

## **Small Steps: How Egypt-Based Fashion Brand Okhtein Went Global**

Siblings Aya and Mounaz Abdel Raouf were on cloud nine. It was September 2017, and the Egyptian duo's latest line of Okhtein bags had just been applauded by formidable Vogue editor Anna Wintour during a Vogue Italia contest. Feeling jubilant, the entrepreneurs shared the news with their clients and waited for orders to kick in. None came. Days passed and orders remained slow. If the sisters wanted to create a splash with their latest collection, it had to be soon. Disgruntled, Aya told her sister wistfully: "We need Beyoncé to wear our bag."

It was too close to call. The deadline for orders was in five days and there was no hope they could contact Beyoncé's stylist to introduce the product. But then, three days later, the sisters received a notification. Beyoncé had posted three images of herself on Instagram posing with one of Okhtein's bell bags—part of the older collection. Aya's wishful thinking had worked.

Immediately things turned around, catapulting the brand into international acclaim. Orders started picking up just two days before the company closed production.

"We always believed that positive thinking brings positive things," says Mounaz. Later they came to know that Beyoncé's stylist had chanced upon their bags in a boutique in Los Angeles where they were stocked.

Today Okhtein is a fast-growing business, with sales picking up by 476% year-on-year in 2017. In 2018, the brand sold 3,000 bags with 34% of sales coming from international markets. It is an achievement that has propelled the two entrepreneurs, Mounaz, 28 and Aya, 27, into Forbes Middle East's prestigious 2019 class of the Middle East's 30 under 30.

Okhtein—which translates to "two sisters" in Arabic—was inspired by Cairo's architecture. In 2014, in their early 20s and keen to start a business of their own, the sisters spied an opportunity in Egypt's waning craftsmanship. "Egypt and the Arab world are full of heritage, so we thought to transform this heritage into a carryable piece of art," says Mounaz.

With seed capital of just \$5,000 given to them by family, the Abdel Raouf sisters turned part of their father's office into a workshop and hired an artisan. Aya, a student of graphic design from the American University of Cairo, was just fresh out of college, while Mounaz, who also was a student of the same university, had worked in advertising for three years before deciding to take the leap into business. "I knew since high school that as soon as I graduated from university, I'd start something from scratch and grow it. That was the entrepreneurial drive that sort of pushed me to start Okhtein," says Aya. In the initial days, the duo painstakingly worked on the designs of each bag, either basing them on an aspect of Egyptian culture or channeling subliminal messages about female empowerment through their creations.

The sisters used social media to market the brand and spread the word through WhatsApp groups. This simple strategy helped extend their reach as far as China and Australia. Okhtein's bags retailed at a price range of \$250 - \$500 in the first year. With sales of just 50 to 100 bags per month initially, international orders started picking up and Okhtein established a website. "I can't sell a bag to a customer in Australia through WhatsApp chat," says Mounaz.

Mounaz and Aya ran a tight ship, not raising any funds over fear of losing their creative freedom. They relied solely on grants and entered contests that offered cash incentives and mentorship as prizes. Eventually, this made it difficult for them to continue purchasing leather—a major raw material in their bags.

In need of cash to continue production, the founders decided to launch a summer collection to shore up capital for the company. The line—dubbed "female Arab archetypes"—became a hit among Egypt's fashionistas, selling out within a week.

As Okhtein gained ground, the sisters met with several challenges, including procuring raw materials for their bags, which were produced largely in Egypt. Every component of the bags was outsourced, which ate into their margins due to the currency devaluation that saw the Egyptian pound plummet close to 32% in value initially. The sisters did not want to lower the price so much that they slipped from the bracket of affordable luxury. Instead, they took a decision to sacrifice a portion of their mark up.

By that time, the fashion label had transitioned from being solely online to developing a physical presence in brick and mortar retail. The siblings struck up a deal with a store in Cairo to exhibit their creations—it proved to be an expensive mistake. The entity did not charge them a specific amount but took a 30-40% cut in sales—a commission they could not afford.

Undeterred, they devised a strategy to minimize the stock on shelves and keep just enough to familiarize potential customers with the look and feel of the brand. They also offered them a choice to order the bags through Okhtein's website or through their Instagram page, promising them free delivery and returns. "Delivery cost us, but it was cheaper than operating a store," says Mounaz.

In 2017, Okhtein received a huge boost when it won a design competition organized during the launch of Vogue Arabia. The contest helped them bag a funding of \$25,000 and some much-needed mentoring from seasoned industry professionals. "They needed guidance specifically on quality, finishing and pricing as they already had a very strong design identity which caught everyone's eye," says Ramzi Tabiat, one of the competition's judges and a mentor to Aya and Mounaz. The sisters also stood out for their receptiveness to the advice given. "These two were the only designers that came out with notebooks to take note of all the judge's comments, which made me take them very seriously," remembers Tabiat.

The Vogue competition gave Okhtein the push to truly go international. Soon global boutiques like Bloomingdales and Harvey Nichols were stocking their bags. Meanwhile Okhtein's team mushroomed to 25 from the initial number of three. By then, the sisters had also opened their first physical store in Cairo, while retaining their international presence through other retailers.

As their success grew, Aya and Mounaz decided to adopt a philanthropic angle to their

business, partnering with various NGOs in Egypt that work towards financially empowering women. The brand would incorporate embroidery and design from the skilled female workers of Egypt, which eventually led to a number of beneficial collaborations with NGOs. Okhtein's commitment to ethical fashion caught Harry Potter star Emma Watson's eye in 2017, when she sported one of its bags.

Okhtein's growth coincides with an increasing affinity towards affordable luxury. According to a report from Goldstein Research, the Middle East's luxury goods market is expected to grow at a compound annual growth rate of 8.1% between 2017 and 2025. Amna Abbas, senior analyst at Euromonitor International agrees that affordable luxury is trending within retail and fashion. "This is due to brands being considered a status symbol while having competitive pricing. The focus on value is prevalent without compromising much on the brand level necessary to exhibit the individual's style and social status in society. Therefore, consumers have continued to favor brands that are premium-positioned and competitively priced."

Today, the sisters are diversifying their product offerings from just bags to belts, sunglasses and other accessories. Aya and Mounaz are now planning on entering new markets such as India, Turkey and Australia.

Last year, the company engaged an Egyptian startup, Sign Up, to help it use artificial intelligence to understand the nuances of fashion in any new market they are eyeing. With the help of algorithms, the entrepreneurs say they are able to gauge the specific colors and styles that each consumer group prefers in each demographic, helping them tailor their products. For example, the Abdel Raouf sisters found that consumers from Saudi preferred the colors green and red through the use of an algorithm. This, in turn, has helped it customize on certain styles in various markets and fast track expansion plans.

Hailing from a family of artists, Aya and Mounaz confess they had no prior experience in business, but they both had an eye for design. As youngsters, Aya and Mounaz would buy plain leather bags and cut and paste parts from other bags. While they translated this passion into Okhtein, the sisters lacked the practical knowledge that made them easy targets for dishonest traders and counterfeit producers who replicated the brand's products. "The lowest point I faced was when I realized that you have to question everyone's intention thoroughly," says Aya. Instead of being discouraged, the sisters learned the importance of signing a contract and copyrighting their creations in time.

As they move forward with expansion plans, Aya and Mounaz admit they have learned a few hard lessons while recognizing their strengths in business, dividing responsibilities accordingly. Today, Mounaz looks after the logistics side of the business while Aya minds the numbers. "We want to remain true to our brand name. Okhtein is basically 50-50 of our personalities," says Mounaz.

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