



by Mauro Spinelli
CSIL International Market Research

THE LIGHTING FIXTURES MARKET IN THE MENA

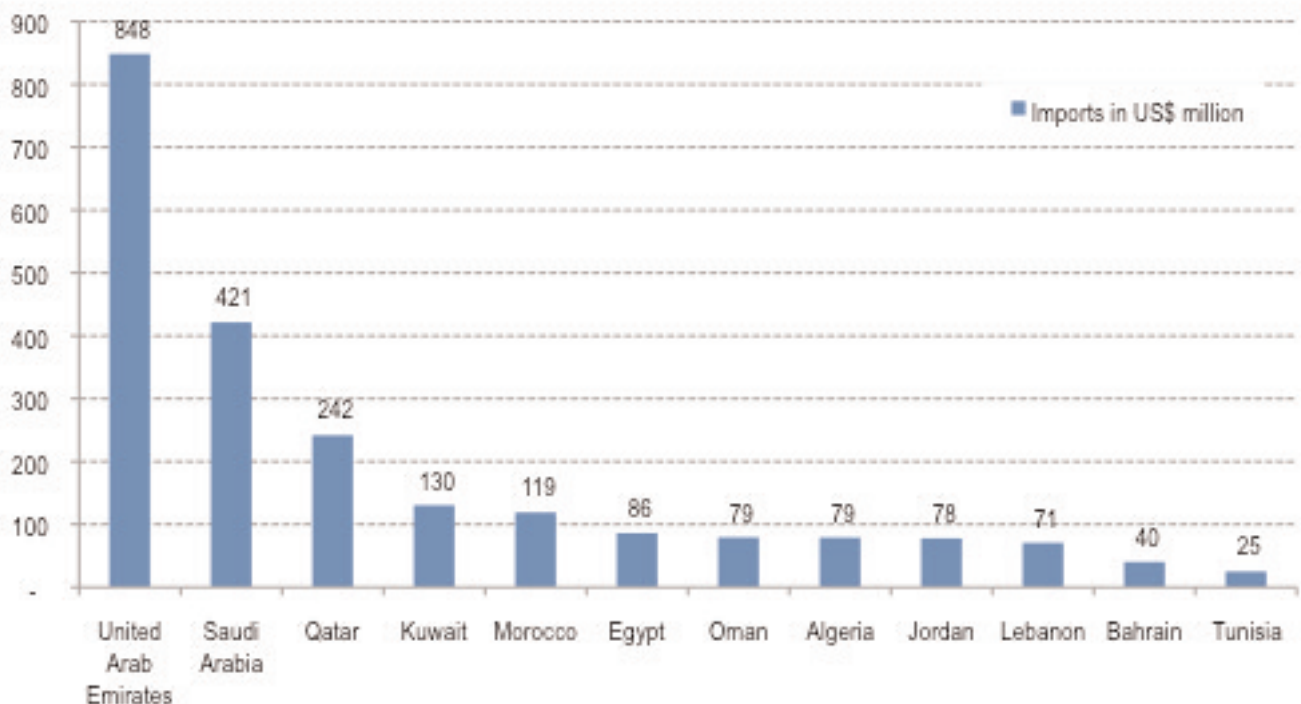
The lighting fixtures market in the Middle East and North Africa (MENA) is currently estimated by CSIL worth US\$ 3.1 billion, with positive expectations for 2018 and 2019.

A CHALLENGING AREA

Despite these positive expectations, the whole area remains challenging with tough competition and focus on price. Political and economic instabilities are among the key chal-

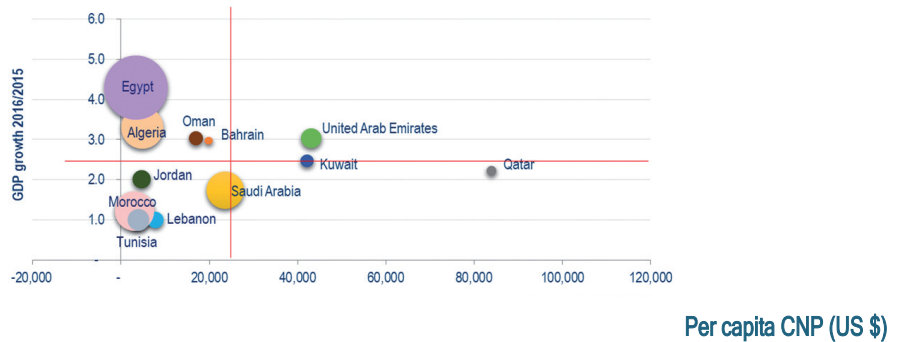
lenges the region is currently facing. Weak oil prices and the consequent shortage in liquidity slowed down projects progress in general, be it the residential, commercial, educational, healthcare sector or other

MENA REGION. IMPORTS OF LIGHTING FIXTURES, 2016. MILLION US\$



Source: CSIL

MENA REGION. MACROECONOMIC POSITIONING



Source: CSIL processing

Note: The size of the bubble reflects the size of the country's population

sectors, where lighting companies are involved. Although the growing rates of the past are gone, the region still remains a big importer of lighting fixtures. Actually, with around US\$ 2.2 billion, imports satisfy over 70% of the local lighting demand.

COMPETITIVE SCENARIO

Competition is highly fragmented. Local manufacturers or importers compete in the medium price segment. All largest international brands are present in the area, especially the Italian and European companies, which dominate in the high end market segment.

Asian companies have been progressively increasing in the last years and some of the major manufacturers achieved relevant market share in the region.

NEEDS FOR TECHNOLOGY AND INNOVATION

The Middle East and especially the GCC market is an excellent market for innovation. However, the state-of-the-art of lighting technology significantly differs from one country to the other. Besides the general switching to LED there are further technical implications that have to be considered when approaching these countries. Products often need to be customized before installation.

For example, street lighting implies

product durability in any environmental condition: ambient temperature reaching 60° in summer, humidity rate over 80% and intense dust or sand storms. Especially if the system is remote controlled through a CMS (control management systems) the internal cooling is crucial to allow a proper data transmission.

RETAIL BUSINESS ON THE RISE

Despite the MENA region is still a project-based market, the retail channel is progressively expanding and it is expected to improve its relevance in the coming years.

While sales of technical lighting are almost totally driven by contract and specifications, a significant part of residential lighting is sold by retailers located in the main urban areas. Specialist lighting showrooms compete with furniture and furnishing chains like Home Centre (Landmark), IKEA and ID Design. All these brands are investing to increase their presence in the area. The UAE-based Al-Futtaim Group, which holds franchise rights for IKEA, announced the opening of a fourth IKEA store in the UAE in early 2019 and plans for further expansion in Muscat, Oman, and Egypt, where openings of more stores are in the pipeline.

E-COMMERCE. FORECASTED FIVEFOLD INCREASE

As in the rest of the world, huge opportunities for lighting distribution come from the e-commerce. According to some reports, online transactions in the Middle East will increase by five times in the next three years. Although prospects for e-commerce market are huge, there are many obstacles restricting the progress, like: difficult logistics, bureaucracy, tariffs and changing regulations.

The CSIL report 'The Lighting Fixtures Market in Middle East and North Africa', VI Edition, Year 2018, is available for purchase at: www.lighting.csilmilano.com For each country the Report provides: economic indicators, market size and activity trend, international trade (import and export flows), main competitors, distribution channels. Countries covered: Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, and United Arab Emirates.