Ajmal Perfumes plans Dh30m expansion

Biggest challenge is perception that international brands are better

DUBAI

By Deena Kamel Yousef
Staff Reporter

Ajmal Perfumes has shaken off the fallout from the Arab Spring and tougher sanctions on Iran — which cost about Dh10 million in revenues over 2011 to 2012 — by focusing on expanding its stores in the GCC and Far East.

"It [the Arab Spring] was disastrous. Egypt was one of our fastest growing markets and it zeroed out for almost a year," Abdullah Ajmal, general manager, told *Gulf News*. The company ships to 30 countries, including those that were hit by recent political turmoil such as Egypt, Libya and Yemen, as well as to Iran and Iraq.

Driving the turnaround in fortunes is the "oud mania," he said. "Everybody is doing oud but nobody is using oud. They [international brands] use synthetic oud or use a tiny bit because natural or pure oud is very, very expensive as an ingredient and they don't have as much experience with it."

Francois Nel/Gulf News

The romance of oud

Abdullah Ajmal, General Manager of Ajmal Perfumes. The brand is to invest Dh25 million-Dh30 million in 50 new stores across the GCC, Far East and Europe over next three years.

The UAE-based brand is planning to invest Dh25 million to Dh30 million in 50 new stores across the GCC, Far East and potentially Europe over the next three years. The company achieved a 12 per cent increase in revenue to $240 million from its GCC sales last year compared to 2011, Ajmal said. The company has stores across all six GCC countries with the UAE, Saudi and Kuwait being its top performing markets.

Ajmal's sales across the GCC grew 15 per cent in 2012 over the year before, he said.

"2012 was a particularly good year for us. 2009 and 2010 were difficult but we managed to keep our nose above the water."Sales in the UAE grew eight per cent in the first quarter over the same period last year as consumer confidence improved, Ajmal said. "High net worth individuals are back spending on oud."

The company counts among its clients regional royal families for generations, customising perfumes for them and offering different selections to choose from at their palaces, Ajmal added.The perfumer, which has two factories in Al Quoz, produced 10 million bottles last year, a 17 per cent increase in production over 2011, he said.

Ajmal currently has 150 stores across the GCC and is planning to grow to 200 stores in the next three years, with Saudi taking the "lion's share" of expansion, he said. It is also eyeing Far East markets such as Indonesia and Brunei and watching out for signs of recovery in European markets.

Ajmal's fastest growing distribution market is Russia, where a perfume bottle can go for as much as $1,000 (Dh3,672) to $1,200 (Dh4.407) and still sell well, said Ajmal.

Trends and challenges

While last year was the "year of oud," this trend will continue in 2013 as Western international brands realise the importance of the Middle East market, Ajmal noted.For local perfume makers, the biggest challenge is people's perception of home-grown brands.

"There's the perception that because it's a local brand it's not as good as an international one...although we spend more on the perfume, the juice, than what 60 per cent of the international ones do," Ajmal said.

PERFUMES

UAE market projected to reach Dh1.12b

DUBAI

By Deena Kamel Yousef
Staff Reporter

Smelling good is big business as the UAE's perfume market is projected to reach Dh1.12 billion by 2017, according to new research by Euromonitor International.

Last year the fragrance market in the UAE hit Dh890 million and is expected to reach Dh937 million in 2013, the report showed.

The Saudi market shows even bigger potential with a projected growth to Dh6.70 billion by 2017.

Last year it was worth Dh4.24 billion.