

THE POTENTIAL OF DEVELOPING IRAQ SMARTPHONE MARKET AS AN EMERGING AND LUCRATIVE MARKET

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ABSTRACT: *Smartphones importance increased day after day, in hence the market of this sector developed and becomes more powerful and lucrative. Smartphones considered as a digital oil as a description how smartphones market is powerful. Millions of devices produced by competitors with a wide range of options to face the high demand and satisfy the different needs .this paper aimed to explore the global market of smartphones and Iraq smartphones market in particular to make benchmarking to discover the gap. The result shows that Iraq market generally and smartphones market in particular unsaturated and needed to be developed by improving retails and stores, the market attractive and profitable this make it worth to be considered by companies to invest in it .*

KEYWORDS: Smartphones, Iraq Smartphone Market, Marketing

INTRODUCTION

Smartphones are the buzz of this century, its today's gadget and future's trend, its set to revolutionized our life way. Smartphones are more than just as a cell phones, easily you have with your smartphone instant access to the internet, browsing web and reading news as well as taking a look on market stocks or even managing your business. If you are like to socialize there is lots of apps developed for this purpose and other thousands of apps are developed for different types of using. You don't have to suffer from your heavy laptop as long as you could do most of the jobs with your light smartphone. Moreover size minimization and the high functionality makes those devices are more attractive and useful for individuals. Mobile users will do anything and everything desktop users will do (brad frost), there is no doubt it is the reality.

This sector of the market is an important and worth to be analyzed, especially with its rapidly growth, as Iraq isn't excluding from the other world Iraq also an important part of the global system and an important market to come in, especially after the American invasion in 2003 as the market becomes more open to import such things, smartphones or tablets which was not exist before 2003 in Iraq market. Cellphones gradually started takes its place until becomes represent a high share of market consumption particularly with the young generation of people. With the Striving of government to improve telecommunication sector and supporting companies operating there as cellphone operators. This market expected to grow more and more especially with improving services regarding communication and its infrastructure. We can say that Iraq is an important destination to be considered as an emerging and profit market.

Global cellphone market

Cell phones developed quickly since it lunched as a substitute for wire phone as the biggest revolution in communication devices world, which connected wirelessly to the public telephone network, the transmission of speech by radio wasn't the last, engineering and Scientists continued developing it from day to day until today. Cell phones important in our life as an essential part, according to super monitoring report2013 ⁽¹⁾ 91% of all people on earth have a mobile phone, 56% of people own a smart phone, 50% of mobile phone users uses mobile as their primary internet source and 72% of tablet owners purchase online from their tablets each week, this statistic could show how people are engaged in smart devices, countries like Saudi Arabia and Russia have a weird distribution of cellphones per people². I guess having multiple phones is popular in those places, Two-thirds of American mobile users (66.8%) now own smartphones as of January 2014(Ayaz Nanji, 2014). This distribution of smartphones basically forms a huge economic power especially with its rapidly growth, smartphones share grown in 2011 to 2013 from 35% to 56 from the total cellphones share, it is really the digital oil. The market of cell phone in the globe one of the biggest markets, there are 6.8 billion mobile subscriptions worldwide ⁽³⁾, and mobile Fact book 2013 indicate that in 2016 mobile subscription will reach 8.5⁴ billion this number of costumers indicate the potential of this market, and the profitability, according to the International Data Corporation (IDC) the market will show growing to over 2.3 billion mobile phones shipments in 2017⁽⁵⁾. As the cellphone generally and smartphones particularly becomes an essential element in every body's life the result is to see strong and increased demand on these goods, companies in its turn take the role to convert this demand to a basic need by making it more connected to people's life to make this demand increase day over day . The emotional promoting and the innovative campaign contributed significantly to make customers engaged more and more, the well-designed stores ,online stores, optimum client service and the advertisement which take place everywhere on internet or television or even billboards and many other media all these things makes people fell more familiar with it.

Behind the scenes thousands of intelligent and innovative persons working hard to introduce the best in term of quality and price , in order to gain customers loyalty the competition is very high ,producers like apple ,Samsung ,LG ,Nokia ,htc and Sony investing billions of dollars each aim to gain the highest share of the market. Figure 1 bellow showing the market share for the leading companies in the market during 2012 and 2013, companies like Samsung and Apple take over a huge percentage of the whole market in spite of the small decline from 2012 to 2013 from 29.7% to 29.6 %Samsung share with18.8% to 15.3% for Apple, while Nokia and htc comes in the third place, some companies like Sony showed little improvement and progress in term of growth according to DRAMeXchsng report April 2013 see figure1.

¹ <http://www.digitalbuzzblog.com/infographic-2013-mobile-growth-statistics/>

² . <http://dailyinfographic.com/the-world-of-mobile-phones-infographic>.

³ Global mobile statistics 2013 , <http://mobithinking.com/mobile-marketing-tools/latest-mobile-stats>

⁴ mobile Fact book 2013

⁵ IDC Worldwide Mobile Phone Tracker, September 4, 2013

Figure-1 Top10 Smartphone Shipments by Brand

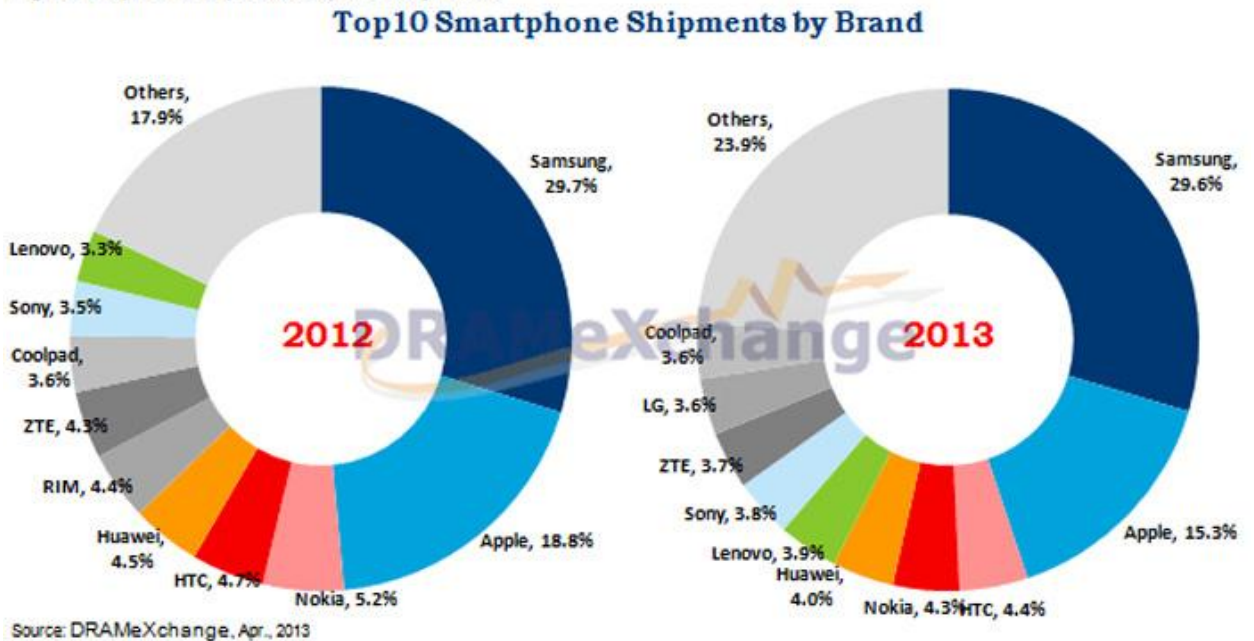


Figure1: top10 smartphone shipment by brand Source: DRAMeXchsng, April, 2013

On the other side there are other players having an affected impact on this game they are operating system producers, because one of the important purchasing decision for customers most of the times is the kind of operation system ,companies like apple they used to use from the began their own OS which is well-known IOS, other companies they use Google’s android system which take over 75.3% of market share with 16.9% for IOS while 3.9% for windows phone , BlackBerry OS 2.7% and the rest for others according to (IDC statistic) see figure 2.

Global smartphone operating system share in 2012, 2013 and 2017: IDC					Global smartphone operating system share in 2012 and 2017: Canalys		
Operating System	2012 sales (millions)	2012 market share	2013 Market Share	2017 Market Share	Operating System	2012 market share	2017 market share
Android	497.1m	68.8%	75.3%	68.3%	Android	67.7%	67.1%
iOS	135.9m	18.8%	16.9%	17.9%	iOS	19.5%	14.1%
Microsoft Window	17.9m	2.5%	3.9%	10.2%	Microsoft	2.4%	12.7%
BlackBerry OS	32.5m	4.5%	2.7%	1.7%	BlackBerry OS	4.8%	4.6%
Symbian	23.9m	3.3%	N/A	N/A			
Others	15.1m	2.1%	1.2%	1.9%	Others	5.6%	1.5%
Total	722.4m	100.0%	100.0%	100.0%	Total	100.0%	100.0%
Source: © IDC (Sept 2013); IDC (Feb 2013)					Source: © Canalys (June 2013)		

Figure2: Global smartphone operating system sharein 2012, 2013, source IDC

That is why most emerging companies they favorite to use Google's android as an operating system for their mobiles instead of taking a risk by inventing their own one which may cause by failing the whole product ,while apple it has a good position with its IOS in spite of the little decline .

The attractiveness of this market pushed investors and companies to invest a huge amounts of money for developing or marketing these staffs as marketers having an affected role to promote those products and pushing consumer quickly towards buying. As the companies if they don't fully inform about its prospects customers will seek to find someone else.so marketing play an important and vital role in this industry "if you have a good product you should tell and you have to show then you have to prove that".

Developed countries like USA, China, japan and Europe the innovation, differentiation, modern market style and transform the product meaning from just a product to be a lifestyle are the marketing aspect in those countries which makes the smartphone a special market, the decoration of selling place , organized selling method and the type of service inside the shops definitely makes the customer satisfied when they are buying their new smartphone and this factor one of the competition priorities for the companies , other thing is after selling service or technical support this kind of service give the confident to clients to fell that they are on the safe side. Moreover, the marketing mix: Product, Price, Place and Promotion are used very carefully in this market as all 4Ps are sensitive as the competitors competes on introducing the better with affordable price in the right place as well as the type of media for promotion.

Iraq cell phone market

Cell phone market in Iraq was born exactly after American invasion in 2003. Before this period there were no mobile cellphone at all, as in Saddam Hussain regime it was forbidden to have a cellphone, people were using their wire telephone. After the war in 2003 on Iraq and after the fall of Saddam Hussein's regime the restrictions were removed, the market becomes open and cellphone operators comes in Iraq, trader started to import cellphone as well as they started to import everything.

Iraq as an oil exporter country considered one of the richest countries. Iraq is now the second-largest producer of crude oil and has the fifth-largest proven crude oil reserves in the world, as a result of Iraq increased capacity of selling oil the salaries increased too so that the average income rise up. The Gross Domestic Product (GDP) in Iraq expanded 10.20 percent in 2012 from the previous year ⁽⁶⁾. This development in the Iraqi economy reflex the increase of the purchasing power for Iraqi consumers, this refreshed the Iraqi market and especially electronics market people buying overly these things which was prevented to enter to the market before 2003 regime.

Iraqi consumer history with the cellphones started after entering of the first operator Atheer Company in 2003 in Basra city in the south of Iraq, at the began as it was the first time the prices of the cellphones was quite high compared to the quality, but as the consumer they do not have an experience before they were happy with their phones, and the first entrant to the market was Nokia

⁶ . <http://www.tradingeconomics.com/iraq/gdp-growth-annual>

with a very little other brands like Siemens ,gradually new models started to enter but the prices still high ,then china turn comes and it was a good opportunity for trader to bring the Chinese low quality and low price phone to sell it with a high margin profit , this action took some years until appearing some competitors whose involved in importing from china ,so now all knows the way to china but the race were who can import the phones that can be sold on the lowest price and gaining a satisfied profit, after a period this strategy no longer works as consumer becomes more expert and they are now looking to having a good phone with affordable prices. Year after year the market of cellphone growing and people changing their phones from the old models to the newer until entering of smartphones to the market which witnessed a high acceptance and demand .And now with four phone network operator covered all geographical area for Iraq as a base infrastructure, this helped the penetration of cellphones through the market and the costumers. Iraqi traders confirm that mobile phone trade is in its golden age due to a-never-seen-before increase in demand on smart phones, signaling that gain percentages went up about 30% in 2012 in comparison with 2011⁷.“It is rare that a client comes asking for old mobile phones. Demands for smart phones come from all groups, namely employees”, said Givori mobile phones’ dealer in Baghdad, Ahmad Falah.

Another surprising detail in the 3G numbers is the market analyst, Informa Telecoms &Media, predicts that Iraq will become the largest 3G market in the Middle East by the end of 2015⁸, also another report from pwc mentioned that mobile phone usage has increased drastically in Iraq, with the number of mobile phone users reaching 27 million in 2012⁹. In Iraq mobile telephone penetration is relatively high at around 78 percent of Iraq’s population of 33 million¹⁰.So mobile business in Iraq is booming and attractive for investors in terms of telecommunication generally or cellphones and smartphones in particular.

Direction to improvement of cell phone market in Iraq

Despite of Iraq represent a good piece as not saturated market, more than 30 million of population and more than 27 million cellphone subscriber it is really an opportunity but there is still beside this opportunity some challenges face the development of this market and some of the obstacles that represent a stumbling block, these problems are the security situation in the country, regulation un stability, underdeveloped banking systems. Moreover Iraq retail market still old and not organized this need a lot of investments to enhance the type of markets in the country to be similar to those that exist in developed countries, this will push producers like apple ,Samsung and others to open their official stores in the country, this in turn will make companies in touch with customers this will make understanding of the consumer better to introduce products that match them needs as well as this will improve consumer services which is very poor now, and after selling services in addition to decoration of the shops should be changed totally to create a modern market style instead of traditional undeveloped style .To be successful in the modern smartphone market, GfK’s research director of business & technology Ryan Garner believes companies need to stop selling

⁷ <http://www.alsumaria.tv/news/70882/smart-phones-invade-iraq-market/en>

⁸ Informa Telecoms &Media2013.

⁹ PWC Iraq report, 2013.

¹⁰ Reuters

products and start selling lifestyles¹¹, this is the trend of marketing should be used in Iraq as the segment of people which they use smartphone the are almost young generation, they consider the smartphone is part of style “to be cool you should have a cool phone” This idea is definitely prevalent among them.

CONCLUSION

Through the analyzing of global smartphones market in general and Iraq cellphone and smartphone market, the research shows that this sector of industry is very worth and growing rapidly and Iraqi smartphone in particular is lucrative market but this market still needed to improvement in the infrastructure like the retail and stores .The consumer in Iraq has a good purchasing power but this consumer doesn't get what he deserve .the market of cellphone generally and smartphones in particular in Iraq is not saturated yet .

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ACKNOWLEDGEMENT

It's an honor for me to introduce my thank to whom helped me to do this work, also I would like to introduce my thanks to the ministry of the higher education in Iraq for the efforts they spent to help me to complete my master study abroad, wishing them further superiority to support the scientific process in Iraq, finally I would like to thank the British Journal of Marketing Studies to give me this opportunity to publish my paper.

¹¹ <http://bgr.com/2013/08/29/apple-samsung-competition-smartphone-market/>