

United Arab Emirates Telecom Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The UAE telecom market is expected to register a CAGR of 3.5% during the forecast period (2022-2027). The region has an advanced telecommunication sector, which is supported by government initiatives and well-established policies.

Key Highlights

The telecom sector in the UAE is under the control and supervision of the Telecommunications Regulatory Authority (TRA). It was established under the 2003 Telecom Law, which includes issuing licenses, enforcing regulations, promoting e-government initiatives, establishing access management policy, resolving disputes, and ensuring service quality and access equity.

The telecom industry in the UAE is growing with the expansion of end-user industry applications and growth in markets, such as IoT, cloud, data centers, and 5G. The country is also witnessing increasing internet consumption with growth in the market, such as video on demand (VOD). To meet the increasing demand for internet services and capture a wide share of customers, several companies in the market are launching innovative internet plans.

For instance, in December 2021, Etisalat launched eLife Ultra, a next-generation portfolio of home internet plans designed to meet UAE families' home connectivity and digital needs, delivering advanced internet speeds combined with 4K and HD TV channels and a range of digital media benefits. The eLife Ultra Starter offers a speed of 500 Mbps, while eLife Ultra Sports offers a speed of 750 Mbps. The eLife Ultra Fusion with 1 Gbps affordably introduces Giga speeds and includes a complete OSN and beIN ULTIMATE line-up.

Additionally, Dubai is poised to become one of the smartest cities in the world, facilitated by advancements in technology, innovation, and initiatives, like Dubai Data Strategy, Dubai 10X, Smart Dubai 2021, Dubai Blockchain Strategy, and Dubai Pulse Platform, among others. Moreover, the Dubai Internet of Things (IoT) strategy aims to build the most advanced IoT ecosystem to transform the city into a model smart city. Such initiatives would offer massive opportunities for the growth of the studied market. Also, the telecom sector in the region has evolved in the past five years from a growth play to a semi-defensive play in response

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to a rise in financial risk, heightened competition, and consumer sophistication. Service price reductions have favored consumers by creating stiff competition between local carriers, Etisalat and Du, which, in turn, would present the necessity for innovations.

UAE Telecom Market Trends

Increasing Penetration of 5G and the Advent of 6G are Expected to Drive the Market

The UAE has one of the world's fastest median download speeds on 5G networks and one of the highest fixed broadband speeds. This is the result of recent infrastructure investments, focusing on fiber rather than upgraded copper networks and 5G. The rapprochement reflected in the October 2020 Abraham Accords Agreement signed by the UAE and Israel will also promote cross-border commerce, telecom traffic, and investment in technology firms and digital services.

In July 2021, Etisalat announced that it started working toward the transition to 6G, a mobile network that is expected to be 100 times faster than 5G. The advancement of new mobile technologies and features, like the millimeter frequency in 5G, complimented with terahertz (THz) spectrum in 6G, would drive the growth of the market.

Furthermore, in April 2021, Etisalat deployed a 5G network with Nokia as a key partner, providing enhanced mobile broadband services and expanding 5G coverage and revenue opportunities. The 5G capabilities enable innovative applications, such as virtual reality (VR) and augmented reality (AR) (AR). It also addresses Industry 4.0 opportunities to benefit enterprises from various internet of things (IoT) use cases in energy, healthcare, education, transportation, and entertainment, thus, generating new revenue and aiding the growth of the market.

Moreover, work from home (WFH) has replaced the workplace or office for millions of professional workers in the region. For instance, in June 2020, research commissioned by Ciena found that 85% of UAE adults are now working from home at least some of the time. The research also found that it is not just remote working that is increasing the demand for home internet connections. During the lockdown, 67% of UAE adults are engaging in more video calls to connect with colleagues and loved ones, 78% are using social media more often, and 74% are watching more TV and movies online.

WFH involves modern ICT usage, including fixed and mobile broadband services that enable real-time communication through email, voice telephony, and videoconferencing. 5G can help in several ways. Reducing latency and increasing speed can make videoconferencing more reliable and secure and enable better interactivity among participants. As VR/AR devices and experiences develop and run on 5G, they can become a suitable substitute for business travel. Resultantly, the pandemic has provided the market with lucrative growth opportunities.

Mobile is Expected to Hold a Major Share

The telecom companies in the region have benefited from a surge in demand for their mobile and TV services during the pandemic, as more people stayed at home. According to the Telecommunications Regulatory Authority (UAE), in December 2020, the number of mobile subscriptions in the United Arab Emirates (UAE) amounted to 186.1 subscriptions per hundred inhabitants, an increase from 181.5 subscriptions per hundred inhabitants in June 2020. The total number of active mobile subscriptions in the UAE amounted to 16.82 million in December 2020.

The usage of more than one device per user, high rates of replacement, and users shifting from traditional phones to smartphones with the drop of prices were among the major factors that contributed to the growth of the mobile segment.

Furthermore, the combined growth in mobile broadband and smartphone subscriptions and the proliferation of hardware and software have led to the speedy adoption of 5G. Also, the TRA aims at launching the fifth generation of mobile commercial services in the country.

However, in recent times, there has been saturation in the market. The current low crude oil price situation, which has profoundly

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impacted the country's economy, has limited the consumers' purchasing power. Coupled with this scenario, there is a comparative slowdown in the country's smartphone sales, as the market is moving toward saturation.

UAE Telecom Market Competitor Analysis

The UAE telecom market is consolidated, with key players, such as Etisalat, du, Thuraya Telecommunications Company, Al Yah Satellite Communications, and Virgin Mobile UAE, occupying the majority of the market share. Also, individual players are deploying the 5G network by partnering with various 5G infrastructure providers globally.

June 2021 - Thuraya, a mobile satellite services subsidiary of the UAE's satellite communication operator, Al Yah Satellite Communications Company (Yahsat), announced that it had signed a solution system integrator partnership agreement with Delta Bridge. Through the partnership, the companies would deliver key government customers secure satellite communication connectivity and mission-critical applications for the defense and government sectors, backed by the companies' broad portfolios of experience and capabilities.

January 2020 - The company du (Emirates Integrated Telecommunications Company (EITC)) showcased the massive potential for 5G technologies to drive the UAE's major industry verticals, following the telco powering an innovative 5G live stream in partnership with China Media Group.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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