Buyer Interview:

Matt is a self-described miser who is always looking for a deal. He enjoys modern technology however he is not willing to pay full price for the latest and greatest smartphone. As a result, Matt has carefully purchased several smartphones in the secondary cell phone market. As a rule of thumb, Matt is generally one generation behind when he upgrades his smartphone.

First, the cost of the used smartphone is less expensive than a new smartphone, without having to commit to a two-year contract with a wireless provider. Next, he has noticed that the tiered cost structure of a smartphone is generally tighter in the secondary market. What he means by this is that the cost difference between a 16GB iPhone versus a 32GB iPhone is generally less in the secondary market as compared to the primary market. The spread is less therefore he can buy a smartphone with more space at a lower marginal cost. Finally, he can choose the condition of the phone that is acceptable to him. What he means is that he does not necessarily need a mint condition phone. For example, if the smartphone has a scratch on the back of it then he generally can purchase the phone for less than another phone in excellent condition. As long as the phone is in good working condition and the screen and camera lens is not scratched then he thinks he is getting a great deal.

Matt generally will purchase his used iPhone from a reputable business that will allow him to test the iPhone before he purchases it. Specifically, Matt has purchased his used iPhone’s from GameStop in the past for this specific reason, plus they offer a pre-owned money back guarantee within 7 days. Timing his purchases is important and he usually waits until Apple releases a new iPhone. This release drives up the supply of used iPhones in the secondary market and drives down the value of the older models. Matt has employed this strategy for three years and it has worked out very well. Not only does he save money off the phone but he also gains flexibility by not having to sign a two-year contract with a wireless provider.