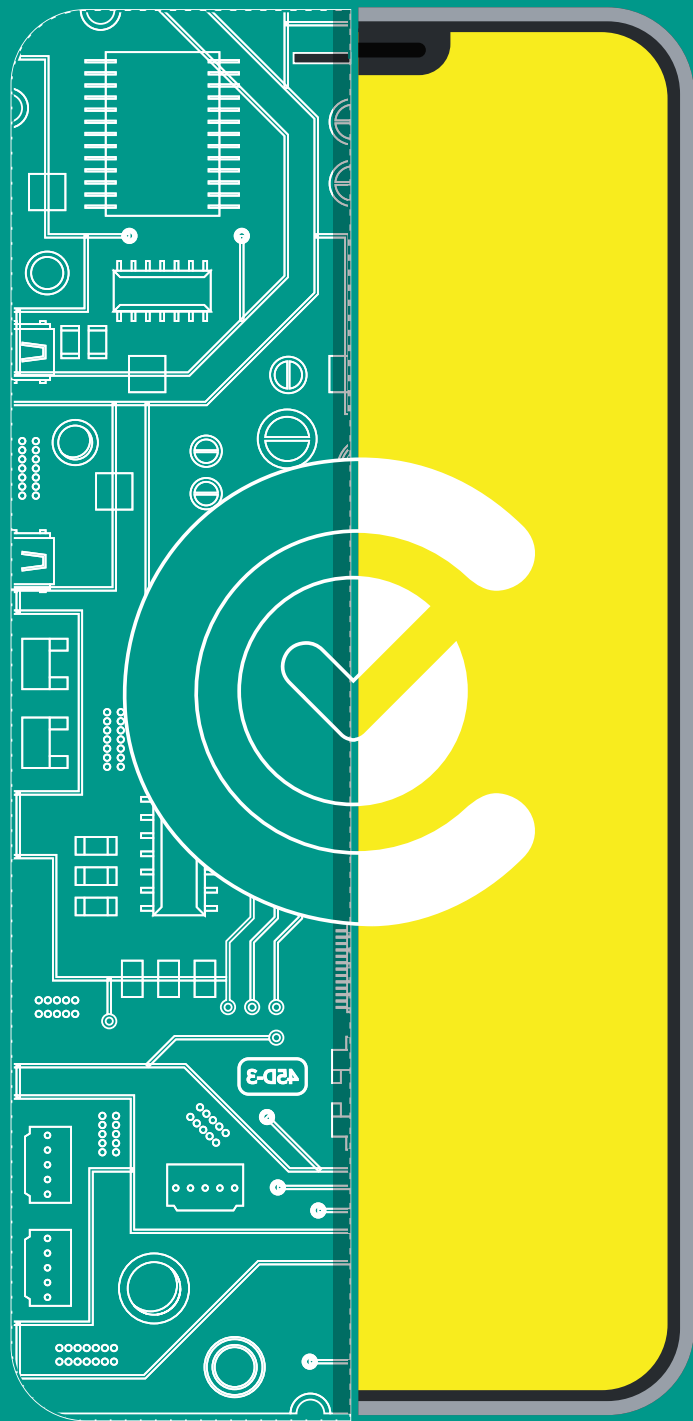




#GameOfPhones

VOL.3 ISSUE | 2019

**THE SECOND-HAND SMARTPHONE MARKET IN INDIA
INDUSTRY INSIGHTS**





THE SECOND HAND SMARTPHONE MARKET IN INDIA

INDUSTRY INSIGHT

India is rapidly getting big in the smartphone market. How does that alter the country's re-commerce scenario? Our curiosity led us to discover some interesting, insightful and impactful findings. Please read ahead.

2018

TABLE OF CONTENT

01.	FOUNDER'S SAY
03.	SMARTPHONE INDUSTRY GROWTH
04.	RECOMMERCE INDUSTRY GROWTH
05.	BATTLE OF BRANDS
06.	MOST TRANSACTED MODELS
07.	TOP MODELS WITH ISSUES
08.	FAST REFRESH
09.	ONE CASHIFY-ER MANY PHONES
10.	CITY WISE CASHIFY MARKET SHARE
11.	PHONATICS

FOUNDER'S SAY

Mandeep Manocha
CEO | Cashify



In 2018, the cutthroat race among smartphone brands continued, only to reveal some interesting points about the industry. Some brands managed to retain their loyal user- base while some, surprisingly, didn't make the cut. What the Indian smartphone user gravitates to is as dynamic as ever. The ripple effect can be seen in the smartphone resale market, leading us to arrive at some amazing trends and patterns in Indian re-commerce industry.



Nakul Kumar
COO | Cashify

What drives consumers to upgrade their smartphones so much faster than before? It's always been a game of decryption and prediction to us, industry stakeholders. Readers can take away some of the key highlights from the smartphone market in the year 2018.



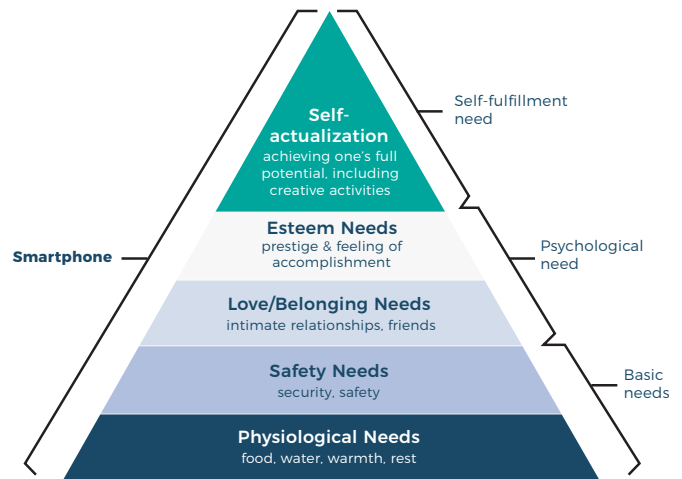
Amit Sethi
CTO | Cashify

Rare insights uncovered by data analytics and its sustained implementation remain to be of the essence. Be it in perceiving where to land on the consumer's relevancy scale or just sensing what lays ahead on the horizon.

SMARTPHONE INDUSTRY IN INDIA:

The growth story

When asked what one thing they would like to keep with themselves if stranded on an island, the instant answer of over 80% of the respondents was their smart-phones. Smartphones indeed have become an inseparable part of our lives. From helping us to choose the right match for a weekend date, to bringing groceries to our doorsteps every morning, smartphones have become the butler we never had. So much so, that almost all the needs listed in Maslow's pyramid can be fulfilled by a smartphone.



2021
456.9 M

2022
490.9 M

2020
420.2 M

2019
380.6 M

2018
337 M

2017
291.6 M

*Number of Smartphone users in India

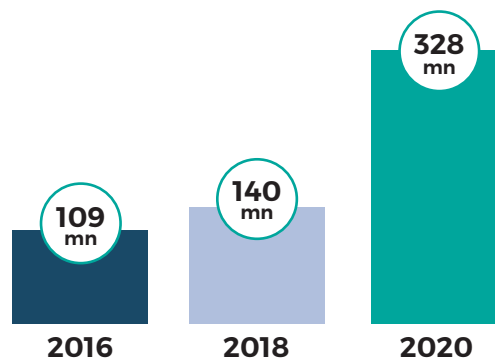
Like much else, Indians aren't far behind when it comes to being hitched to their smartphones, for being the world's second largest smartphone market after China. Besides, the fact that India ranks second across the Asia Pacific region, when it comes to average time spent on the mobile web, makes the country a lucrative target area for OEMs all over the world. The direct impact of the increase in smartphone users means more scope in the Re-commerce industry.

As the sales rise, the resale of smartphones also becomes almost indispensable. In turn, the resold devices are just as sought-after as the brand new models since users can upgrade at a price point that suits them. Here is a look at how smartphone numbers will be growing in the coming years.



WITH SMARTPHONE INDUSTRY GROWTH Comes Recommerce

The rise of smartphones sales over a period of 2 years, from 2016 to 2018, has been 28.4 % with the number of smartphones sold increasing from 109 million units in 2016 and to 140 million units in 2018. The smartphone sale in 2020 is believed to be more than 2 folds of what it is now, clocking to approx. 328 million units.



Surge in Smartphones sales from 2016 to 2018
(in Millions)

With the increase in the number of smartphones in the consumer ecosystem and shrinking upgrade time (Close to 12 months as of now) there will be a similar or even bigger surge in the second-hand smartphones in India. Hence Recommerce of smartphones is going to be a huge business to balance out the demand and supply matrix, of second hand refurbished phones. Here is some data on popular consumer trends in India.

The total Refurbished smartphone market was approx. 11% of the total smartphone market share in India, in 2018. The rate of growth of second-hand phones in India is around 25%, higher than the global average of 18-20%. Shipment of second-hand phones is approx. 14 million units in 2018 and will be close to 19.5 million by 2020. India contributed around 12% to the global refurbished smartphone market in 2018 with 39% y-o-y growth. The price point is a key factor in India, when it comes to purchasing a smartphone.

NEARLY **48%** OF SMARTPHONE USERS HAVE ONE SPARE PHONE WITH THEM

41% OF USERS PREFER TO SELL THEIR OLD PHONES ONLINE

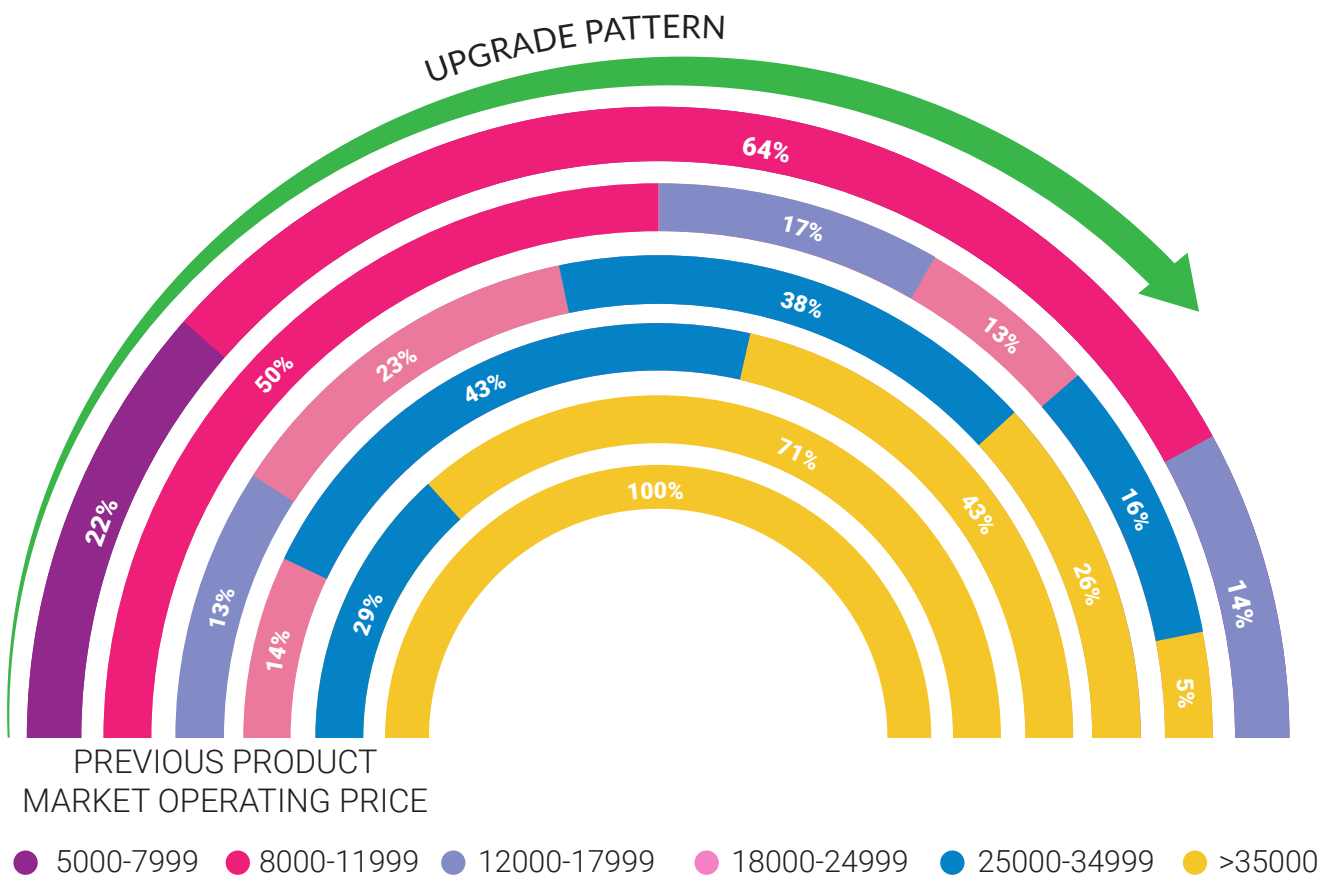
ON AN AVERAGE A SMARTPHONE CHANGES HANDS ATLEAST **3 TIMES** IN ITS COMPLETE LIFE-CYCLE.

CUSTOMER UPGRADE PATTERN

In an attempt to capture user upgrade behaviour, an analysis of previously owned devices vs currently owned was conducted. Basis the last known Market Operating Price, trends in the upgrade are represented here.

The starting point indicates the price point of the previously owned device with the first block indicating how many customers remained in their previous price bucket. Subsequent blocks indicate the % of customers of the Initial bucket who upgraded to the respective new price buckets.

E.g. 22% of customers who owned a device in the 5K to 8K bucket bought a new device within the same price band, while 64% upgraded to the 8-12K bucket and the balance 14% jumped to the 12-18K bucket.



MOST TRANSACTED MODELS

In 2018, Xiaomi took the Indian smartphone market by storm and became the top-selling smartphone brand in terms of market share in India. With a bunch of new launches from the brand, a lot of users upgraded to newer Xiaomi models and also many users shifted from other competing brands to Xiaomi.

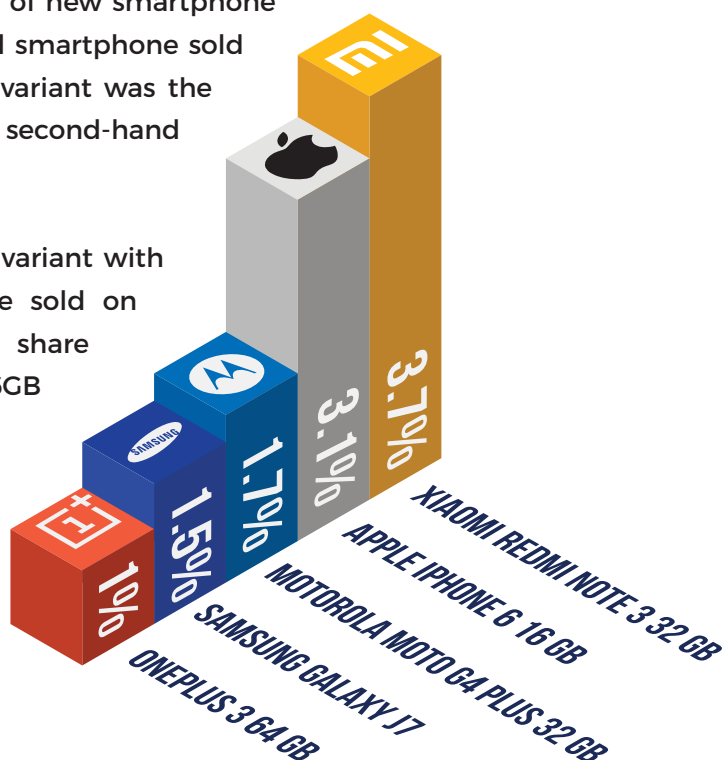
But Xiaomi not only led the market in terms of new smartphone sales but was also the leader in second-hand smartphone sold on Cashify. Brand's Redmi Note 3GB/32 GB variant was the most traded model, taking 3.7% of the total second-hand smartphones sold online on Cashify.

Next on the list was Apple's iPhone 6 16GB variant with 3.1% of the total second-hand smartphone sold on Cashify Platform. Despite Apple's market share remained constant in India, iPhone 6 16GB variant was the second most traded second-hand phone in 2018.

Motorola's G4 Plus with its 32 GB variant was the 3rd most traded smartphone online. Its sale was 1.7% of the total smartphone sold on Cashify.

Samsung bagged the 4th spot with its mid-range device Samsung Galaxy J7, contributing 1.5% of the total smartphones sold on Cashify.

Taking the 5th spot on the most traded phones list is OnePlus 3 64GB. Our data showed that it contributed 1% of the total products sold on Cashify.



TOP MODELS WITH ISSUES

Whether in the new smartphone market or in the second-hand smartphone segment, some devices simply fail to make a mark - be it due to their inability to update the technology to the latest one or some recurrent defect that keeps irking the users. Here are some of the major technical flaws with some major smartphones models that compelled users to sell them for a way better upgrade.



FAST REFRESH

With every week a new smartphone ready to launch in India, the total number of smartphone users has grown to 330 million in the country. With such a huge influx of smartphones, people are bound to upgrade to a phone for better specs, design and better value for money. With such cut-throat competition users are having better devices to upgrade more frequently, hence we are introduced to a faster upgrade cycle of 12 months.

Thus, we list the top smartphones that swapped much faster than others. Also, we have determined it by reviewing how many devices have been swapped, while still under warranty.

**SAMSUNG GALAXY
J7 PRO 64 GB**

1



**XIAOMI
MI A1 64 GB**

2



**SAMSUNG
GALAXY S8 64 GB**

3



**SAMSUNG
GALAXY S7 32 GB**

5



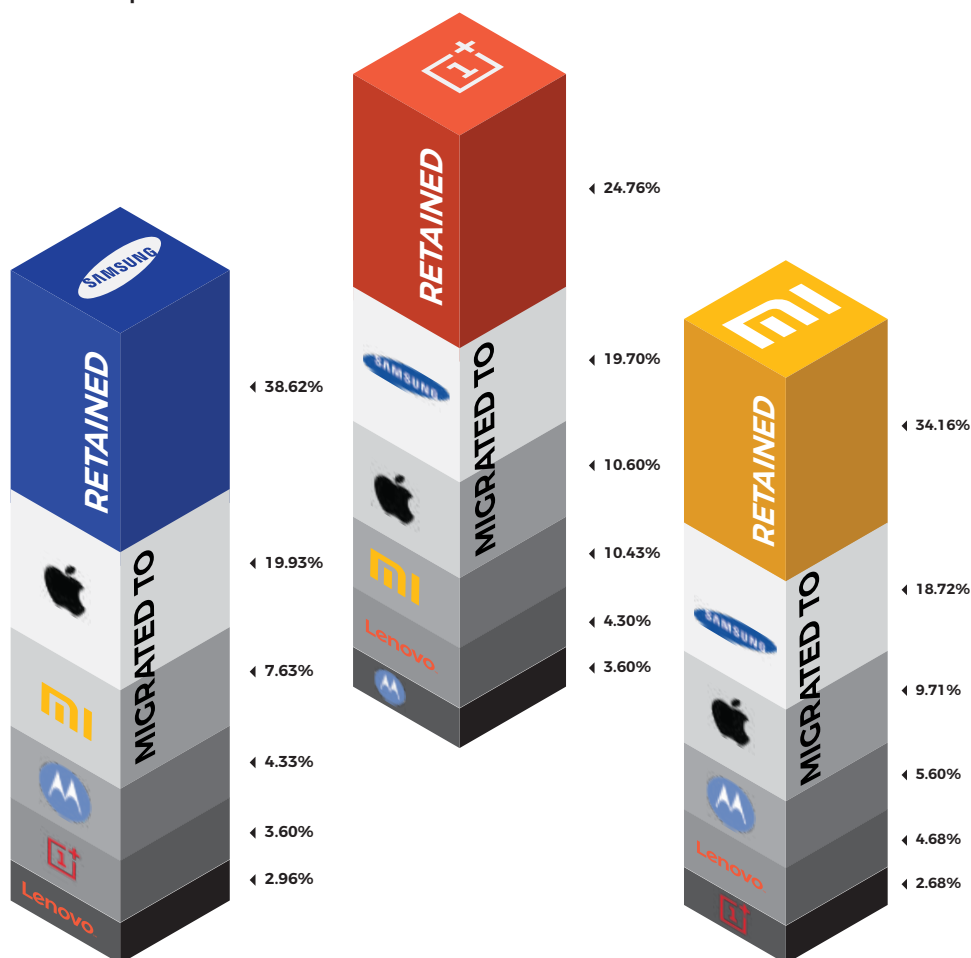
**MOTOROLA
MOTO E4 PLUS**

4



BRAND LOYALS VS BETRAYALS

We have taken 3 brands; Xiaomi, Samsung and OnePlus, to study the brand loyalty index, as these 3 brands are having the best retention rate as compared to their competitors in the smartphone industry. The Brand Loyalty index shows while people upgraded to a new device, to what extent these 3 brands have successfully retained their current customers and how much they lost to other competing brands. While 34.16% Xiaomi customers trusted the brand and upgraded to a new Xiaomi device, 38.62% of Samsung customers remained with the brand's customer clutter and 24.6 % of existing One- Plus users actually upgraded to a new onePlus smartphone.



CITY WISE CASHIFY MARKET SHARE in 2018

We tested the surge or decline in recommerce trend in different cities, based on leads generated and transactions done on Cashify. Data shows that there's a decline in the recommerce market in metro cities, giving room to Tier 2 cities to take a chunk. Another interesting data point recorded was the truth index, which basically means the percentage of people who actually recorded the exact condition of the device, while taking an online quote for their old phone from Cashify's platforms.



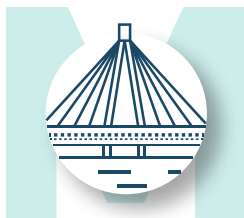
DELHI

● 19% ● 66%



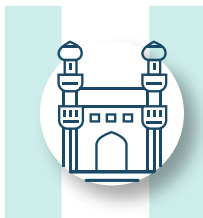
BANGALORE

● 13% ● 70%



MUMBAI

● 11% ● 73%



HYDERABAD

● 7% ● 57%



GURGAON

● 6% ● 86%



PUNE

● 6% ● 55%

Delhi's market share in the total smartphones traded online stands at 19%, with a decline of 9% from 28% in 2016. While 34% of people lied about the smartphone condition.

Bangalore also saw a decline in its market share to 13%, from 17.6% in 2016. With 30% of people lying about the condition of the old smartphone.

Following the trend, Mumbai saw a decline in its share from 13.7% in 2016 to 11% in 2018. With 27% of people not shared the exact smartphone condition.

Pune's market share was constant. However, the truth index dropped by 25%. With 45% simply lied on the smartphone condition.

Hyderabad's market share somewhat increased from 6.8% in 2016 to 7% in 2018. While there is a staggering increase of 25% in people who lied about smartphone condition.

Gurgaon had the best truth index figures at 86% with only 14% of users disclosing the incorrect device information. While the market share has increased from 73% in 2016 to 86% in 2018.

Besides, Kolkata, the sweetest city recorded 56% of users lying about their device condition. The market share had also gone down from 84% in 2016 to 44% in 2018.

PHONATICS

in 2018

Our data reveals some fascinating consumer insights basis their resell pattern.



70%

of users make up their minds to sell in the first hour



80%

of users decide to sell on the 1st day of taking a quote



Cashify is now becoming a coffee table discussion topic among working professional, we see

65%

of total quote is obtained during morning coffee time (8-10 am) by working professionals

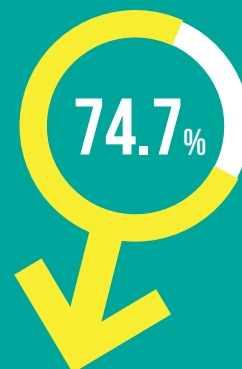
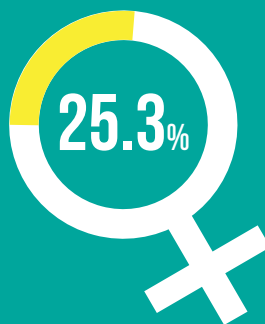
Tremendous growth in sellers from Tier 2 cities, especially among homemakers

Truth index is higher among Tier 2 women sellers at 78%

Transaction completion rate is higher among Tier 2 women sellers, clocking at 80% as compared to Tier 1 women sellers completing transactions only 60% of the times.

As per an independent research, women tend to sell their phones more on Cashify than any other online platforms.

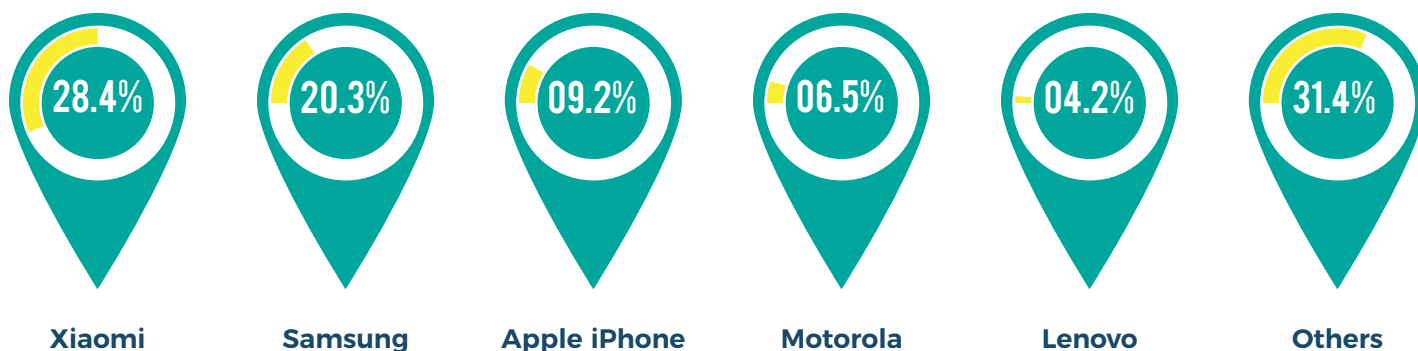
Male Female 2018 User data on Cashify:



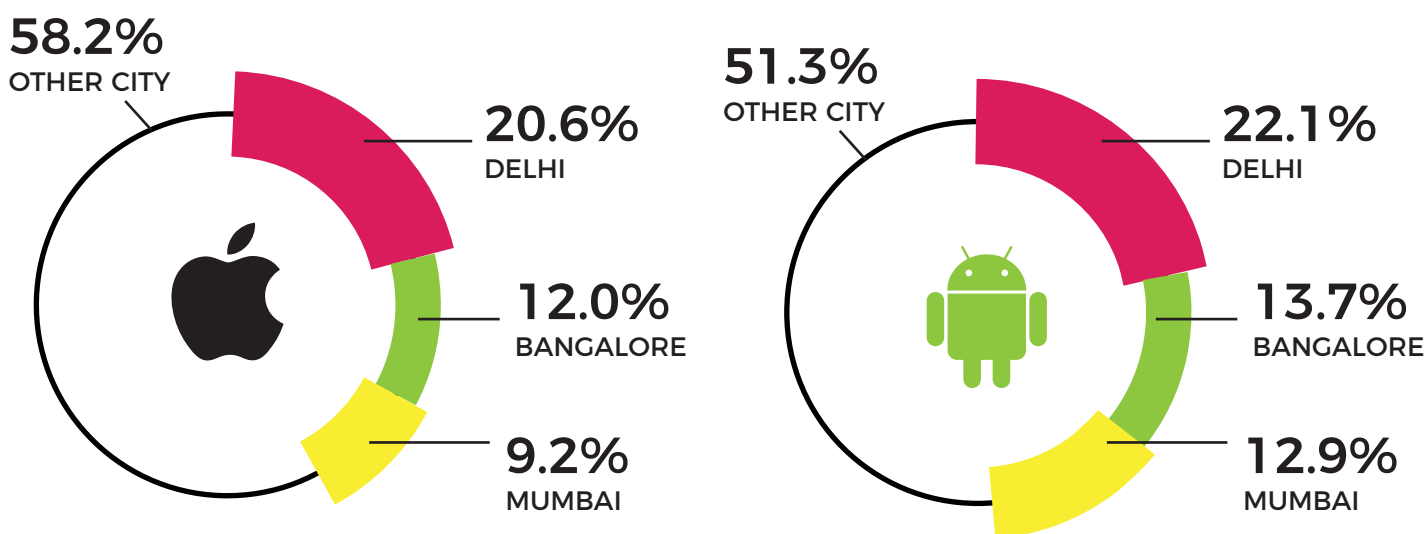
PHONATICS

in 2018

People interested to sell which phone



Interested to sell iphone vs interested to sell android



The pre-owned smartphone market in India is expected to grow at CAGR 32% to reach about 46 million units in 2020.

Xiaomi is not just a leading Smartphone market in new phones, but it is also gaining a huge market share in the pre-owned smartphone market too.

With the reduction in the replacement cycle from 16 months to 12 months and an increase in average selling price year-on-year, the pre-owned market is bound to grow.

As aspirations to own new high-end phone are rising among smartphone users, we see major traction for pre-owned smartphone coming from lower income groups of Tier 2 and Tier 3 cities.



IS SCREEN REPAIR POSSIBLE IN 30 MINUTES?

With Cashify's latest offering, ScreenPro - a Mobile Screen Repair service, get a broken screen fixed in just 30 minutes. The live screen repair service can be availed right at your doorstep. Does it get any better?

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