

Ariika Bean Bags: A Successful Brand Capable of International Expansion?

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ABSTRACT

This case deals with Ariika, which produces a large variety of bean bags that have innovative designs. The company focuses on quality and aims at becoming the first branded bean bag in Egypt with high quality and reasonable prices. Over the years, Ariika was able to build a strong customer base, sell its products online, and maintain strong relationships with large retailers. The success of Ariika in the Egyptian market encouraged Attallah, the owner, to consider his next move. The key problems discussed in the case are, Should the company capitalize on possible opportunities by immediately expanding beyond Egypt? If they decide to expand abroad, how should the company strategically expand: in the two countries at the same time, sequentially one at a time, or only in one of them? Should they rely on simple exports or consider foreign direct investment?

ORGANIZATION BACKGROUND

Ariika is an Egyptian brand that started in 2011 by four students who attended the American University in Cairo. Its goal was to deliver high quality comfortable innovative products like bean bags, floating mattresses, or travel pillows with reasonable prices. Ariika now is the largest bean bag brand in the MENA Region. Ariika was founded by Hassan Arslan who majored in Business Administration with Marketing concentration, Shahir Arslan, Hassan's brother, Construction Engineering major; Khaled Attallah, Business administration and Mohamed Bahgat, Computer Science. In 2011 Ariika focused on bean bags and its launch was in AUC. Ariika expanded its portfolio by 2012 to comfortable products and acquired at large share of the market. The largest furniture stores in Egypt such as Istikbal, Taki, In and out, Home Center, and Divano sold Ariika's products. By 2013 Ariika was already selling bean bags for consumers and businesses alike. Companies like Pepsico, Coca Cola, Emaar, Palm Hills, Ahram beverages and many more were lining up to purchase consumers favorite product. Organizations either printed on bean bags and distributed them on beaches, or used them for giveaways. In 2014 Ariika launched 4 stores, 3 seasonal ones and 1 in Cairo.

ORGANIZATION STRUCTURE

Ariika has three main departments that are managed by one of the founders of the company. These departments are marketing, sales and production. The marketing department has two members; a manager and an assistant. This department is responsible for developing marketing campaigns for Ariika's products. They are also responsible for introducing Ariika at different universities and exhibitions. The marketing team is continuously searching for new opportunities to introduce Ariika by approaching online stores and furniture magazine. The marketing team also designs all promotional materials needed to promote Ariika. Finally the marketing team also manages the company's website. Although the department has only 2 members, the number is expected to increase in the future.

The sales department is considered to be the main pillar of Ariika. This department consists of 12 sales executives and one manager. The sales executives are responsible for all of the logistics required for each order. They take orders, send to the production, receive the order then deliver it to the client. The sales team is also responsible for finding new outlets to sell Ariika's products as well as approaching different cafes, hotels, and beaches, to introduce Ariika's products. The sales team is also responsible for the customer service and financials. The sales team set up

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