

Used phones become the 'new' craze

SURAJEET DAS GUPTA

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Refurbished and used smartphone sales are booming, although the overall sales of new smartphones (primary phones) has fallen in calendar year 2023.

According to the latest projections by Counterpoint Research, as many as 35-45 million refurbished or used smartphones will be sold this year — a growth of 15 per cent over the previous year. On the other hand, the overall sales of new smartphones will fall about 5 per cent from the 151 million sold last year.

In the April-June period of 2023, smart phone shipments have declined 3 per cent. However, it is better than the 19 per cent decline in the January-March period of 2023, according to the research agency. Surprisingly, the reason for the upsurge in the sale of used smartphones is not affordability, but a discernible change in the buying pattern of customers.

Some customers are looking to upgrade their feature phones and go for a smartphone. While those who have an entry-level smart phone costing ₹6,000-7,000 are looking for the next upgrade.

The mobile phone market is divided into new feature phones — mostly 2G and 4G phones starting from ₹700 — and entry-level new smartphones which retail between ₹6,000 and ₹7,000. 5G phones currently start from ₹12,000 to 13,000 a piece.

However, there is a large market for three-year-old refurbished and used 4G smartphones

which have an average selling price of ₹10,000-₹15,000. Such phones offer far higher specifications, better battery life and camera, and more storage and powerful chipsets compared to entry-level smartphones. Many customers are gravitating to this market instead of buying a new phone.

Says Neil Shah, co-founder of Counterpoint Research: “It is not so much affordability but the preference of feature phone customers looking at upgrading. First-time smartphone buyers are looking at upgrading to a more capable and branded ₹10,000-₹15,000 used or refurbished phone, which is more expensive than an entry-level, less capable 4G smart phone which is cheaper.”

He also points out that those who already have an entry-level smartphone for which they paid ₹6,000-7,000, are buying used smartphones that cost ₹15,000 rather than buying another new ₹6,000-phone, or going for a more expensive new 4G phone, which would be costing over ₹20,000.

According to Counterpoint, the total installed base of phones in the country is 800 million, out of which there are 200 million feature phones.

MAKING THE SWITCH

■ **Used smartphone sales likely to grow 15% in CY23**, while new smartphone sales may fall 5%, according to Counterpoint Research

■ **Changing buyer behaviour**, not affordability, key factor for slowing upgrades to new phones

■ **Higher specifications, and better battery life and camera** compared to entry-level smartphones at competitive prices behind the pull

■ **Used or refurbished smartphones with an average selling price between ₹10,000 and ₹15,000 attracting buyers**