Dubai – Newly released data from IDC’s Worldwide Quarterly Mobile Phone Tracker shows that shipments of mobile phones to the Gulf Cooperation Council (GCC) region declined 4.5% quarter on quarter (QoQ) in Q3 2021 to total 5.59 million units. Smartphone shipments were down 4.1% QoQ to 5.04 million units, while feature phone shipments fell 7.6% over the same period to 0.55 million units. In terms of value, the GCC smartphone market was worth $1.92 billion in Q3 2021, an increase of 2.5% QoQ, while the feature phone market totaled $11.41 million, down 17.7%.

"Most brands faced logistical bottlenecks during the quarter that exacerbated ongoing supply shortages," says Akash Balachandran, a senior analyst at IDC. "Due to supply constraints on low-end devices in particular, large brands have attempted to bridge the gap by focusing on pushing sales in mid-range and higher price bands. However, the low-end and ultra-low-end markets remain important segments and the lack of supply in this space along with the related pricing issues resulted in an overall market drop."

Saudi Arabia saw smartphone shipments decline 4.5% QoQ in Q3 2021 but still accounted for 55.1% of the GCC’s overall smartphone market. The UAE, the second-largest market in the GCC, saw shipments decline 3.1% QoQ for a 22.3% share of the market.

"Despite most vendors prioritizing Saudi Arabia as the largest market in the GCC and despite consumer demand staying healthy for mobile devices, poor supply resulted in a quarterly unit shipment drop in Q3 2021," says Balachandran. "The UAE market also suffered a decline, stemming from supply issues affecting Android vendors. However, Samsung's
focus on premium devices and the market's strong appetite for iPhones led to slight growth in the dollar value in both countries. Due to supply shortages, average street prices are not declining as they usually would, which is another factor driving value growth as shipments fall."

Samsung led the GCC smartphone market in Q3 2021 in terms of shipments with 44.1% share. However, the vendor posted a 5.8% QoQ decline in shipments due to shortages of its low-end devices and a shift in its focus to the premium end of the market. Apple (18.8% share) saw its shipments to the region increase 6.0% QoQ, aided by healthy demand for both its iPhone 12 series and its newly launched iPhone 13 range of devices. Rounding out the top three, Xiaomi (13.9% share) experienced a 9.0% QoQ decline in shipments due to ongoing supply and logistical constraints.

Figure 1
IDC forecasts the GCC smartphone market to see very slight QoQ shipment growth of 0.6% in Q4 2021. While supplies will remain strained (particularly in the low-end price bands), overall shipments are expected to grow due to strong consumer demand and the efforts made by brands to secure shipment allocations for the GCC as a priority market. The ongoing Expo 2020 in the UAE and the increase in travel and tourism in the GCC countries are also helping to drive growth.

"5G devices accounted for 35.4% of smartphones shipped to the GCC region in Q3 2021, with shipments pf these handsets increasing 36.1% QoQ," says Ramazan Yavuz, a senior research manager at IDC. "5G
smartphones will continue this rapid growth due to launches of more affordable handsets and better supply versus the restrictions seen in the 4G space. 5G smartphones will eventually reach a dominating 85.5% unit share of the GCC market by 2025."

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