

## Brewing Success

*F&B entrepreneur Rafih Filli's hot cup of tea has attracted thousands to his cafes, which had a humble start in Dubai. Today, he is out to take his eponymous tea international as he plots an ambitious global expansion.*

About 13 years ago, when a young Rafih Filli decided to take over his father's tiny and ailing cafeteria in Dubai's Al Mamzar area, he made a small but a significant change in the menu that was otherwise filled with banal products. He introduced a cup of milky tea dusted with saffron, largely aimed at sweetening the taste buds of its Asian clientele and named 'Filli tea', after his high school nickname. Little did he think that a cup of tea could lead to a flourishing chain of cafes across the Gulf with customers flocking to taste his concoction.

Today, the 34-year old U.A.E. expat owns around 29 outlets called 'Filli Tea n Talk' spread across the Emirates, enjoying a significant presence. But the journey to brew the crowd puller was an arduous task with Filli saying that the taste only caught on gradually. "I just (experimented with) a tea bag and gave it to the regulars and they liked it." After seeing the beverage gain popularity among his usual customers, Filli stepped up its promotion among his clientele, surviving purely on word of mouth.

Filli's concept of refining and repackaging the traditional tea worked. The entrepreneur has struck a chord with the local market as he has unearthed a horde of tea lovers in the U.A.E., a market that was traditionally thought to be dominated by coffee drinkers. Growth has been steady for Filli who opened his second store in Dubai's Mankhool area in 2008. The homegrown chain aims to have at least 50 U.A.E. stores open by 2018. Sales at most of its outlets are bustling as ever before with Filli Zaffran, the brand's signature tea, being the star performer. "We serve 40,000 cups a day on average across all the outlets and this can go up to 50,000 a day during the weekends," says the founder. On being asked about his pace of growth, the businessman shrugs off concerns as he says: "Everyone has been getting into selling coffees but there is a big gap in the market for teas. Even if we open 200 outlets we can serve (the market) easily."

However, Filli's journey to a fast-expanding café chain was not without challenges. He recalls the time he received a call from the Ministry of Economy regarding the prices of his tea after customers complained about a discrepancy. "Cafes were selling tea for 50 fils then but I was selling the Filli tea for AED 2," he explains. "I got the call from the ministry saying that they were going to penalize me since I was selling the tea for a higher price. I tried telling them that it was not the usual tea and even gave them samples but of no avail." But the incident served to be a lesson in branding and marketing for him. "They (the ministry) told me that I could sell a tea for even AED 10 but I needed to create a brand for it. Then they told me how to build up a brand and the ministry asked me to register Filli under my name."

Filli took the advice to heart as he devised a strategy. Keeping to the marketing mantra, all Filli stores today are decked in orange and brown with Mr. Filli's face emblazoned on the

cups and the signage. Cookie jars filled to the brim sit next to the till while his packaged tea powder—all with Filli branding on it—line the shelves—slightly reminding one of the style followed by global coffee shop giants such as Starbucks and Costa. In addition to branding, the entrepreneur has also diversified from its tea menu, offering unique items like the chips Oman paratha—a roll with Oman chips, and the usual quibbles of grilled sandwiches and samosas. If Filli's plans come to fruition, U.A.E. residents could see about 100 such stores by 2020.

The F&B entrepreneur, whose current turnover is about AED 50-60 million annually, has a very ambitious plan in place for his brand. "We are aiming to have a turnover of about AED250-AED300 million over the next four years (by 2020)." To reach this target, Filli is planning to invest about AED80 to AED100 million over this period. But he says that borrowing or getting investors on board at this point to fund the expansion are not options that are under consideration. Filli Café's expansion has been paid for largely from the equity earned from its current stores. "I don't want to take finance from the banks because we could easily achieve our targets with this model," Filli explains.

## **Going Global**

Following an aggressive domestic expansion, Filli is now charting an ambitious overseas strategy that would see the brand entering markets such as the U.K. and the U.S. "The U.K. (store) will start operating in four to five months while the New York (store) will open by the end of this year," says Filli. Although he has not put a number on the outlets he is planning to open internationally, Filli has cited that the company aims to have 70 franchised outlets globally by 2017. "We have already signed in 100 locations and they are slowly being opened. We are into six countries now and the franchises in Qatar, Saudi, Bahrain, Mumbai have already been operational while franchisee signing for over 100 locations have been completed," Filli says, outlining the café chain's fast-paced expansion.

Although franchising is one of the quickest ways to enter a market it remains risky especially for the F&B brands. Another homegrown café brand JF Streetfood, popularly known as Just Falafel previously, saw rapid scaling after it gained popularity among the local population. However, its franchise stores, especially the ones in the U.K., performed dismally and had to be closed. Will Filli be a repeat of what transpired with JF Streetfood? "Always a brand taken to another country cannot be expected to perform similarly as in the country (of origin) where it is already an accepted brand. It is not easy to start a franchise," admits Filli. But he does not think their franchise model could flop, saying that the expansion model was a long-term commitment and not an easy money maker.

The risks of franchising are not slowing Filli's ambitions either. The café brand is registered in across 44 countries and he hopes to achieve his goals gradually. "Our aim is to create a global brand. Even though it is challenging to bring tea into some countries we are aiming to make it big." Considering that Filli opened nine outlets globally within the first three months of 2017 indicates that such a target might not be impossible for the entrepreneur building a business chain based on an aromatic cup of tea.

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