

Arabian Oud Scents of success

Arabian Oud is yet another Middle Eastern brand that has spread the scent of success in 17 countries worldwide, including Europe, America and the Far East

Saudi Arabia-based Sheikh Abdul Aziz Al-Jasser, chairman of Arabian Oud, embarked on a mission to transform his vision into multi-billion dollar oriental perfume business in 1981 with a single Arabian Oud retail store at an investment of \$1360. Today, Arabian Oud, with its retail network of more than 550 stores in 17 countries and a loyal customer base of more than 600,000, is one of the largest perfume retailers in the world.

In the Middle East and Europe, the tradition of oud perfume is a multi-billion dollar industry. As the rest of the world has caught the scent of oud, Arabian Oud has opened stores in London, Paris, Beirut, Kuala Lumpur and Dubai.

Al-Jasser was one of the first to envision a multi-billion dollar oriental perfume business that was just waiting to be discovered by expanding its trading areas from the regional souqs to international markets.

“We were the first to take the oriental perfumes trade to the global market from the old souqs of Saudi Arabia,” says Al-Jasser. Having started trading in the oriental perfume business 30 years ago, he managed to open his first store in Riyadh under the name Arabain Oud in 1981. After two years, having gathered a

Hamra fragrance



Al-Jasser: a dream come true

capital of \$163,500, Al-Jasser was ready for an ambitious expansion drive. Today, Arabian Oud enjoys 30 to 40% share of the GCC oriental perfume market, which is worth \$3.3 billion. “By 2012, we hope to reach the 1000 store mark,” he says.

A unique aspect of Arabian Oud’s retail network is that it has no agents or distributors. Al-Jasser realised early the pitfalls of wholesale and distribution agencies. “We adopted a direct retail strategy that enabled us to expand beyond the realm of Arabia into a worldwide network of



Arabian Oud's second London Store in Marble Arch

premium retail outlets. The latest addition to our network is our second store in France. The store which will be inaugurated by the end of this year is located at the Champs Elysees in Paris. Also scheduled to open by the year-end is Arabian Oud's second store in the Malaysian cap-

Arabian Oud fact sheet

- Ranked 3rd largest retailer in the KSA in 2007
- Enjoys 30 to 40% of the total GCC oud market worth \$3.2 billion
- Average annual growth of 20% in the past 5 years
- Imports 45 tonnes of raw material annually
- Capacity to manufacture 30 million bottles of perfume a year
- Product range comprises 2000 different products with 400 different fragrances with oud as basic ingredient
- Average 40,000 daily sales transactions globally
- A database of 600,000 loyal clients
- Workforce of 3700 people

ital Kuala Lumpur," he says.

In the process, Arabian Oud has scored a few firsts. Its stores in both Champs Elysee - Paris, and Oxford Street - London are the only stores to be allowed to put up the signage in a language other than Latin characters, making an exception to the tradition in those landmark historical streets. "Our signboards were up both in English and Arabic languages. The respective municipalities consented to our request only after they were convinced of the magnitude of our operations and international network," says Al-Jasser.

He says several other locations like Washington DC, Istanbul, Madrid,

“ There is a big demand for our perfumes in the western countries ”

Moscow and India are now in the final stages of negotiation and will be announced in due course. Arabian Oud store is a concept and every store is designed with the same distinct interiors, products and customer-service.

Arabian Oud, a full associate member of the Fragrance Foundation UK, is now planning to launch a new company in Europe with an initial capital of \$109 million but with a different brand name. Initially, this new company will trade in various natural fragrances, including oud, natural scents and oriental fragrances says Al-Jasser. He supports his statement by pointing out that 80% of sales in the existing Arabian Oud outlets in the UK and France comes from non-Arabs. Out of which 40% are Americans and the remaining 60% distributed among various European and African nationalities.

Al-Jasser is not yet ready to announce the name of the new company until all legal formalities are completed. He has learned the hard way from his previous experience with Arabian Oud which is now a registered trade name in more than 100 different countries. "The brand copyrights were fraudulently used in some of these countries and we had to file several lawsuits to retrieve the brand's entitlements. Therefore, we would rather keep



Interior view of the Deira City Centre store

The tradition of oud

- Arabs have traditionally embraced fragrant oud oils for centuries. Trade routes to obtain fragrant goods were established throughout the Middle East long before 1500 BC. The first true perfume extract was created in the 10th century AD by famous physician-philosopher Ibn Sina.
- The route between the Arab world and Indian Ocean was referred to as the Incense route, then the markets of the Roman Empire. Arabs created their own perfumes using oud, sandalwood, amber, musk and roses. Popularity of oud-based fragrances grew from then onwards.
- Oud is a resin from the Aquilaria tree, found in the jungles of Assam, Eastern India, which is a main source of supply. Oud these days is also sourced from Thailand, Malaysia, Vietnam, Cambodia and Indonesia.



Arabian Oud's first London store on Oxford Street



Abdalla Al-Dawish: focus on franchising

the new company name a secret until the registration formalities are completed in all the 100 countries," he says.

Al-Jasser says the demographic analysis of his customers encouraged him to set up a new company in the US that specialises in natural as well as oriental perfumes. The company is expected to start its operation beginning next year. "The western world embraces and loves our products the same way we patronise their products," he says.

"International trading today is like one big playground with no boundaries," says Al-Jasser. He says his decision to create a fresh brand with an internationally accepted name that can penetrate the European market comes from his own involvement in the reverse globalisation process. "The unfortunate events and implications of 9/11 in the US did have a negative and indirect effect on Arab businesses because of the stereotype attitudes of

the western world towards Arabs in general. However, we did not face any difficulties so far with our own operations in both France and the UK."

Franchising plans

Arabian Oud earlier this year deputed a 7-member team from its experienced staff to undergo an intensive 8-months training programme in preparation to launch its franchising department.

"The training was conducted by a reputed international consulting company, which has also prepared all the required franchising manuals as per international standards," says

Abdallah Al-Dawish, vice president of the group.

"For many years we were inundated with requests from reputed international companies for distribution, agency and franchise rights of Arabian Oud. We always refrained from heeding

to their requests as it was not in-line with our strategy of owning our own stores since we did not want to jeopardise the brand by letting it fall into the wrong hands," says Al-Dawish.

International accolades

- In 2005, Arabian Oud's two products were selected by the Encyclopaedia of fragrances of the world.
- In 2006, Arabian Oud's Al Hamra fragrance made it to the nominees list at the FIFI Awards for one of the best perfumes in the world.
- In 2007, Arabian Oud participated in the Cosmo Belleza exhibition in Barcelona, Spain.
- In November 2007, Arabian Oud will have its presence at Mopic 2007 in Cannes, France.
- Arabian Oud also participated in the Gulf Beauty show and Prestige 2007 in Dubai and is scheduled to participate in the Emirates Millionaire Show in Abu Dhabi and Middle East Exclusive in Dubai.



Arabian Gold



Arabian Oud's second store in Champs Elysees, Paris, to be opened by end 2007

"In the recent past, there was a re-thinking on our strategy by making Arabian Oud an internationally standardised franchising concept ready to be operated anywhere in the world. We are still in the process of preparing the brand manuals and training dedicated staff for the franchising division. We will launch the franchising programme once we are fully ready. We are already in the process of assessing the various operators who have submitted their requests

to be franchisees of Arabian Oud in their respective countries," he says.

Arabian Oud is now operating in 17 different countries and has offices in all of them. "Our plan is to open our own regional offices in the Far East, Russia, the US, Canada as well as South America in order to maintain a smooth flow of communication as well as operations with local franchisees," says Al-Dawish.

"Moreover, we are now also introducing the brand to the travel retail sector (duty-free markets) and we were astounded with the demand and the sales turnover we experienced at our first location in Dubai Duty Free. Plans are also underway to prepare for in-flight sales.

"Several airlines, both Arab and foreign, have contacted us to have our products for their on-board flight sales," he says.

"I have an ambitious target of opening around 400 Arabian Oud franchised stores in the next 4 years. This figure is based on the number of the applications already being submitted to us from all over the world and the high demand and very positive feedback we are receiving, especially from our stores located in countries like the UK, Dubai, France and Malaysia," says Al-Dawish.

He says the oriental perfume



The store at Souq Madinat Jumeirah

Other businesses

- Real Estate Company, Arabian Properties, headquartered in the KSA, is expanding rapidly in the GCC countries, including Kuwait, Bahrain, Qatar and the UAE.
- Fashion division, started in 2002, has more than 180 stores in the GCC catering to ladies wear and children's wear. Plans are on to add another 300 new stores in the next 3 years. Brands under the division include:
 - Tera Nova Ladies Fashion (Italian)
 - Misako Ladies bags (Spanish)
 - Accessori mr. Ladies Accessories (Spanish)
 - Calliope Ladies Fashion (Italian)
 - H-Flo Ladies Fashion (International)
 - Lyn's Ladies Shoes (French)
 - Idexe Children's wear (French)
 - L'artisan Ladie's Arabic Dress (Jallabia)
- Hospitality: The Group also owns and operates a number of hotel and furnished apartments across Saudi Arabia.
- Financial Services: H A, a financial institution incorporated in Egypt, is also owned and operated by the group. It provides financial services to its clients in the stock exchange, brokerage and similar services and is one of the very few such corporations licensed by the Egyptian authorities.
- Sheikh Abdul Aziz Al-Jasser is also a shareholder and co-founder of several public liability companies in KSA.

business has substantial competition in the local markets, particularly in the GCC.

"However, it is gratifying to note that these competitors always maintain an eloquent professional etiquette that we truly respect.

"Moreover, I do not see any competition in the global operation of Arabian Oud, as our widespread network and the size of our operations clearly puts us beyond any real competition." ■