

Middle East smartphone market remains resilient, poised to grow 6% in 2023

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Canalys research shows that the Middle East (excluding Turkey) smartphone market is expected to grow 6% in 2023 to 40.4 million units. Saudi Arabia, the largest market in the region, is expected to expand by 9% as foreign direct investments increase and the market shifts from a conservative to an open economy. The UAE's smartphone market is forecasted to increase by 6% due to the country's robust expansion in non-oil industries like real estate, tourism and trade. Iraq, a cash-driven consumer market, showed strong potential in 2022 but needs restructuring policies to fight forex fluctuations. In comparison, Kuwait and Qatar's smartphone markets are expected to grow marginally, following the momentum of rising oil prices and the FIFA World Cup in 2022, which increased travel and retail sales.



"Samsung and Apple continue to be the defacto brands in the channel with strong power to stimulate sell-through. On the other hand, emerging vendors still face challenges to drive more sell-in as channels cannot take in more inventory," said Manish Pravinkumar, Senior Consultant at Canalys. "While Samsung is bolstering its position in the premium market with more supply and marketing investment in its recently announced S23 series, the supply of iPhones to the Middle East region is anticipated to rise in upcoming quarters. Emerging brands such as Xiaomi, Infinix,

and Tecno will learn from their current challenges in channel management. Given retail channels' demand for better profitability, these brands will look to incentivize the channel by offering rebates while restraining their spending in ATL marketing."

"Middle East markets witnessed a post-pandemic shift in consumer and commercial dynamics," said Sanyam Chaurasia, Analyst at Canalys. "2023 will bring a favorable business environment, supported by buoyant energy prices, recycling of the funds from oil towards reform programs in each country and creating space for further intra-GCC business investment. Meanwhile, telcos will aggressively push 5G to echo the government's digitalization objectives. There will be more collaboration with smartphone brands on flagship 5G smartphone launches to increase average revenue per user (ARPU)."

"The ongoing 5G development will see a transformation within the smartphone user experience and drive the other digital ecosystem. Canalys expects half of the smartphones shipped in 2023 to be 5G-enabled. The regional competition will remain stiff in the coming years, especially for emerging brands. Players with better inventory management capability and channel relationships will stand out in the upcoming quarters. Smartphone vendors should focus on organized retail - the most critical channel for consumers to experience newer products and technology. This is critical for the market challengers - to have a significant store presence to stand out in brand awareness and win consumer mind share," added Pravinkumar.

Middle East smartphone shipments and growth
Canalys Smartphone Market Pulse: Full year 2022

Vendor	2022 market share	2021 market share
Samsung	40%	34%
Xiaomi	14%	15%
Transsion	13%	15%
Apple	13%	17%
OPPO	5%	4%
Others	15%	15%

Note: Xiaomi estimates include sub-brand POCO and OPPO includes OnePlus. Percentages may not add up to 100% due to rounding.
 Source: Canalys Smartphone Analysis (sell-in shipments), March 2023

For more information, please contact:

Manish Pravinkumar: manish_pravinkumar@canalys.com

Sanyam Chaurasia: sanyam_chaurasia@canalys.com

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