



Just Like New: Understanding the Secondary Smartphone Market

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Ecosystem



Secondary Market Ecosystem

- **Collectors.** Using a variety of sources, collectors' used devices are from a variety of sources, including state and local governments, charities, large retail companies, mobile operators, and OEMs.
- **Refurbishers.** These companies prepare used devices for reuse. Refurbishers typically clean the device, upgrade the software, upgrade the memory, and make any necessary repairs to prepare the device for resale. In many cases, the refurbisher and the wholesaler are part of the same entity. Foxconn is an example of a refurbisher that operates a facility in Texas.
- **Brokers.** These companies act as middlemen between wholesalers and retail buyers of a used device. They operate at a variety of points in the used device process including sale of refurbished devices, parts, and smelting.
- **Retailers.** These companies buy used devices typically paying cash in exchange for a customer's old phone. These business models tend to focus on buying relatively new and high-end technology that can easily be resold. They have focused primarily on smartphones and tablets to date because the rapid turnover in these products as technology advances means the displaced product itself is valuable in a variety of secondhand markets.

Refurbishment Process

- Maintain a steady flow of used devices to process
- Accurate inspection and testing of each device
- Data erasure and privacy
- Proper recycling and disposal handling
- New packaging and shipping
- Create a preapproved buyers or reliable marketplace/sales channels

Major Players

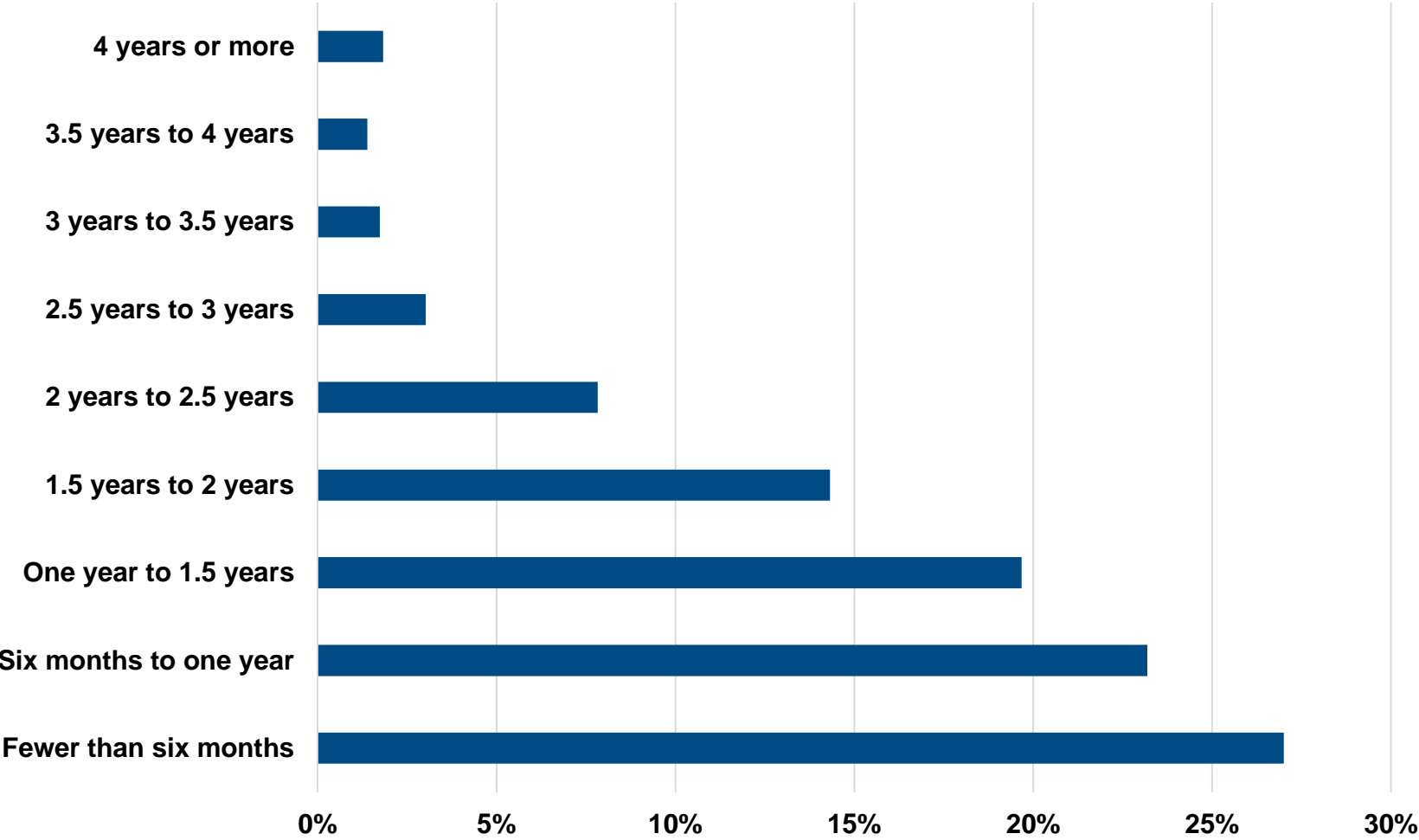
XPOLogistics



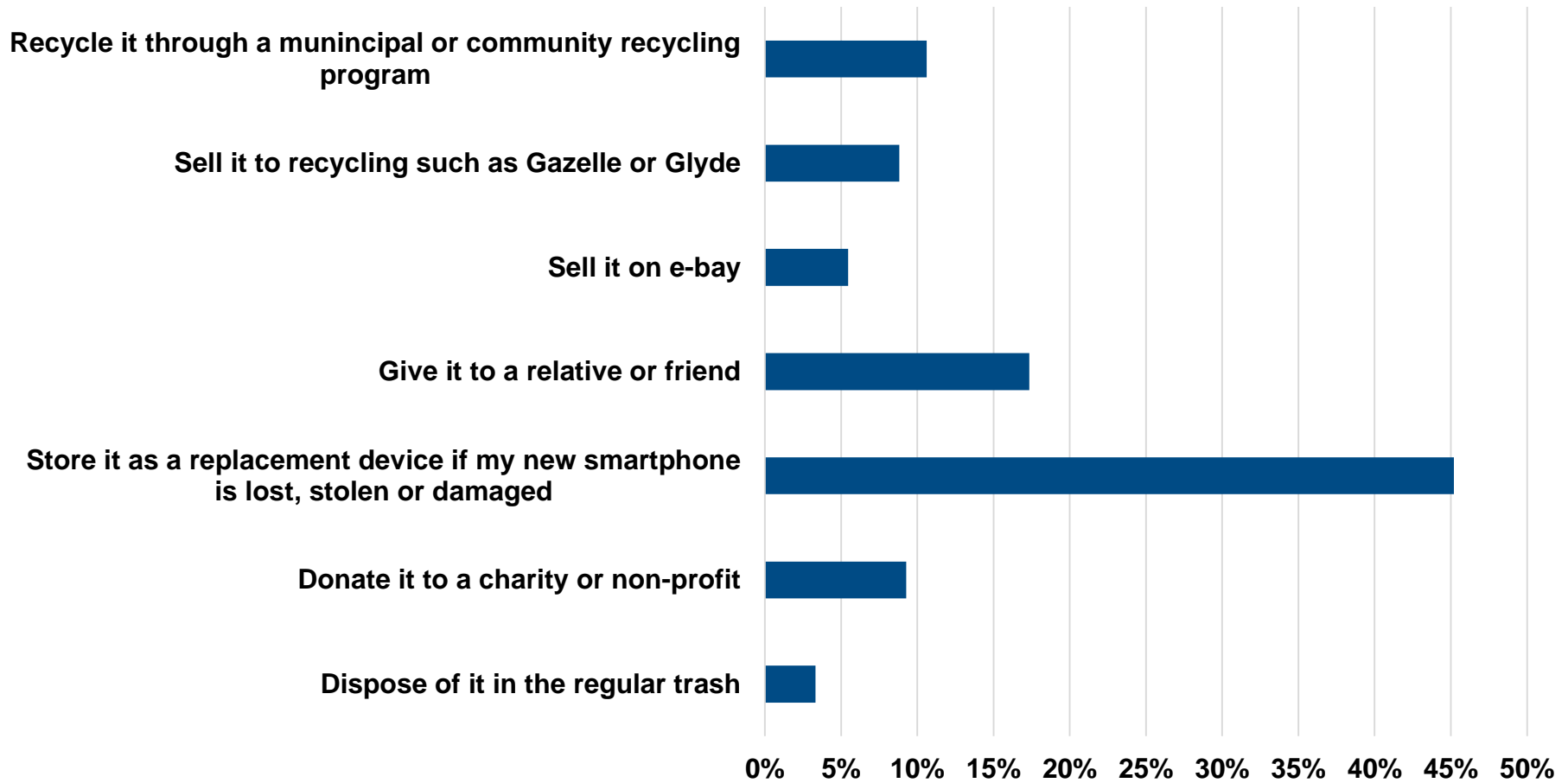
Consumer



How Old Is Your Current Smartphone?

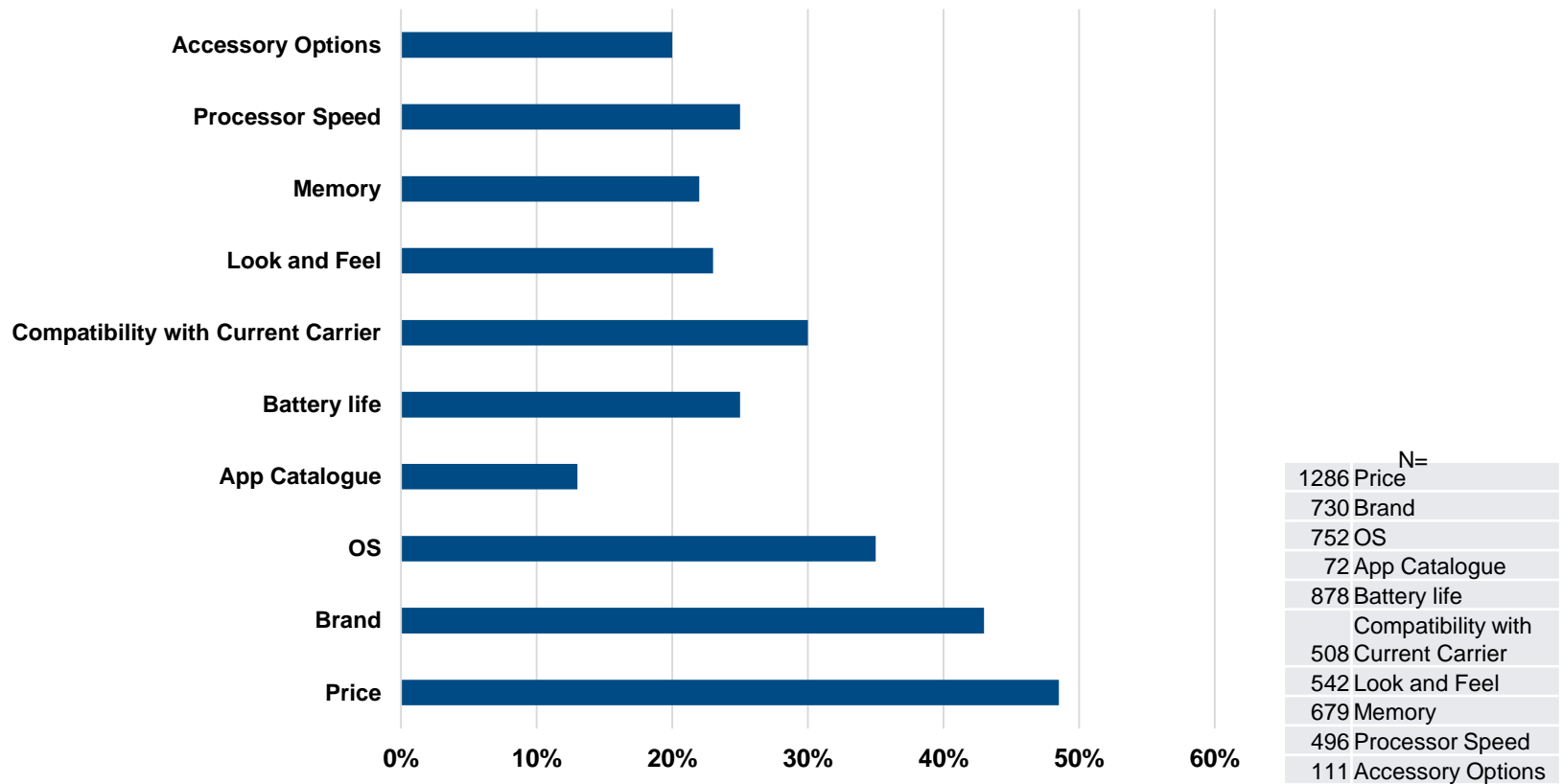


What Do You Do with Your Old Smartphone, Once You Get a New One?

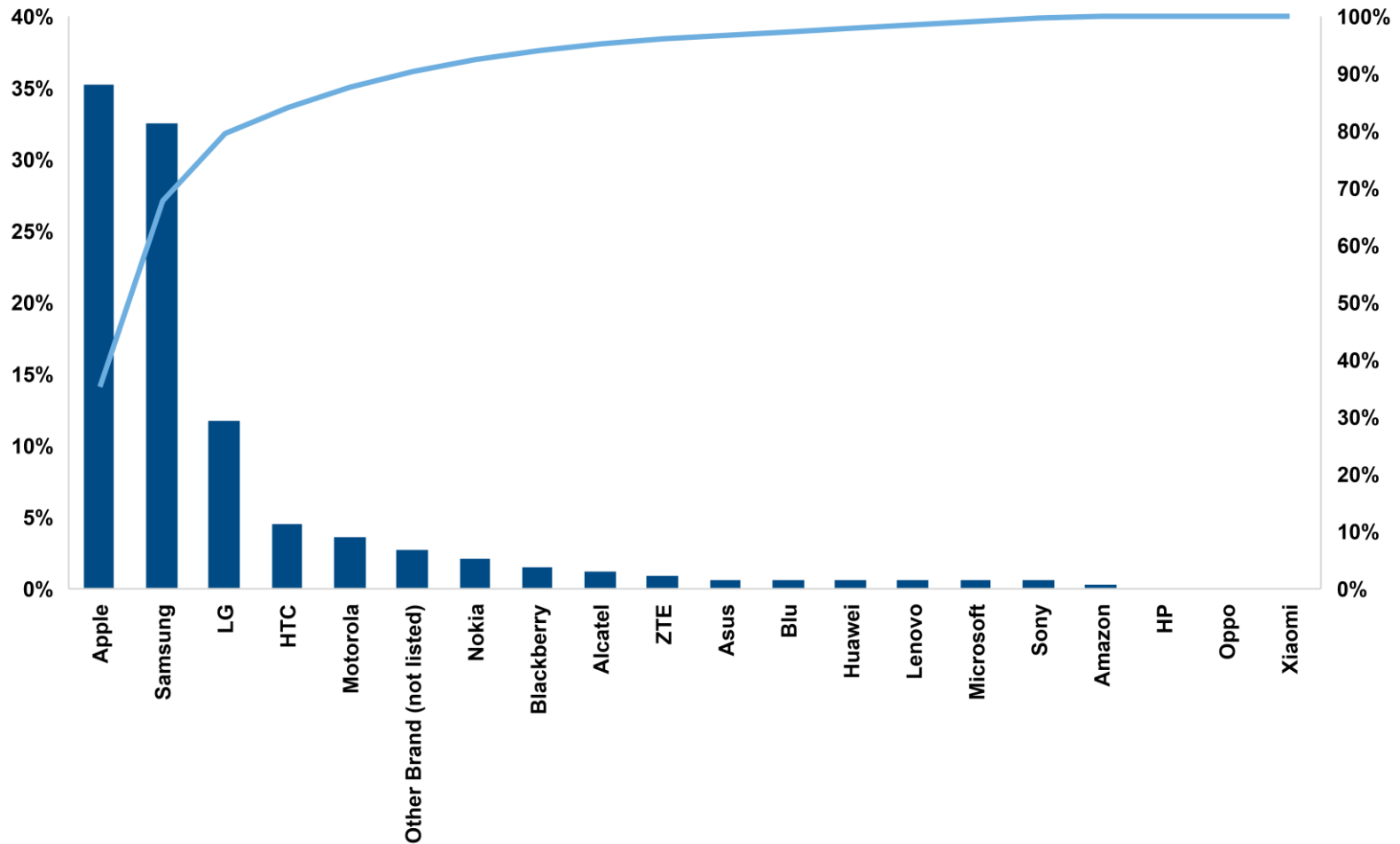


Price Was Most Important Consideration When Purchasing a New Phone, Followed by Brand

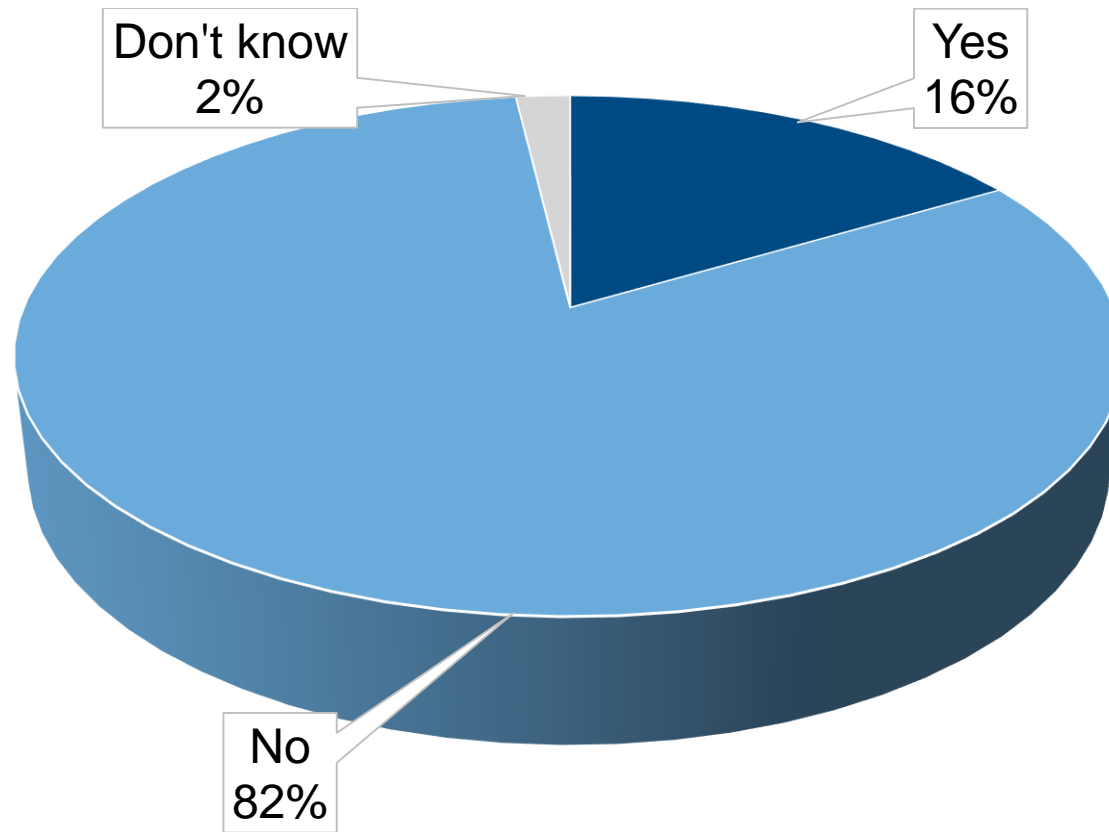
Please rank the top features or specifications when purchasing a new phone?



What Brand Is Your Pre-owned or Refurbished Smartphone?



Do you own, or have you purchased, a refurbished or pre-owned smartphone?

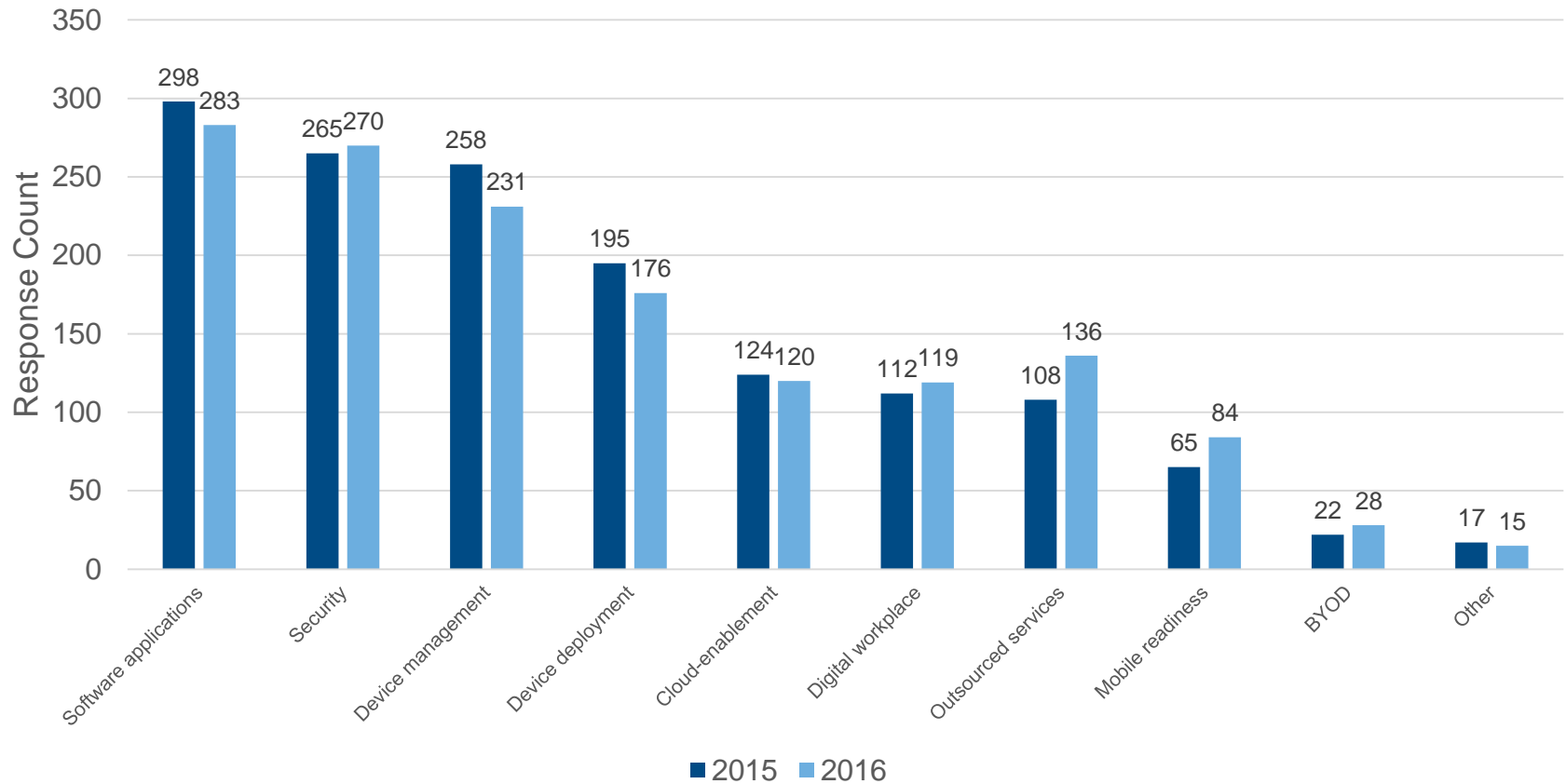


Enterprise



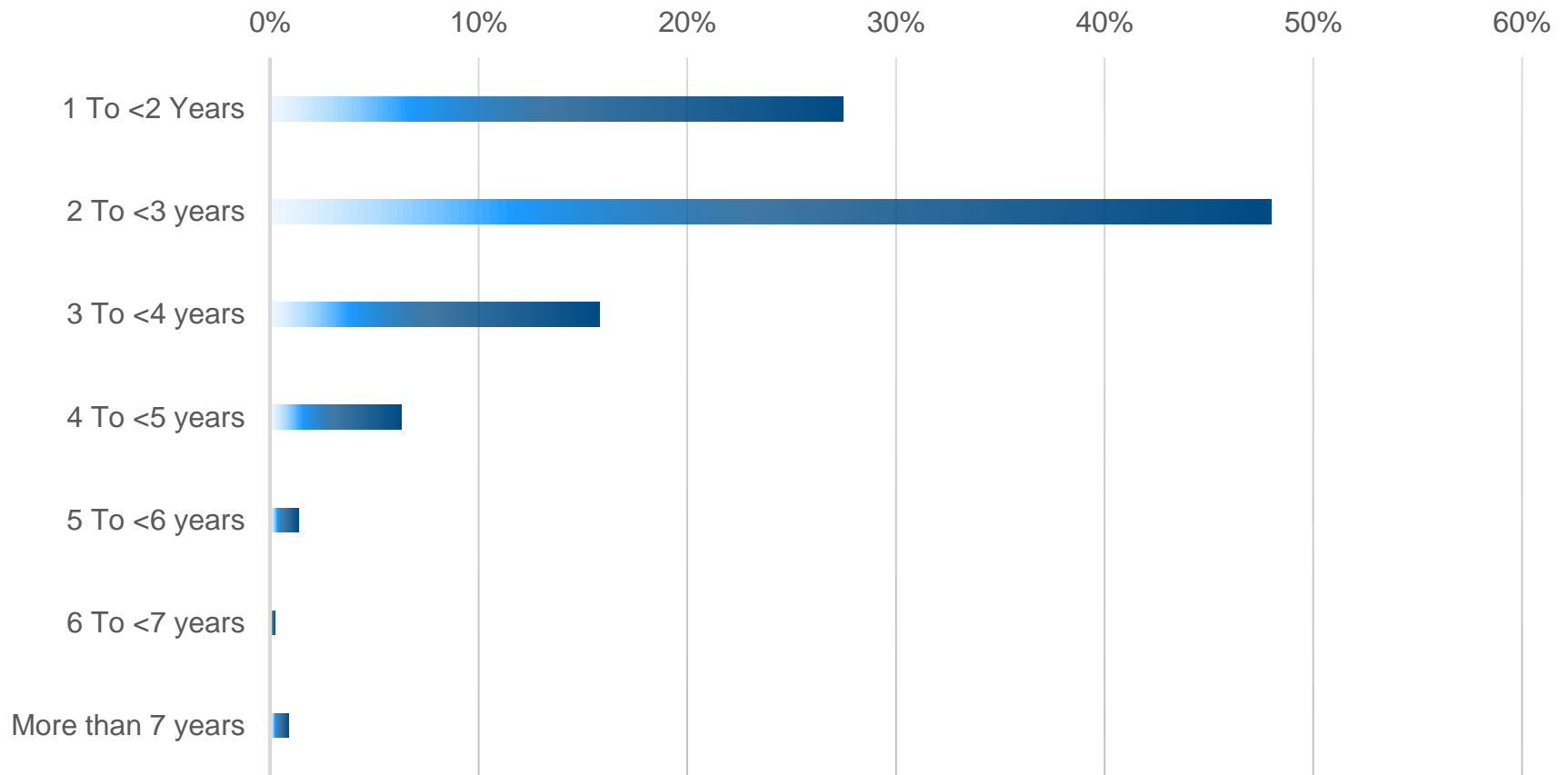
IT Budget Overview

Q. Where is most of your IT budget going today? Where do you expect most of your IT budget will go in 2016? (Please select your top three.)



IDC 2016 Commercial Survey, N = 502

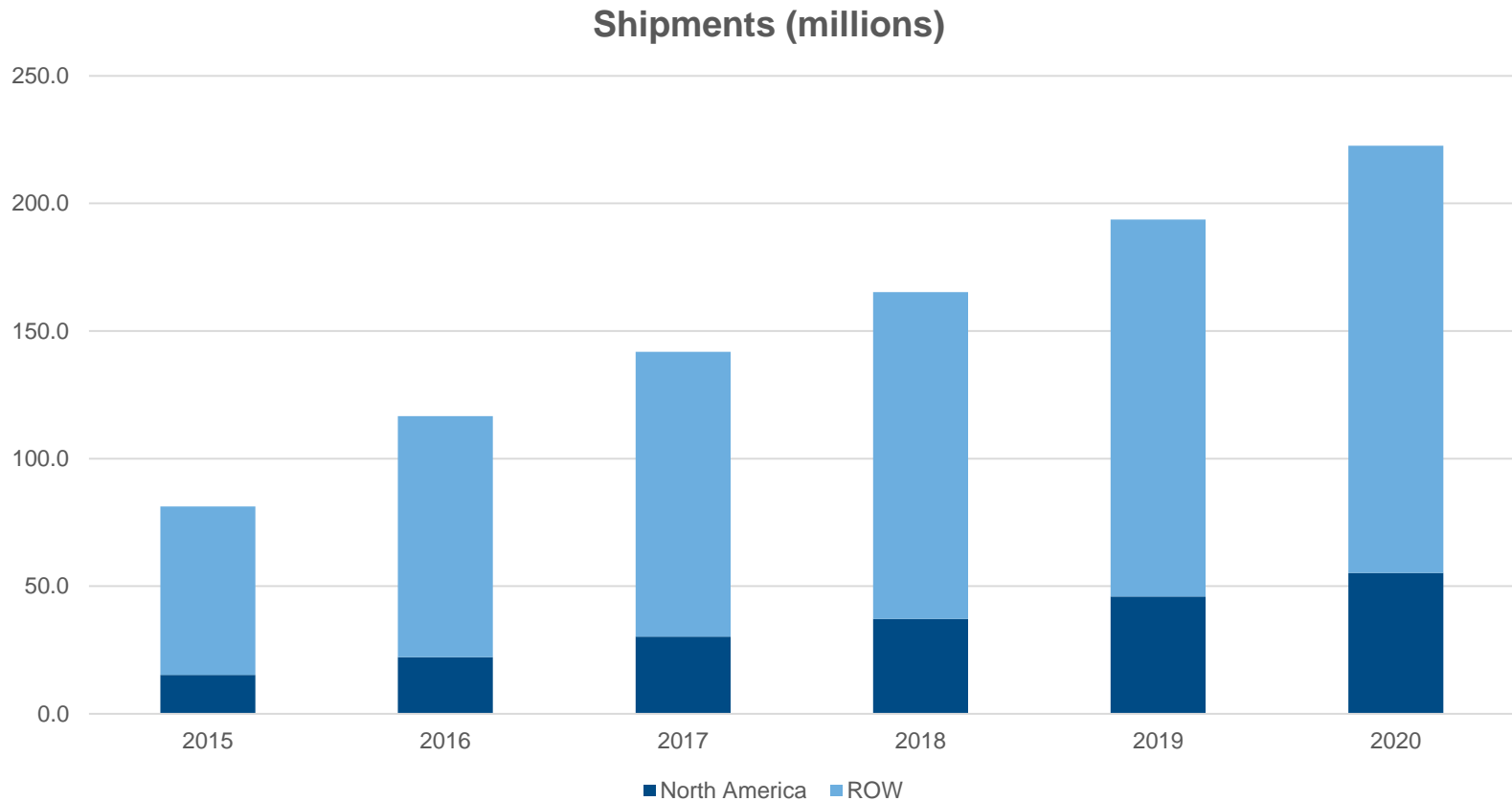
How Often Does Your Company Replace the Smartphones Purchased for Its Employees?



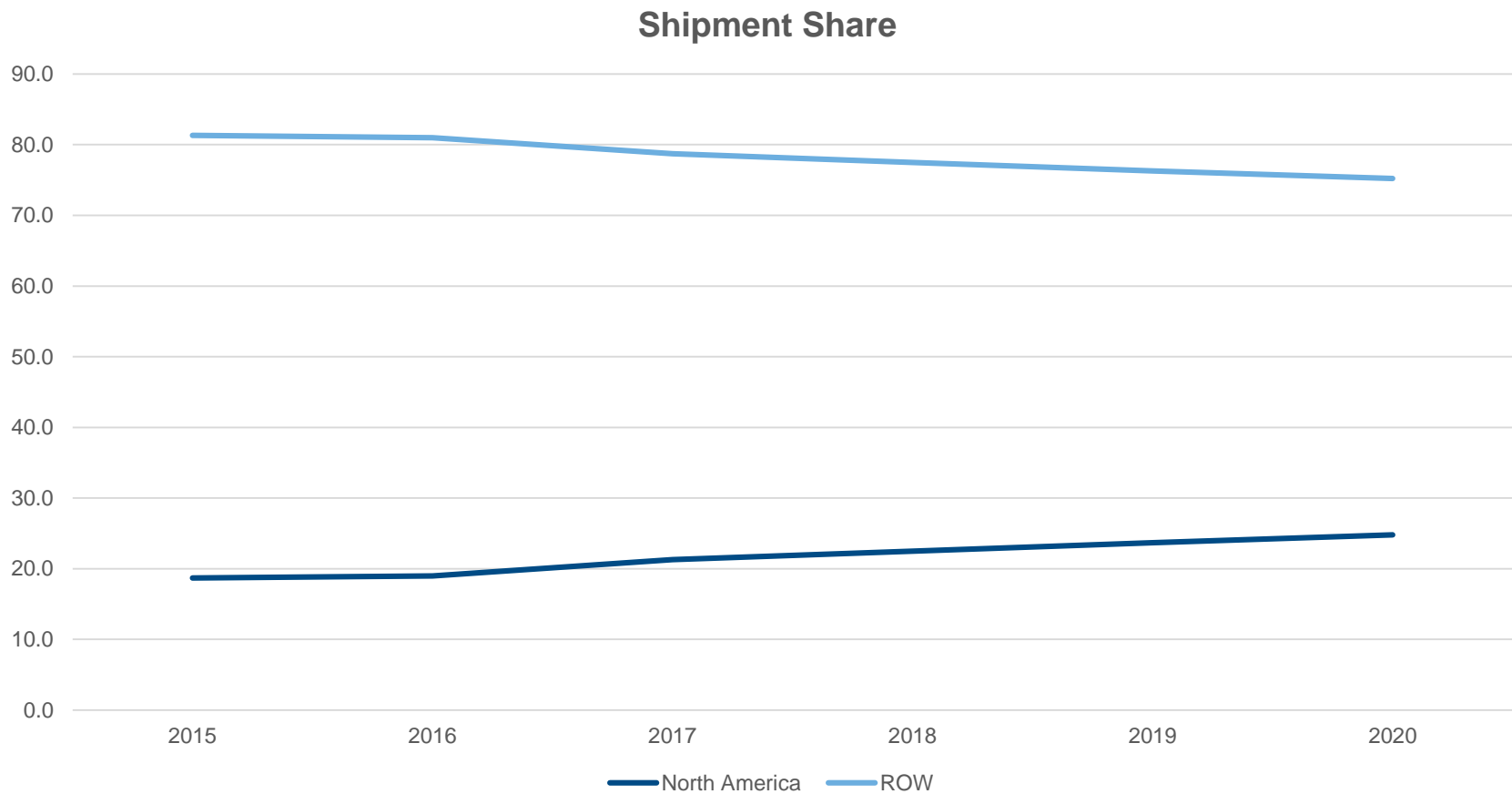
Forecast



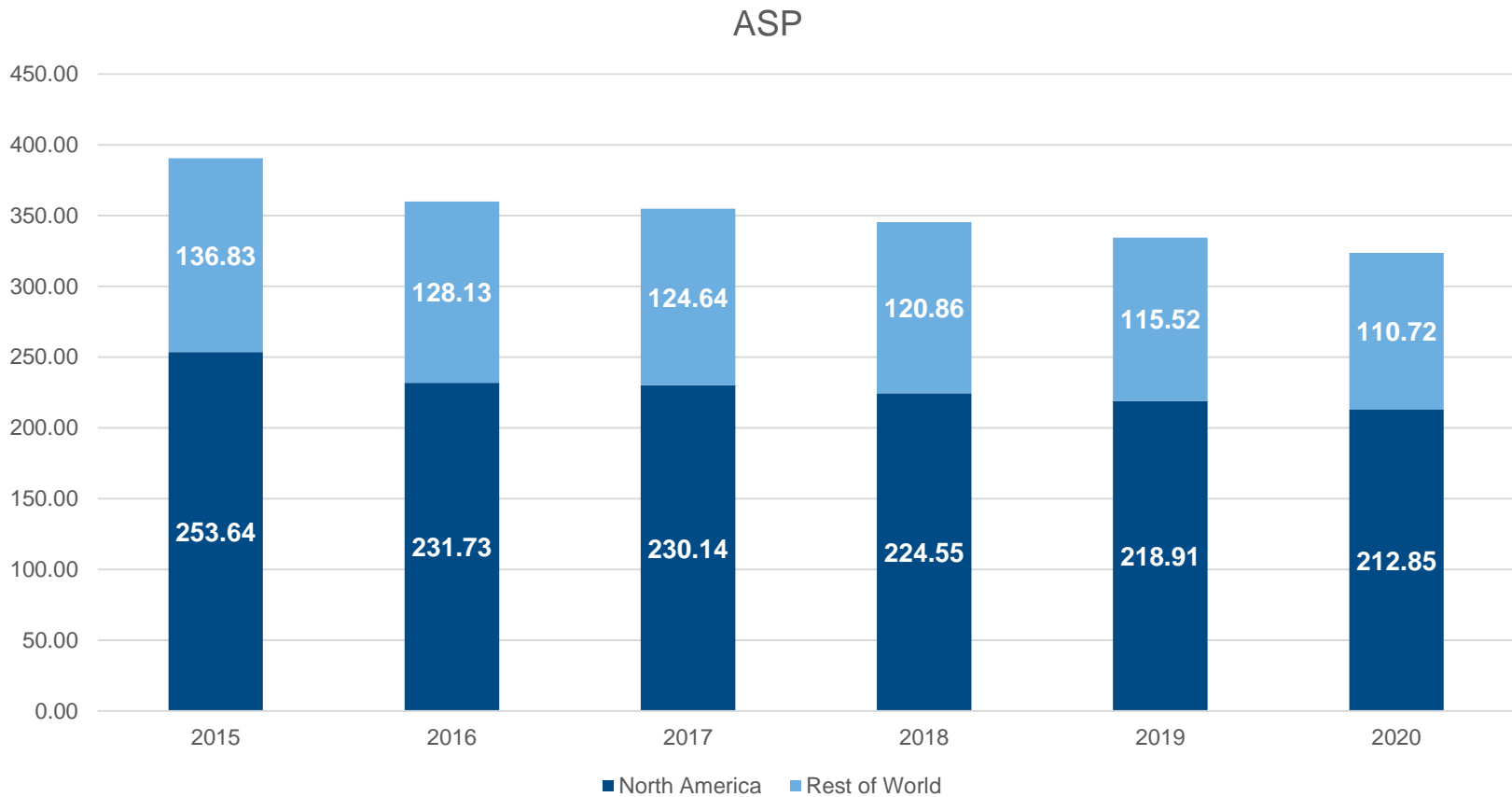
Worldwide Used Smartphone Shipments, 2015–2020



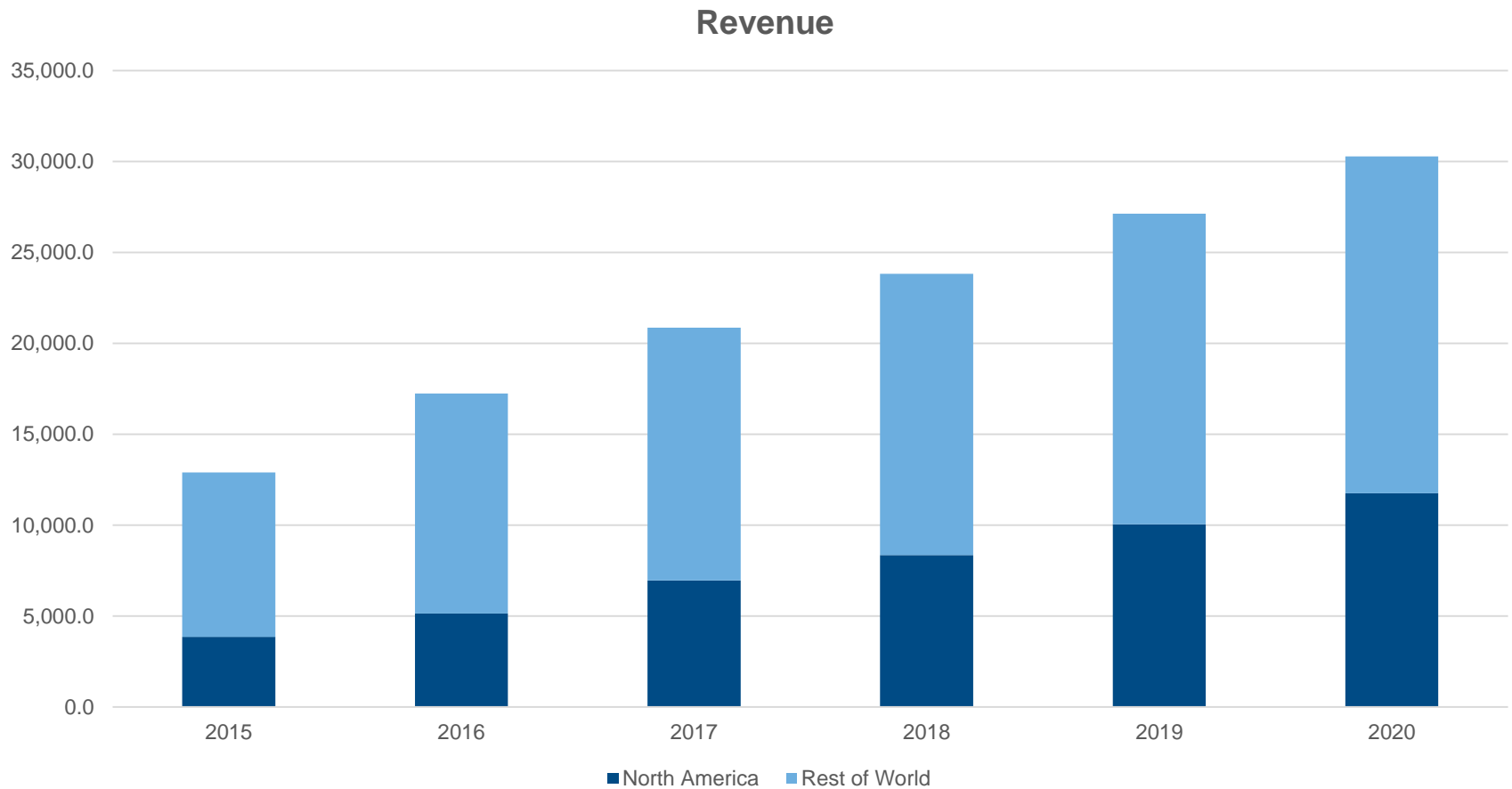
Worldwide Used Smartphone Shipment Share, 2015–2020



Worldwide Used Smartphone ASP, 2015–2020



Worldwide Used Smartphone Revenues, 2015–2020



Key Forecast Points

- Beyond the consumer market, we believe corporate IT managers will look to used phones as loaners or replacements.
- Successful resellers of refurbished smartphones will look to give their retail customers options and clarity when it comes to technology.
- The secondary ecosystem is highly fragmented with big and small suppliers. However, we expect consolidation to increase in the next three years.
- OEMs will create or enhance existing programs for secondary device sales.
 - Although concerns regarding impact of the secondary market on sales of new devices are justified, OEMs should look to refurbished devices as a brand introduction strategy that offers services- and brand-specific applications to the customers.

Key Research

- *The U.S. Smartphone Secondary Market Opportunity, an IDC MultiClient Study, Results Available July 30, 2017*
- *Worldwide Used Smartphone Forecast, 2016–2020 (IDC #US41737016, October 2016)*
- *U.S. Consumer Smartphone Survey, 2016-2017 Results (IDC #US42266717, February 2017)*
- *Worldwide Smartphone Forecast, 2017-2021 (IDC #US42366217, March 2017).*
- *Worldwide Smartphone Market Shares, 2016: Crisis and Recovery (IDC #US42537516, May 2017)*

Questions?



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