranty attached.



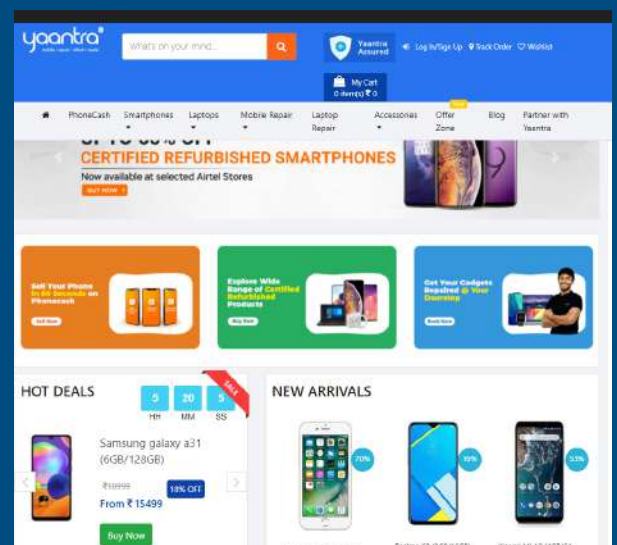
Cashify operates in more than 4000+ cities with its exchange partners, own-logistics, 3PL delivery pick-up teams, channel partners and retailers. It has its warehouses located in Bengaluru, Mumbai, Gurgaon where the national level procured stock gets collected. It also has a major repair facility in Gurgaon for devices that essentially require a specific skill set. There are other smaller setups in Mumbai and Bengaluru for repairs.

With an array of initiatives, Cashify also has an in-house training center – for freshers of diploma holders who are assessed and provided adequate training and internship and then onboarded as employees. There are 150-200 repair employees, and 200+ in the warehouses for diagnosing faults and dispatching ahead and field runners who directly pick up devices from the customer. Cashify currently has 70 own/franchise stores with an aim to scale up to 100 by end of 2021.

## Yaantra

Yaantra is present across majority of the value chain of the secondhand smartphone market. Yaantra marked its presence in 2013 by largely dealing in refurbished smartphones. The core function areas are classified as refurbished, unboxed and pre-owned with a tech-savvy professional team and tech experts with a vision to make technology affordable across India.

It has an in-house B2B eCommerce platform called Yaantra Retail which is accessed by more than 35K resellers around 450 cities of India. Phone Cash is Yaantra's AI-based diagnostic platform which enables consumers to test devices and assigns the best resale value for them and an overall hassle-free buying experience. Consumers can also buy Yaantra products on EMI and "Pay Later" options as well.



Yaantra has 6 repair centers and 2 refurbishing centers in Noida and Bangalore with 350-400 employees. In Total Yaantra has 700 employees and another 100 contractual and plans to add 500 more in the next 12-24 months. It also provides comprehensive in-house training to its employees for 3 months divided into 3 phases.

## Regional players

There are also a few regional players which have relatively smaller setup and operational reach like Minte in Hyderabad (Largely in trade-in business), Budli based out in Karnataka, HyperXchange based out in Kolkata.

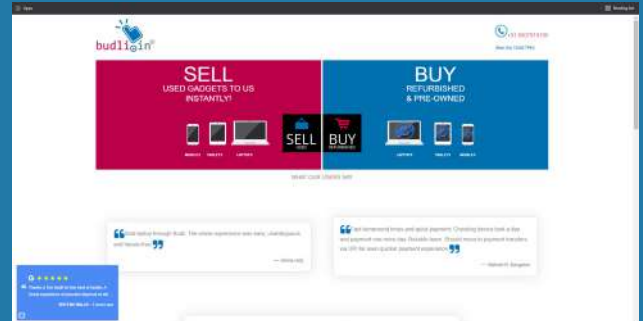
### Minte

Minte is a reverse-logistics platform based in Hyderabad that sources used electronics, check them for quality, refurbish to look like new wherever required and sell to consumers. It has an association with Flipkart and Amazon for open box phones and exchanged phones where it helps on reverse logistics.



### Budli

Budli.in is an online recommerce portal that allows trading in used devices conveniently and effortlessly. The devices undergo a QC restoration process and are resold in the market. The vision is to bridge the Digital Divide in India through re-commerce by building trust and enabling users to resell their used gadgets in an environmentally and socially responsible manner.

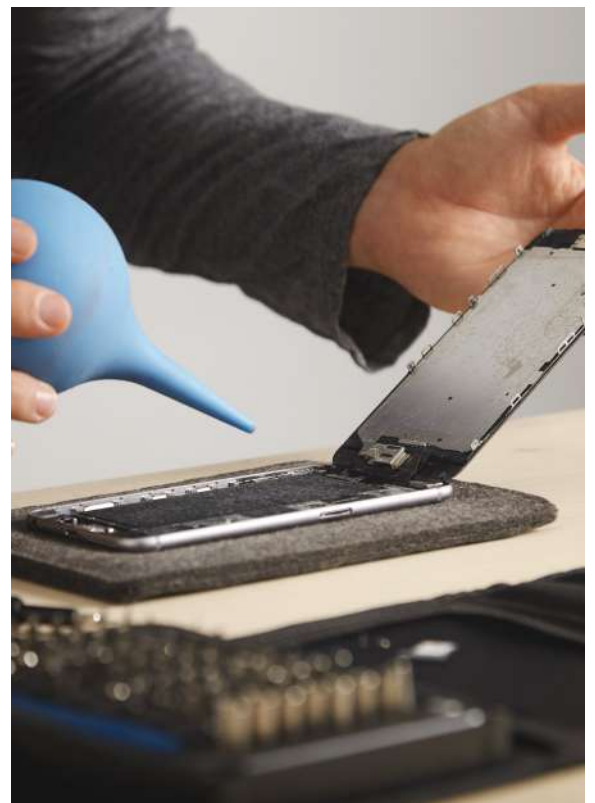


## eTailers and Affiliates

Flipkart Refurbished (earlier known as 2GUD) and Amazon Renewed are the online platforms that offer refurbished products including mobile phones, laptops.

Flipkart introduced 2GUD in Aug 2018 to sell only unused and returned products or used products that are restored to full functionality by professionals. In July 2021, Flipkart announced the launch of social commerce on 2GUD, available to all app users, allowing customers to experience uninterrupted video shopping by following digital influencers and keeping a tab on the latest fashion trends, gadget reviews, beauty tips, and more.

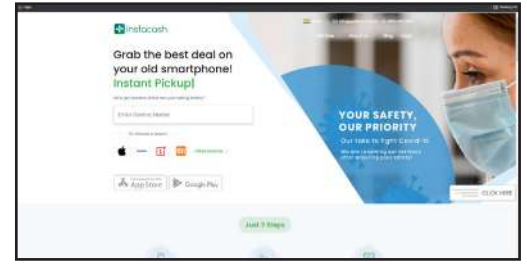
Amazon Renewed is the exclusive program that allows Amazon vendors to sell their refurbished, pre-owned, or open-box products for a discount price. Amazon renewed products are tested and verified by professionals, looks and works like new, come with all accessories (however if original accessories are not available then generic ones are included) and with warranties available.



## Other Players

### Instacash

Instacash is a platform on which users can sell and buy used smartphones. InstaCash assesses the functional and cosmetic condition of used smartphones through its digital and physical inspections. It repairs and refurbishes them as needed, providing a reliable device to the next user. It began operating in consumer durables like televisions and appliances before transitioning into the smartphone space with operations in around 1200 towns in India.



## COVERAGE OR REACH OF SECONDHAND PHONE MARKET

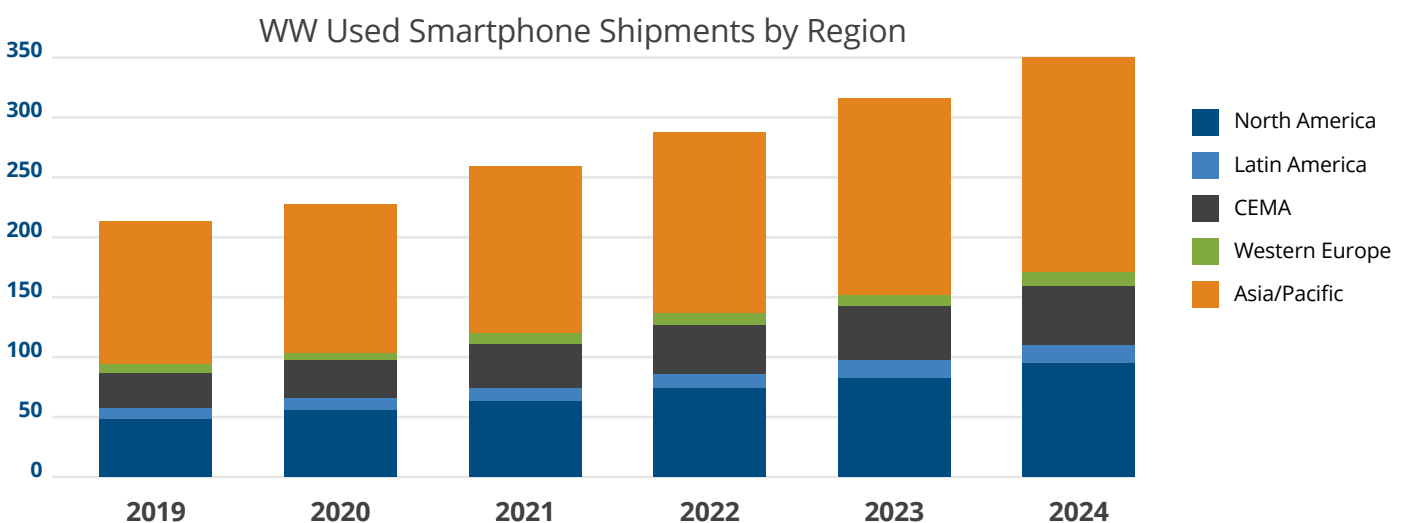
Similar to the reach of new smartphones, secondhand devices are also made available across various channels, cities, states of India. The key vendors have a pan India presence covering more than 19K PINCODES in terms of both forward and reverse logistics either through a partnership with small/medium/big retailers, eTailer platforms, or their own stores and websites.

## GLOBAL SECONDHAND SMARTPHONE MARKET OVERVIEW

Though the overall WW new smartphone shipments have witnessed a declining trend in past few years, there is a larger opportunity that lies ahead for the refurbished and secondhand smartphones providing cost-effective alternatives to consumers and brands to venture into geographies that attract demand for such devices and establish strong footholds.

In 2019, the total market size was ~207 million units, which grew by almost 9-10% in 2020 resulting in ~225-230 million units. IDC believes that by 2024, the total secondhand smartphone shipments will reach 351.6 million units worldwide, resulting in a CAGR of 11.2% from 2019 to 2024. This is just a fraction of the overall addressable market as many smartphones are not brought into the secondhand market.

**FIGURE 16 - Worldwide Used Smartphone Shipment Forecast**



Note: The secondhand phones sourced in one country may be sold in another country. The chart represents sourcing volume globally  
Source: IDC, 2021

Although demand for used mobile phones remains high during the pandemic, supply has been much of the issue contributing to the slower growth. Consumers have continued to hold on to their phones longer and have held off on significant upgrades in 2020 due to the impact of the pandemic. Much of the 9-10% growth continues to be driven by mature markets in which trade-in emulates a form of subsidy to push consumers to upgrade. Over the past year, we have seen rapid growth in trade-in programs and ASPs across numerous channels. Premium flagship offerings continue to rely heavily on trade-in programs to make the upfront cost more affordable to consumers. Vendors such as Apple, Samsung, and Huawei have all implemented their own programs with very aggressive trade offers compared with other channels. Telcos on the other hand are using trade-in combined with bundling (family plans and services) to get consumers to dish over their old device and upgrade

- The North American market continues to be one of the key regions in driving growth for the secondhand market as units will grow 15.8% in 2020. Carriers and vendors have implemented aggressive trade-in offers to offset the cost of a new device and to speed up the refresh cycle that continues to lengthen. North America will account for 24.4% of all used smartphones in 2020 and will climb to 27.0% by the end of our forecast period.
- Asia/Pacific (APAC) will represent the largest region of the market as it does in the new smartphone market. The immense amount of refurbishers, resellers, and parts buyers combined with healthy demand will keep Asia/Pacific far above other regions throughout the forecast period. Central trading and selling hubs for refurbishment such as Hong Kong and Vietnam continue to supply resellers with plenty of inventory that has been acquired from numerous regions around the globe. Within the region, most refurbished smartphones are sold through retail and online channels. However, many countries in the region, including India, do not allow import of used phones as a measure to manage e-waste. But Apple refurbished iPhones are not yet available in any online or offline store from Apple. Certified refurbished smartphones find their way to organized retail, eTailers, and even carriers in some cases.
- Latin America (LATAM) will display a 9.2% growth in 2020 as units will grow to 9.5 million in 2020. Driving growth in the region is continued demand for Apple and Samsung devices that typically fetch a premium in the region compared with the price we see in the U.S. market. Telco operators have increased their volumes for used products over the past year as consumer demand has steadily grown in 2020. The major players continue to be eTailers such as Plazas de la Computacion along with open markets such as Mercado Libre. Moreover, small stores in numerous shopping centers also move refurbished devices throughout the region.
- Central Europe, the Middle East, and Africa represent the third-largest region (13.9% share) for used smartphones as we continue to see growth in the region. Dubai continues to be the main hub in the region as many smartphones are distributed and traded through this hub. The trading center in Dubai is also responsible for many shipments that arrive in the Middle East and Africa, which are considered quick-growing markets.
- Western Europe represents the smallest region for used shipments as it will account for only 2.8% of worldwide shipments in 2020. Despite the low share, the region is expected to display the second-highest growth rate behind North America as units will grow to 6.3 million units in 2020, up 11.1% from the 5.7 million units shipped in 2019. The lack of robust trade-in platforms across most channels compared with North America keeps the region small in terms of shipments but ripe for a major player to control share in the coming years, particularly around the 5G upgrade cycle.

## USED CAR MARKET

The used car market is evolving rapidly with dynamic consumer perception in owning pre-owned vehicles, multiple offerings by OEMs/organized players driving affordability, advancing online platforms dealing in valuations, translucent buying process and availability of financing options similar to the new car segment.

- Market Size – the pre-owned vehicle market is in a growing stage currently in India, with a total market size of 4.4-5 Million in FY2020 and expected to grow by almost 20-22% CAGR (FY21-25) reaching 8 -9 Million in FY2025. <sup>(1)</sup>
- The central government mandated on April 1, 2020, that vehicle makers must manufacture, sell, and register only BS-VI (BS6) vehicles. Here BS refers to "Bharat Stage", prefixed to the iteration of the actual emission norms. These emission norms set the maximum permissible levels for pollutants that an automotive or two-wheeler exhaust can emit. With these new standards in place, the advancement in technology and the cost there-after is certain to raise the overall cost of automobiles and have a direct impact on MOP for consumers. Thus, we estimate the used-car market to have a direct impact on these changes
- With supply constraints of chips/semiconductors and pandemic impact on sales and production of new car production worldwide, the used car segment is expected to have elevated growth in the near future.
- Price and mileage are the two leading factors dominating the Indian consumer mindset while purchasing cars. With upward price movement and stricter emission norms as many major OEMs exiting the diesel car segment, the demand for used cars is set to rise.
- Another vital factor is affordability through financing options. While for the fresh market, financing is easily available, it's higher priced and difficult in the used car segment and needs more play going forward.
- Online used car dealers like CarDekho, have revolutionized this segment with ease and convenience of transactions.
- Lastly, the growth of organized dealers in this segment has largely made the entire process smooth, transparent, trustworthy, and addressable. Further majority OEMs have a widespread network of used cars and smaller ones are in the early stages of scaling up.
- Premium segment growth – Owing to high depreciating costs, frequent and advanced model launches, quicker refresh, and aspirational value attached with luxury cars, the used car segment is bound to grow rapidly. Further with the rising middle class and younger population, rising internet penetration and market penetration beyond Tier 1 & 2 cities are expected to accelerate this growth further.



Source: (1) Indian Pre-owned Car Market Study, [https://dasweltauto.co.in/docs/India\\_Pre-Owned\\_Car\\_Market\\_Study.pdf](https://dasweltauto.co.in/docs/India_Pre-Owned_Car_Market_Study.pdf)



**FIGURE 17 - Similarities Between Secondhand Market For Cars and Smartphones**



### Learnings from Used Car Market

- Organized vendors have come a long way to establish themselves as trustworthy and established businesses, offering 360-degree solutions to consumers. It is expected to be almost 50% of the overall used car market by 2025. A similar approach is required from both vendors and the consumer end to lift the secondary market for phones in India.
- The changes in regulations have further driven demand by ensuring environment-friendly rules and timely EOL of old cars. This currently is missing in the smartphone market, where the majority of old devices are never circulated in the secondary market owing to no upper cap on ownership or dismantling etc.
- Over the past years – growth in the premium used car market has risen the overall price of the market. Though a similar trend is witnessed in the smartphone segment, however, the churn rate or availability of recent devices in the secondhand market needs to grow drastically.
- OEMs having their own setup network for the secondary market is missing in the smartphone segment which can expand the market going forward.
- Lastly, like the used car market, the potential of the used smartphone market lies beyond the new market as well, if the circulation of old devices happens regularly and frequently which currently is inadequate and untapped. If done diligently, the cumulative market for secondhand smartphones available for trade is expected to surpass the new market by the end of 2022.

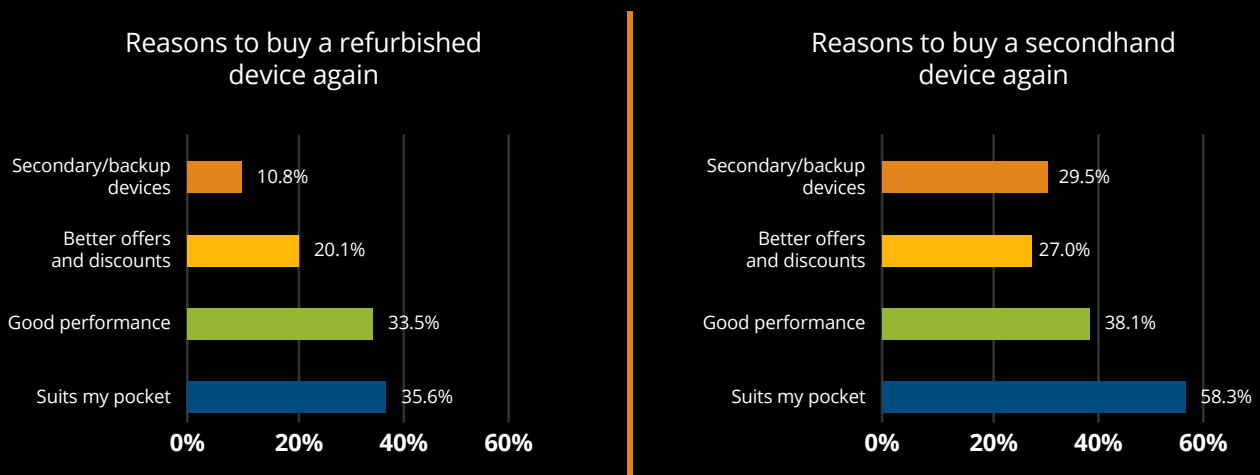
Source: Indian Pre-owned Car Market Study, [https://dasweltauto.co.in/docs/India\\_Pre-Owned\\_Car\\_Market\\_Study.pdf](https://dasweltauto.co.in/docs/India_Pre-Owned_Car_Market_Study.pdf)

# Future Outlook

The secondhand smartphone market has helped plug the gap between demand and supply for smartphones, leading to greater smartphone adoption and in the process generated more employment – both skilled and unskilled, and has the potential to further fulfill demand in the smartphone market as this market matures and generate revenues.

According to IDC's consumer survey, 80% of the refurbished device buyers and 77% of the pre-owned phone buyers are happy with their device and are willing to buy the secondhand device again because it suits their pocket. Almost, a similar percentage of refurbished device buyers feel that they would recommend their family and friends to buy a secondhand device, although slightly higher for refurbished phones than pre-owned phones.

**FIGURE 18 - Reasons to Buy Secondhand Phones Again**



Source: IDC, 2021

IDC expects the India secondhand smartphone market to grow at a CAGR of 15% over the 2020-2025 time period, with the organized segment growing faster at a rate of 18-20%. This is because demand for smartphones is expected to continue to rise, availability at lower price points can largely be catered by secondhand smartphones.







# Challenges and Opportunities

The secondhand phones market holds tremendous growth potential in upcoming years as more phones are brought back into circulation and recycled when needed. As we move forward it is essential to focus on the strategies with an eye on both local and global opportunities while mitigating some of the challenges present in this market.

## CHALLENGES

### Difficulty to Repair

- The form factor and materials of some smartphones make it difficult to repair or source components. For example, display screens include chips, which on changing send a message that the screen is not original in the repaired devices. This not only voids the warranty for display but also interferes with the compatibility/functioning of other components.
- The original parts are so costly that repair with original parts replacements makes it less economically viable.
- Device spare parts come with brand logos linked to the brand's IP and consumers place a higher trust on these components vs open market components.
- The repair and replacement components' quality depends on the price one is willing to pay. For example, the brightness of the screen, the density of colors, and sensitivity to touch may vary between the original screen and the replacement screen. This may cause confusion and distrust.
- OEMs view the Right to Repair can harm the device or consumers if the repair process is not performed accurately. This also exposes patents or trade secrets to competitors.



### Device Lifecycle Trends

- With consumers opting to hold on to their smartphones for a longer period, it inhibits the availability of secondhand phones in the market.
- Most of the OEMs are not driving trade-in which is largely left to the third-party channel partners. As a result, consumers are not aware of these trade-in options and they mostly keep their secondhand/used smartphone at home as a dead device.
- The current pace of new model launches and changes in technology has led to faster end-of-life (EOL) of devices and hence spare parts availability becomes an issue as the spare parts are more difficult to procure for EOL models.



## Lack of consumer awareness with regards to reuse and recycle

- User's lack of information on what to do with devices after they stop using them and proper ways to dispose of them with limited education by the OEMs or the government results in phones not entering the circular economy.
- There is no framework in place to manage the old devices which are lying with the consumers and not traded for controlling e-waste and reusing spare parts /components.



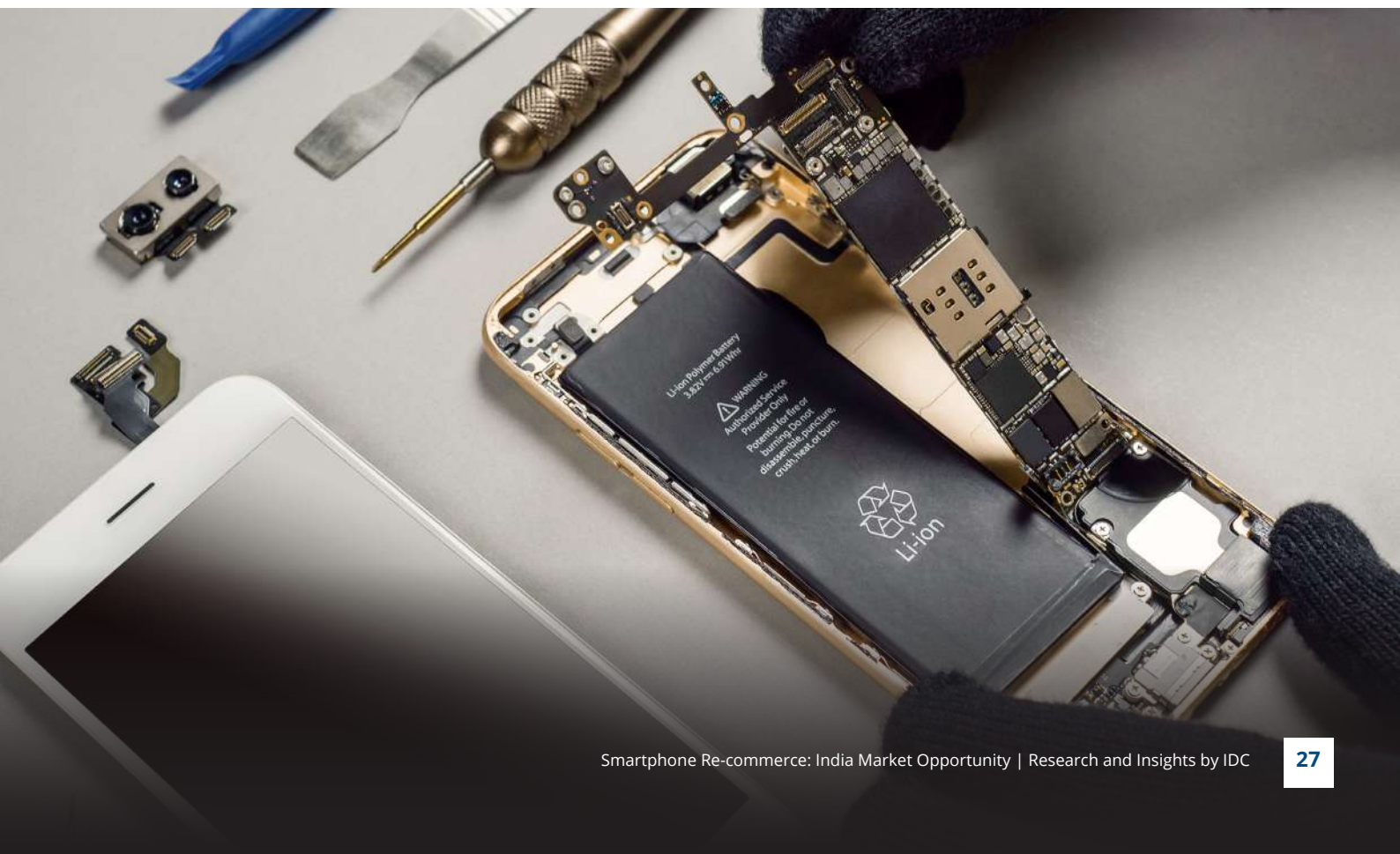
## Lack of a central repository having device information

- Some consumers sell old devices that are linked to an EMI, which eventually get locked if EMI is not settled or paid for. This leads to some consumers being duped as there should be some mechanism or a central repository to trace this issue for avoiding such cases.



## Organized V/s Unorganized

- While the organized players are more regulated and work according to government-led legal requirements, the unorganized channel which dominates the secondhand market has no legal boundaries or set rules/regulations, thus having no warranties or service guarantee attached. This further hinders the acceptability or accountability of the secondhand smartphone market.
- Data privacy concerns kick in as some consumers are not aware of how to erase data on their own. This restricts their intent to sell lest they be exposed to data breaches.



## OPPORTUNITIES

### Domestic/Local Demand



- India is the largest feature phone market globally accounting for one-fourth of shipments in CY2020. Almost 35% of India's mobile phone market is still feature phone shipments with an almost 350 million+ user base. Owing to the unavailability of an affordable smartphone portfolio, the feature phones will remain a more viable option and also offer opportunities to users to shift to affordable secondhand devices in upcoming years. These are cost-effective alternatives to shift this 2G/3G/4G feature phone userbase to a 4G/5G smartphone and get digitally connected.
- As smartphones penetrate deeper pockets especially rural areas along with internet availability, more first-time buyers/upgraders evolve. Since this untapped potential is price-conscious, there is a natural bend for low-priced devices which may or may not be new. Here lies a huge segment for secondhand devices – traded from high-tier cities and made available in low-tier cities.
- Owing to COVID-19 impacts on the supply chain and challenges hikes in transportation and logistics, IDC expects volatility in price to remain for a longer time. With growing ASPs, it is anticipated that OEMs and channel partners will drive more trade-in programs ensuring stickiness to the brand and a shorter refresh cycle. This further enhances the possibilities of secondhand devices trade becoming prominent and booming.
- The secondhand market offers more options for consumers to find various models/brands in their geo-location which falls within their budget. Similarly, it provides them with more options to sell their devices.
- As we have seen in the pandemic-struck period, secondhand smartphones fill the gap when new smartphones are in short supply.
- With the increasing smartphone prices due to the global chip shortages and logistical constraints, it would be even more appealing for the consumers to trade-in their old smartphones to offset the cost of the new, more-expensive smartphone.

### Technology Advancement



- 5G devices are expected to become mainstream as the spectrum is made available and consumers are educated on the use cases of 5G devices. Though it's "devices go first" market strategy currently, with brands pushing newer 5G models despite no spectrum available, secondhand devices have a larger opportunity in this transitional phase from 4G to 5G



## Exports

- Initiatives to provide impetus to the domestic component ecosystem, like reforms under NPE (National Policy for Electronics) and PMP (Phased Manufacturing Plan), have led to the establishment of a strong foothold in the global mobile handset market for India. In the upcoming years as local production scales up, sourcing components locally will become mainstream, easing out the availability of spare parts for repair and refurbishing activities.
- IDC believes that an equal opportunity lies within the secondhand devices market if export of these devices is allowed post repair/refurbishments to geographies like Africa and the Middle East where new phones are extensively traded through OEMs or merchant exporters. This will address the local demand from nations where a particular brand/model might not be available in a cost-effective manner.



## Regulatory Framework

- Creating a circular economy for phones can play a big role in reducing e-waste and ensuring recycling of devices when needed.
- The GST structure favors the industry as they only pay GST on the value-added during the process.



## Employment and Revenue Generation

- skill-based training to youth in distribution, logistics, packaging and transportation.



## Right to Repair

- As more and more consumers look to repairing current devices rather than purchasing new ones, there is a boom in the repair industry. This has been intensified by the pandemic hit 2020/21 and the aftereffects on the economy and unemployment. This has been a debatable topic globally in which consumers are asking for the right tools to repair devices, instead of reaching out to OEMs or buying new devices altogether. Apple recently announced "Self Service Repair", which will allow customers who are comfortable with completing their own repairs access to Apple genuine parts and tools. This will be available first for the iPhone 12 and iPhone 13 lineups, starting early next year in the US and expanding to additional countries throughout 2022.
- The refurbishers could also become official partners for the OEMs to repair their phones.



# ESG – Environmental, Social and Governance Practices

The impact of ESG on the recommerce market for smartphones is explained below :

## **Environmental – indicates that businesses should respect and make efforts to protect and restore the environment.**

- India is expected to generate almost 5 million tonnes of e-waste by 2021, ranking third after China and USA, with computer equipment and mobile phones as principal waste generators in India. Repairing and refurbishing the smartphones extends the lifecycle of these smartphones by restoring their functionality thereby reducing the environmental impact. is an effective way to reduce the environmental impact of smartphones.
- With the COVID-19 impact, the usage of electronic devices for remote working/learning has only increased thus leading to more e-waste generation in the upcoming years.



## **Social – businesses to respect and promote the well-being of all employees and human rights.**

- All the entities involved in the value chain within the secondhand smartphone market have defined roles, responsibilities and skillsets required at every stage before the devices re-enter the market. Also, timely quality checks, training, hirings and investments are ensured to keep the momentum. The welfare of both permanent and contractual employees is ensured along with all necessary safety measures.
- From consumers' perspective – all the organized players have a common goal to ensure more trading of secondhand devices in the market, ensuring the majority population gets digitally connected and can use and afford a smartphone. The players ensure refurbished devices come with a warranty, along with other aspects of data privacy and cyber security.



## Governance - businesses to conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.

- Organized players adhere to the rules necessary for responsible business conduct and work with the other value chain partners towards the same goal.
- Consumers are also clear about the transactions, taxes levied and any other related information while buying a refurbished or pre-owned device.



# Conclusion

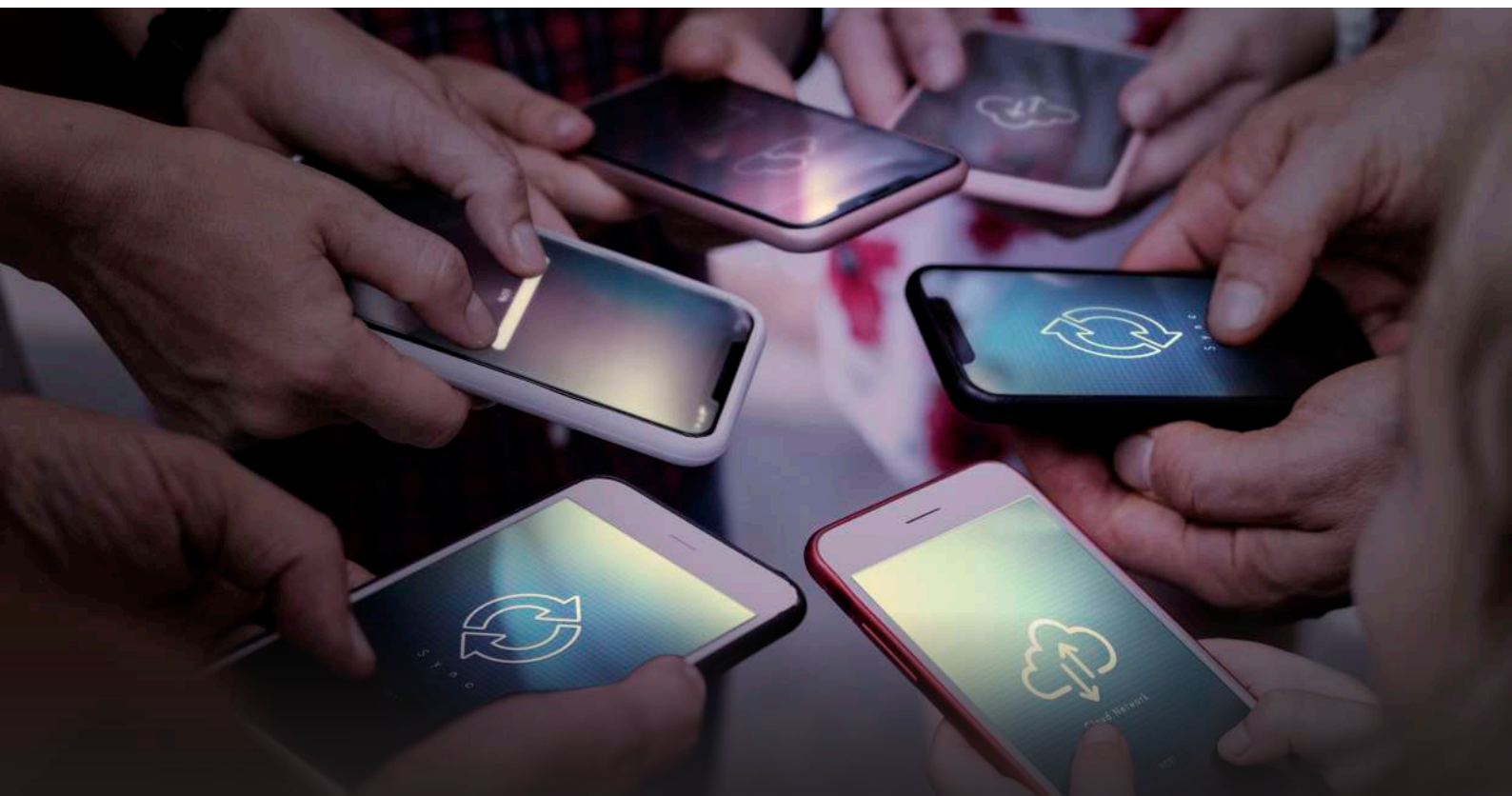
IDC predicts that in 2021 consumers will trade 25 million smartphones in the secondhand market generating a revenue of more than US\$2.3 billion, at an average of US\$94 or INR6900 per device. This is an increase of 14% from 2019 and is expected to rise to 51 million or US\$4.6 billion by 2025. The overall potential would remain much higher as phones traded in the secondhand market will only make up a fifth of the total smartphones eligible for being traded. The secondhand phone market is expected to grow faster than the sales of new phones representing an increased share of the overall smartphone market. Share of smartphones traded of all secondhand smartphones will also continue to rise as both consumers and suppliers understand the benefits of the secondhand trade, made easier by the efforts of the players in this market. Consumers will see the benefit of selling a secondhand device, instead of keeping it as a spare, throwing it away, or passing it down to a family member, and thus enabling the purchase of a smartphone that is suited to everyone's needs and aspirations.

We expect the market for buying and selling secondhand smartphones to become more organized, with specialized companies focusing on

one or more areas of the value chain. The benefits would accrue to the consumers and OEMs, as consumers get more value through the trade-in secondhand market, and find more options for smartphones within their budget, and OEMs as it would encourage a faster replacement cycle and also increase their user base through consumers of secondhand smartphones. The environmental impact of this due to lengthening of the lifecycle of devices and proper disposal of e-waste, needless to say, would be a huge benefit.

The entire ecosystem which includes manufacturers of smartphones along with channel partners should ensure a regulated framework that can establish eco-friendly ways of dismantling devices causing minimal pollution, effective waste management practices and resource usage – energy and water.

Various players enabling the secondhand smartphone market can come together to drive the growth of this segment. IDC suggests the market players along with the government and the consumers can take the following steps to drive the growth of the secondhand smartphone market.





## WHAT THE GOVERNMENT CAN DO

- Mandate some basic hygiene and legal checks for any player within the secondhand market for smoother flow within the value chain and ensure there are no data privacy violations.
- The government could set targets to reduce the waste created from smartphones, which would encourage the industry as a whole to recycle and refurbish the devices.
- Educate the consumers and businesses with the 4R approach of – Reuse, Repair, Recycle and Research that can effectively help in lowering damages to the environment caused by discarded batteries, precious metals used in chips and motherboards, etc.
- Difficulty in procuring replacement parts is a big challenge for the companies in the repair and refurbishment business. The government's initiatives to drive more local production could make it easier to source components locally and quickly for repair and refurbishing activities.
- Incentivizing the export of secondhand devices to markets such as Africa and the Middle East can create a large opportunity for the players in this market.



## WHAT THE COMPANIES CAN DO

- Ecosystem players in the secondhand smartphone market should work closely for better circulation of the used devices, by repairing the devices effectively, recycling /extracting precious metals from devices and reusing those and researching ways and means to streamline these processes.
- The refurbishers could also become official partners for the OEMs to repair their phones which would help to streamline the process as well.
- Apple has taken a constructive step by enabling the "Self Repair Service". This would make replacing damaged parts with genuine parts easier for the consumers and thus lengthening the lifecycle of iPhones.
- Channel players, including the OEMs and those in the secondhand market, should play an active part in educating the consumer on the benefits of reselling their devices, the awareness of schemes and incentives involved, as well as making it more convenient for them to go through the process. For example, they could launch phone collection drives. This could be extended to just parts collection such as batteries to ensure proper disposal of these components.



## WHAT A CONSUMER CAN DO

- Used smartphones can fetch better values if they are put into circulation sooner instead of storing those at home. Thus it would be advisable to put the smartphone in the secondhand market around the same time as the consumer decides to switch to a new phone.



## Definitions

- Refurbished smartphone. A refurbished smartphone is a device that has been used and disposed of at a collection point by its owner. Once the device has been examined and classified as suitable for refurbishment, it is sent off to the facility for reconditioning and is eventually sold via a secondary market channel. A refurbished smartphone is not a "hand-me-down" or gained as the result of a person-to-person sale or trade. Also, a refurbished phone often comes with a warranty.
- Refurbishment. This process typically is done by a specialized third party. The refurbishment process includes repairing or reconditioning with key processes.
- Pre-owned smartphone. A pre-owned or used smartphone is purchased from an individual who bought it new or obtained as part of a "hand me down" or gift from a friend or family member. The phone is obtained "as is" and has not been refurbished and includes its original components. Used phones can also be acquired via online websites such as eBay.

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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