

Ariika – a successful implementation of information and communication technology by Egyptian entrepreneurs

Nahed Azab and Amira Nabil Mekkawy

Nahed Azab and Amira Nabil Mekkawy are both based at the Department of Management, The American University in Cairo, Cairo, Egypt.

Hassan Arslan, CEO of Ariika – AR Group, walked around the American University in Cairo (AUC) campus and recalled how this campus was his starting point. A former AUC student with an undying passion for information technology, one question now consumed him: “What would be my next strategic move?” and “Would information and communication technology (ICT) support this move?” as it usually assisted Arslan in solving any problem or in exploiting any opportunity.

It is now the spring of 2015; a few years ago, things were different. Arslan, now the CEO of a multimillion company, created with EGP 10,000 EGP (approximately USD 1 = EGP 7.5), with 70 per cent market share in Egypt, remembers how things started [...].

It was early 2011 and everyone in Egypt was worried about how the Egyptian Revolution would turn out. During the curfew, Hassan Arslan, Shahir Arslan and Khaled Atallah were using their time in a different way from most.

From Ariika to the AR-Group

The window of opportunity

A few months before the start of 2011, the founders had all been heavily involved in extracurricular activities at the university. They were around 20 years of age, full of energy to work and help students around the campus. They supervised events for the Students Union and First-Year Experience organization; those events needed extra chairs to be rented, and because many volunteers in those events worked for long hours, they all needed “the comfortable seat”. Hence, the idea to rent beanbags came up. Surprisingly, however, beanbags were not easily available for rent or purchase in Egypt. And it was this that gave the founders the “A-ha!” moment; they realized that there is promising potential for this product.

The Arslan brothers ([Exhibit 1](#) presents the biography of each of the three founders), both born and raised in USA, knew that beanbags were available in the USA and could be bought online. They spent their first investment, EGP 3,000, to buy two beanbags online. Upon receiving them, they started disassembling and reverse engineering the product to discover how it was produced. For this they used an empty floor in their father’s jeans factory in Obour City (around 40 km east of Cairo). By introducing a few changes in the beanbag’s design, they were able to make different design patterns, and they now had a product ready to be sold.

The first and second customer

The three founders used their experience on campus to perform market research for every aspect in the business they could think of. Even the company name –eventually chosen to be “Ariika”, an Arabic word for “comfortable seat” – was the product of market research. They then put together another EGP 3,000 to pay for setting up a website to promote their product and an

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additional EGP 4,000 for raw material and immediately started a campaign all over the AUC campus with ten bean bags and a balloon saying "Try Me". This secured the acquisition of the company's very first customer: the father of an AUC student who bought 12 beanbags for EGP 6,000. Being the first customer, he earned himself an extra free beanbag.

The second customer was part of the business-to-business (B2B) model world and was one of the purchasing managers of Coca-Cola Egypt. He bought 60 beanbags: 30 for Coca-Cola and 30 for Sprite. Ariika reinvested all of the EGP 6,000 earned from the first customer to buy the raw material to fulfill Coca-Cola's order. This customer did not only make a relatively large order at the time, but also helped the founders by highlighting this new market opportunity for Ariika; he made them realize that corporations are customers just as much as consumers are.

After enjoying Coca-Cola as their first corporate customer, Ariika started to sell to residential compounds and resorts; they sold 150 beanbags to Mountain View compound shortly after the Coca-Cola deal.

Competition

Competition from local manufacturers in Egypt did not exist back when Ariika started. Beanbags in Egypt were all imported, expensive and rarely found. Currently, there are 23 players in the beanbag industry. The peak was in 2013, when 38 different companies were trying to dominate in this product. However, not every brand could sustain its position in the market like Ariika.

Some examples of companies competing with Ariika are: Pouffy, Prima, Chillax beanbags, Chill out Pufs, Antakh, Mi Vida and Ra7a ([Exhibit 6](#) displays a comparison between Ariika and some of its competitors). None of those competitors have the resources to provide a customizable service to the purchaser by allowing them to select the beanbags' color and/or design or to immediately manufacture it in ten days. According to a survey done by Ariika, the penetration rate of the Egyptian market for the beanbags is 5 per cent. From those 5 per cent Ariika holds around 70 per cent of the overall market share ([Exhibit 3](#) for Ariika's yearly revenues and profits).

In the USA, Ariika has many competitors like Sumo Lounge and Beanbag Universe. However, Ariika's beanbag price is much lower and more competitive; the price of one beanbag in the USA is typically around US\$200, but Ariika sells its 100 per cent Egyptian-manufactured beanbag for around US\$ 80.

When Ariika was launched, importing from China was an option, and it could have lowered the beanbag price to US\$70. However, to be able to import from China, the company needed to have at least five different product designs, with a minimum order quantity of around 1,000 stock-keeping units (SKUs) per design. In total, an order of 5,000 SKUs was required, which translated to a huge investment of around US\$2mn. As it stood, no one was willing to invest that much to introduce a new product into the Egyptian market.

Another edge for Ariika is that they have the leather-type beanbags which are more comfortable than the imported types, although less durable. Imported beanbags are all made using wax canvas, a heavy-duty material that can survive shipment across continents. Ariika, learning this, also started producing beanbags using wax canvas, for use on beaches and other environments that require high durability ([Exhibit 2](#) shows some of Ariika products). Furthermore, the warranty on all products adds more credibility to the company's image.

Therefore, Ariika differentiates itself through the entire special experience it provides to its customers, as expressed by Arslan:

Many customers believed that Ariika is a multinational company, we operate on multinational standards that's why we are perceived as one.

Turning the IT passion into the winning strategy

Hassan Arslan believes that there are two main skills that helped him make this company grow: marketing sense and passion for IT. To expand on the latter, he adopted IT early on in every aspect of his business, and is continuously working towards IT systems' integration.

IT is supports some of Ariika's business activities and is also used strategically to differentiate Ariika from other competitors in the market.

As is usually the case for most startups, Ariika is continuously operating under limited budget and manpower. Therefore, a remarkable competitive advantage of Ariika lies in its processes' efficiency and full utilization of resources in each of the company's activities. Arslan has already adopted cloud-based licenses in several systems and is fully satisfied with the value provided versus the price paid (software prices are listed in [Exhibit 7](#)). Besides their simplicity, cloud-based solutions require no extra investment for infrastructure; a minimum of an internet connection and a smart device.

Adopting a new system always starts by a thorough research performed by Arslan to reduce cost in general or whenever encountering a specific business problem. Upon selecting the software that would serve the company's needs – after considering all development/implementation costs – Arslan conducts a pilot test using a sample of data to evaluate its efficiency. This stage is followed by a trial implementation stage that involves the end-user(s) in the company (if any) under the supervision of Arslan, leading to a complete implementation of the system through integrating it with the company's business processes.

Managing the supply chain

Faced always by the increasing production cost, especially when it comes to changes in taste and design, Ariika adopted a just-in-time inventory management system that requires that only the bare minimum amount of materials needed to complete any given order be stored on the factory floor, except for recurring items like zippers. The fact that current suppliers for Ariika are mostly close to Ariika's factory in the 10th of Ramadan industrial zone (55 km east of Cairo) would eventually help in applying this mechanism using an efficient IT system. However, Ariika noted that most suppliers do not adopt this IT culture, and are still being primitive using the telephone to finish deals. This challenge was addressed through offering suppliers free IT systems installation if they promise to use them in communicating with Ariika. Smoothing communication with suppliers enabled Ariika to record and exploit all necessary information, and to constantly keep its books up-to-date. Consequently, the company managed to be responsive to customers' needs, hence, providing a distinguished customer service throughout each customer life cycle.

Software to support design

Innovation is a key element in Ariika's success. Arslan believes that Ariika should always thrive to develop new products and appealing designs for their existing ones. It was therefore useful to use a design tool to help the management in portraying new styles, editing them easily, which leads to a better visualization of a design before wasting resources in producing unnecessary physical prototypes. The free software, Lucid Charts, was the one chosen to assist in the design of the pillows and the beanbags with their different styles. Ariika's owners were the ones using it, as most of the research and development is done by them.

Electronic commerce

Since its establishment, Ariika did and still does not have a physical store. Selling its products through existing retailers would not be sufficient to widen her customer base. To ensure product reach, creating a website for the company was a necessity. The website replaces also the physical store by providing a point of sale for Ariika's products and a communication channel with its customers. Ariika's website is a business-to-customer (B2C) e-commerce site that facilitates sales and operations ([Exhibit 8](#)). The company uses

the free WordPress theme WooCommerce for designing and operating its website, attracting an average of 300,000 visitors per month and realizing a conversion rate of 5 per cent. The traffic can even reach 100,000 visitors per day during peak occasions months such as El-Fitr Feast or Mother's Day.

Online sales constitute 70 per cent of Ariika's sales, with the other 30 per cent divided evenly among corporate customers and resellers (with the exception of summer, when corporate sales rise). Ariika sells through its own ecommerce website (hosted by HostGator), and through other ecommerce websites like Jumia.com and Souq.com, the most popular e-commerce websites in the region (see [Exhibit 9](#)).

Ariika has mitigated the risk of any future expansion of the company domain name via a very small investment; they own five domain names for a mere US\$10 each year, with all of the name variations and combinations accounted for.

Online payments are accomplished using PayFort, a dynamic payment gateway (see [Exhibit 10](#)). Addressing the Egyptian culture that does not trust e-commerce was through:

- allowing for PayOnDelivery, a model that is still dominant in Egypt (only 3 per cent of Egyptian customers pay through credit cards); and
- being highly responsive and interactive with customers online.

The website enables Ariika to maintain a direct and agile channel for customer support by using online chatting. This allows for efficient communication with any customer to respond to any enquiry and solve any problem. In addition to the usability and complete and attractive content of Ariika's website, the company sends a personalized confirmation email to the customer once she/he places an order. Subsequent emails are also sent to the customer to update their information throughout the different stages of the productions. The customer can also track the order at any time.

Integration with the back office

Keeping accurate and up-to-date accounting information facilitates and expedites operations, an important competitive edge for Ariika. QuickBooks – a cloud-based accounting system developed by Intuit – is used for managing all accounting aspects of the business for a US\$400 per-year license.

A pivotal concept that Ariika is continuously directed to – that is usually ignored by other online retailers in developing countries – is the automation between the ecommerce website and the accounting system. Arslan confirms that for conducting a successful e-commerce experience, a company's website should be integrated with the back office. For US\$300 per year, Webgility software is used to pull every order detail from the website and record it directly in the accounting system, saving approximately 4h of work each day.

Marketing and continuous improvement

Customer relationship management (CRM) is a very important aspect for Ariika; it is how the company keeps track of customer contacts, sales pipelines and sales plans. Ariika uses Bitrix 24 CRM. Electronic marketing is managed and analyzed through Facebook Ads and Targeting ([Exhibit 11](#)), Google AdWords and Twitter Ads.

Ariika maintains a continuous improvement process using Google analytics for site traffic and marketing campaigns made through Facebook, Google AdWords and Twitter ([Exhibit 13](#) shows a sample of the results of Google analytics, and [Exhibit 14](#) presents a screenshot of Facebook statistics). After monitoring the analytics results for a while, Ariika concluded that, in Egypt, Facebook Ads are the most important in bringing traffic, while Google AdWords are important for showing up in other websites; Twitter proved not to be very useful in generating revenues for the company.

Google for Apps is also an important tool for Ariika to provide email, calendar and cloud storage.

Ariika has not started creating videos for YouTube yet, but could consider this in the near future. The company currently does not directly implement its own marketing, but rather delegates it to two prime magazines. This structure, whereby two agencies compete with each other for advertising, effectively ensures that they never reduce their service speed or quality for Ariika.

HR and partnership management

Internal HR and partnership management is done using HR Pulse Software, which maintains records of each employee's performance, as well as marketing partners. HR Dapulse creates tasks and reminders ([Exhibit 12](#)), as well as key performance indicators (KPIs), which help Ariika's management team make decisions for promotions or demotions. These KPIs save money, ensure quality and retain good employees and good partners. As for the recruitment process, Ariika uses Wazzuf.com, which helps them find any employee they need to hire.

Production system

The production and inventory management system is still managed using Excel spreadsheets; current ERP systems in the market are very expensive and do not enable technological integration with inventory-tracking systems like the one used by Ariika. Hassan Arslan is still looking for a simple, flexible and smart system to automate the production system and integrate it with the inventory management system without needing to pay heavy licenses fees.

Value gained from information technology

According to Arslan, there is a strong relation between IT strategy used at Ariika and the company' objectives. The management measures the ROI from technology very accurately. For example, the WooCommerce serves in identifying the revenue coming from each sales channel (corporates, website customers, exhibitions and stores and offline resellers; [Exhibit 5](#)). This valuable output assists them in making better-informed decisions about the future investment directions (examples of WooCommerce output are presented in [Exhibit 4](#)).

The growth

A simple start

In 2011, Ariika, self-funded with EGP 10,000 by three founders, and assisted by three workers, made EGP 1m in revenue and EGP 150,000 in profit after the first year. The company was still registered under the company owned by the Arslan brothers' father.

The three founders were still students and juggled their time between studying, personal commitments and growing their business. They delivered products themselves using their personal cars. Through 2011, they executed and managed every aspect of the business. Hassan was responsible for finance; Khalid for marketing, sales and social media; and Shahir for operations. Three full-time workers hired were assigned to the tasks of cutting, stitching and filling the bags.

A bump in the road

In 2012, Khaled graduated and officially became the CEO. Shortly thereafter, the founders were able to obtain a separate commercial register for their company. That year they made more revenue, reaching over EGP 1.5m. However, profit was still only EGP 150,000; they were spending to expand aggressively but with no alignment on a common goal or a strategy. They spent EGP 100,000 to prepare an office in New Cairo. Because they had no employees, it turned out to be an unwise decision, as it was never utilized. They also invested in a truck for delivery (Ariika's products are light in weight but very large in size. In absence of economies of scale or efficient inventory systems, shipping costs could

reach as high as six times the beanbag price). By the end of 2012, Shahir and Khalid left the company, and Hassan became on his own.

Social media – collaborate or die

Hassan Arslan, now the CEO, a perfectionist but not the best team player, started doing everything on his own. He revamped his website and created it on his own using WordPress. He started learning from scratch everything about digital campaigns using Facebook Ads, Google AdWords and Google Analytics.

Although 2013 came with real growth (EGP 600,000 profit with an average monthly revenue of EGP 350,000; more than double that of 2012), the year still taught Hassan a lesson to seek advice and mentorship. When he first started to use Facebook Ads, he burnt US\$1,000 with no return; he had not been segmenting his target customers but was rather spreading his focus across the entire spectrum of potential customers in Egypt (Facebook users), an overwhelming majority of which did not buy any beanbags. This was a lesson taught the hard way. After freaking out for a short while, Hassan then sought advice from other entrepreneurs who generated profit from Facebook, specifically Ahmed Reda, CEO of Nas Trends (that sells 100 per cent cotton fancy and customized t-shirts) and Arslan' former colleague from AUC. Reda sent Arslan some articles to read on conversion rates and methods for Facebook. For the next event, Mother's Day in 2013, Hassan carefully selected his target audience and invested EGP 15,000/month. This time he targeted the correct target audience who had real purchase power, and achieved returns of EGP 300,000/month, with an online conversion rate of 2-3 per cent: considered as an optimum rate.

The digital campaign for Mother's Day was based on Facebook Ads and ads on Jumia's ecommerce site. The ads offered higher and more comfortable beanbags tailored and designed for mothers to use, and bundled together with a neck U-pillow and a Tod seat.

Some mistakes were unavoidable still, but with a carefully planned budget, losses were less brutal. In 2014, Ariika launched a new campaign with the World Cup theme and adopted the golden rules for Facebook learned through the Mother's Day campaign; yet sales were not good for this campaign. By means of an online survey, the reason became obvious: no one wants to spend EGP 700/month to buy a beanbag that will last for years with only a temporary event logo on it.

Arslan acknowledges how social media, when integrated with information systems, empowers entrepreneurs. It provides small businesses that usually have limited resources with an invaluable tool for conducting massive research and collecting accurate data.

Arslan states: "the integration between social media and information systems allows us to make informed decisions just like corporations do. It allows us to build our decisions on data instead of just relying on our "hunch" instinct like we do in many of our departments [...] but we don't do that in Marketing and Sales anymore, because the integration allows us to make educated guesses and take minimum risks".

Spend money to make money

In 2014, the average revenue was EGP 500,000/month. Starting the summer of this year, a new, smart product was introduced: floating beanbags and mattresses. Ariika introduced its new product to corporations by giving away free samples with corporate brand logos on them. This led to an increase of 400 per cent in corporate sales; Pepsi alone, amidst a bitter bidding war with Coca-Cola, bought 1,000 bean bags for EGP 250,000, while Coca-Cola made similar purchases.

Ariika always adopts the giveaway concept: spend money to make even more. In spring, they send free beanbags to all three Telecom companies in Egypt: Etisalat, Vodafone and Mobinil, with the customer brand logo printed on them so that they remember to make an order for the summer. For the New Year, they sent them the same as well to maintain good relationships. As mentioned, Ariika efficiently maintains their customers and sales with a

simple CRM solution: it sends each customer an annual reminder email to refill her/his bean bag(s) every year and offers to fulfill this service for EGP 35.

Another important milestone achieved in 2014 was adopting online payment through PayFort as soon as it launched in Egypt. PayFort enables a dynamic payment model different from the available static platforms already existing in Egypt. This helped Ariika optimize the business and increase efficiency.

Thinking big – AR-Group

Beginning in 2012, Ariika's products could be found in Egyptian markets and shopping malls. The company then started selling their products through furniture resellers like Estikbal, Takki, Home Center and In & Out. All of them wanted to sell the product in their store.

The company had grown to 30 white-collar employees and 3 blue-collar workers, owned three trucks, fully loaded cargo on a daily basis and sold around 1,000 beanbags per month (sometimes reaching 6,000 per month during the summer because of corporate sales, especially the Egyptian North Coast compounds, villas and chalets like Amwaj and Telal compounds).

At this time, Arslan began to think of investing more to optimize the most important aspects of his business, management efficiency and IT standardization. He started looking for companies to acquire under Ariika's umbrella. By October 2014, the company acquired a small losing company for EGP 70,000 that produced innovative wooden cabinets and rebranded it as Rolling-C. Three months later, Hassan launched another brand under the umbrella of the AR-Group, Artiika, handmade Italian pictures with artistic frames.

Near the end of 2014, the company name was changed to AR-Group (the letters AR were selected because they are the first two letters for both Ariika and Artiika).

Now in 2015, the AR-Group is planning to open its own showroom in New Cairo (a relatively new city, established in 2000, and located on the southeastern edge of Cairo Governorate), a business venture with a lot of potential that they want to take advantage of and see through till fruition. Ariika now has an offline conversion rate of 15 per cent, and New Cairo is expected to have around 2 million inhabitants by 2016, most of whom fall within the bracket of targeted customers with purchasing power that the AR-Group is seeking. The way the Group sees it, the opportunity is too good to miss (more on the latest objectives of AR-Group is presented in [Exhibit 15](#)).

The strategy for the next move

Ariika's vision is to be the number-one producer of innovative comfort products in the Middle East. Its core strength lies in two competencies:

1. smart target marketing; and
2. operational excellence achieved through automating and systemizing the whole business.

Now adopting both B2B and B2C models, serving resellers and showrooms, maintaining strong online presence on a website offering automated payments and using Facebook and Twitter campaigns to their advantage, the AR-Group is in a good spot. The next milestone on the road could be in one of three directions. Each of them requires large investments and efforts; therefore, a thorough analysis is to be conducted.

Expand internationally. In such case, two main concerns are to be raised to be able to compete in the market of another country: cost of shipping in general and additional transportation costs because of the large size of the beanbag. Selecting a country geographically close to Egypt would be a feasible decision. The fact that Egypt is situated in the middle of many Arab countries imposes starting expansion to one of them, as they speak the same language and share a number of common beliefs and cultures. Second,

beanbags, being the main product of the company, take a large space. For example, 100 beanbags fill approximately a 40-feet container. One solution could be to export empty beanbags to minimize the huge space covered by the full beanbag (which will consequently reduce the shipping costs); then the filling would be added in the country where the beanbag would be sold. "One filled bean bag was equivalent to 50 empty bean bags", explained Arslan. The above suggestions could enable Ariika to offer a competitive price in this new market.

Yet, a number of issues should be investigated: Which countries (and specific cities) should he consider, especially that several countries in this part of the world suffer from political, social and economic instability? What could be the right conducive industry for establishing a factory to fill the imported empty beanbags? Which importers should be targeted? What model should they adopt? And how could they sell their products in another place while still maintaining their vision, core competencies and customer relationships?

Expand geographically in the local market. The positive image that Ariika gained through the past years could be an opportunity for the company to capitalize more on the local market. Hence, a decision could be to increase its reach in Egypt through opening more stores to sell Ariika's products at different places in Egypt.

In such case, which locations would be suitable for opening more stores? What could be their target customers? How could they standardize their processes over several stores? How would be the integration of ICT between them? How would be the entire supply chain reconsidered to spot areas of changes? Would this move require opening new factory(ies) or buying more trucks? In such cases, would further consideration of processes and ICT be discussed?

Expand its product line. Another venue to invest on Ariika's strong name in Egypt is to widen its portfolio to include hard furniture. It could be, for example, under the name "Ariika Home". Ariika Home would still adopt the same concept of Ariika: "innovative funky products to distinguish itself from the giants in the market". All Ariika Home product would then be available online. According to Arslan, there is a market gap for selling hard furniture online; hence, there could represent a promising opportunity for the company.

Before taking this decision, the management should have clear answers to several questions: Which products would be different and attracting for their customers? Would they develop new products or import ready-made ones? If they decided to import these products: Which type, and from which country? Will the new furniture target the same customer of Ariika? What could be the right pricing model? On the other hand, if the company would design a new product, who would be in charge of the new design? How to differentiate this product from the existing ones in the market? Will they have to open a new factory? What could be the required resources? and How ICT can assist the company in each of the above strategic moves?

The information contained in the case was acquired through a number of interviews with Mr Hassan Arslan, the CEO of Ariika-AR Group, and the company's documents supplied by him. Additional materials were obtained from the company's website.

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IT strategy,
Entrepreneurship,
Customer relationship management,
Marketing strategy/methods,
Entrepreneurship,
Information and communication technology,
Internet,
Online marketing,
Strategic analysis

Exhibit. 1. Biographies of Ariika Founders

Figure E1

Hassan Arslan: Born in California 1990, Hassan lived his childhood in Syria. Hassan moved to Egypt in 2004. After Graduating from the American International School, Hassan joined the American University in Cairo with a hunger for knowledge. Hassan spent a year studying mechanical engineering but he realized that marketing is where his passion lies. Hassan excelled in Marketing and loved it, only 5 courses of marketing were required but Hassan took the 12 courses available in AUC. In 2012 Hassan, along with 3 other students chose to represent AUC and Egypt in a business Case Competition in Hong Kong. Although they did not get the first place Hassan was very proud to be on the team that was representing Egypt. Hassan plays Parkour "the art of Movement" and his hobbies include finding new software for his business.

Shahir Arslan: Born in California 1989, Shahir also lived most of his life in Syria. Unlike Hassan, Shahir liked Construction engineering. Shahir graduated the Valedictorian in his class, in 2011 Shahir was the youngest General Manager of the First Year Experience Program to throw a successful welcome party that hosted David Vendetta. From that point on Shahir discovered his strong leadership skills and continued to do extracurricular activities until he cofounded Ariika. Shahir now works in Strategy Consultancy and got promoted to Senior Consultant in less than a year.

Khaled Attallah: Born in Cairo 1990, Khaled always had a keen sense of business management. While studying at the American University in Cairo, Khaled and Shahir partnered up in any extracurricular activities. Khaled learned a lot from those activities and excelled in managing them. Khaled studied abroad for one semester and came up with the Ariika idea when he saw the beanbags all over the campus he attended in England. Khaled's hobbies were handball; he played in the National Team.

Exhibit 2. Product line details and images

Figure Ell

BEAN BAGS

G+1 44

TOD (FOR THE TODDLERS)
150.00 EGP

Select options

KIDS BEAN BAG (FOR THE KIDS)
395.00 EGP

Select options

MEDIUM STANDARD BEAN BAG (FOR THE TEENAGERS)
450.00 EGP

Select options

CHAIR BEAN BAG (FOR THE YOUNG LADIES)
540.00 EGP

Select options

STANDARD BEAN BAG (FOR THE YOUNG MEN)
540.00 EGP

Select options

PUMPKIN BEAN BAG (FOR THE MOTHERS)
585.00 EGP

Select options

LOUNGER (FOR TANNING/GARDEN)
680.00 EGP

Select options

WILLOW BEAN BAG (FOR THE FATHERS)
700.00 EGP

Select options

COUCH BEAN BAG (FOR THE LOVEBIRDS)
720.00 EGP

Select options

(continued)

Figure Ell

FLOATING BAGS

g x 1 | 1

ROUND FLOATING BAG (C-BAG)
500.00 EGP
Select options

HEAD FLOATING BAG (HAMMER HEAD)
500.00 EGP
Select options

SMALL FLOATING BAG (DOLPHY)
500.00 EGP
Select options

MEDIUM FLOATING BAG (LEXY)
600.00 EGP
Select options

LARGE FLOATING BAG (FREE WILLY)
800.00 EGP
Select options

PILLOWS

Check out our variety of Pillows available to order online!

U-PILLOW
100.00 EGP
Select options

(continued)

Figure Ell

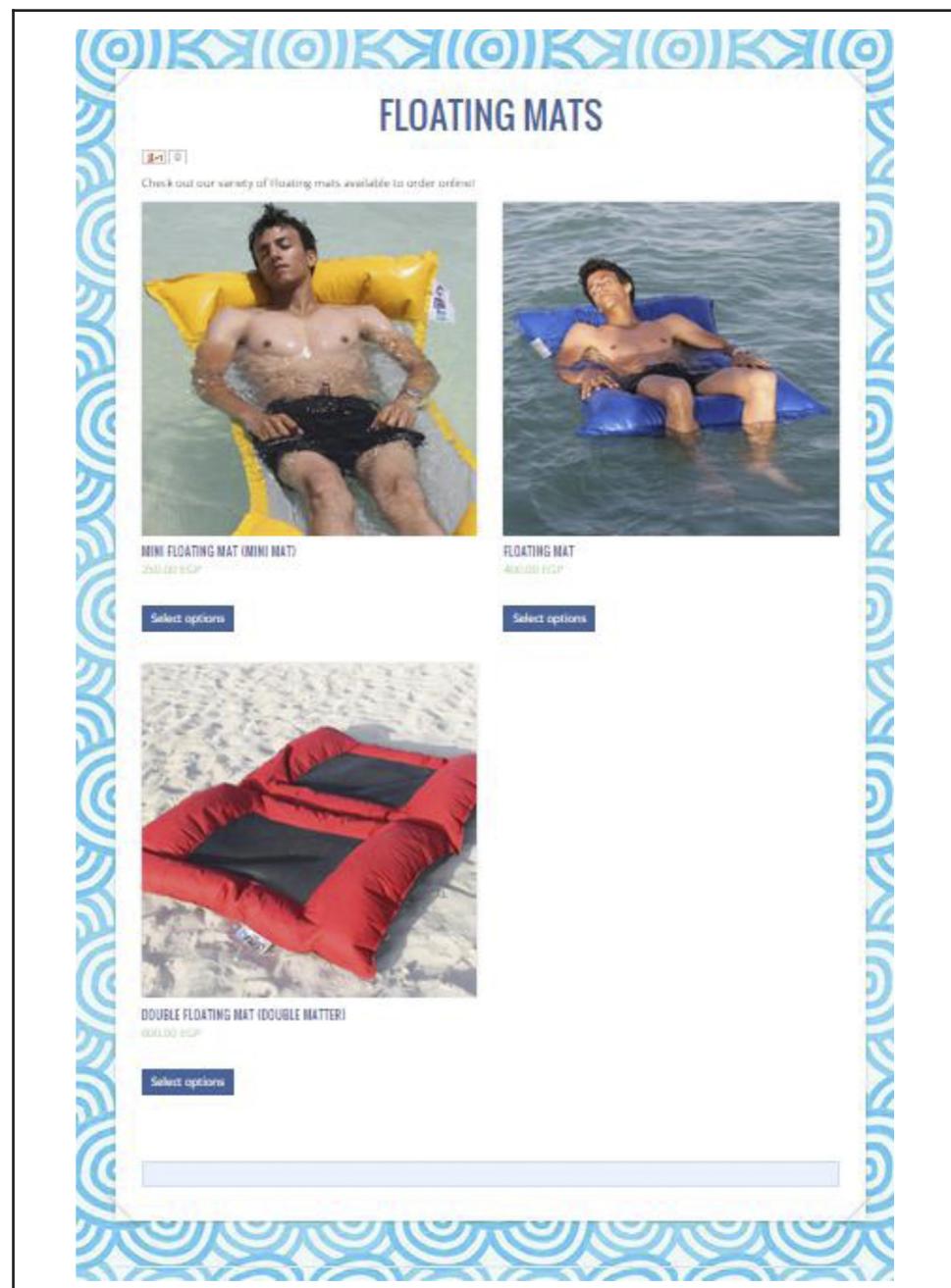


Exhibit 3. Profits, revenues and margins

Table E1

Date	2011	2012	2013	2014	2015 (predicted)
Revenue (EGP)	600,000.00	1,500,000.00	2,500,000.00	3,500,000.00	7,000,000.00
Profits (EGP)	150,000.00	170,000.00	570,000.00	780,000.00	1,750,000.00
Profit margin (%)	25	11	23	22	25
Employees	4	7	20	30	50

Exhibit 4. Sample of output provided by WooCommerce

Figure EIII

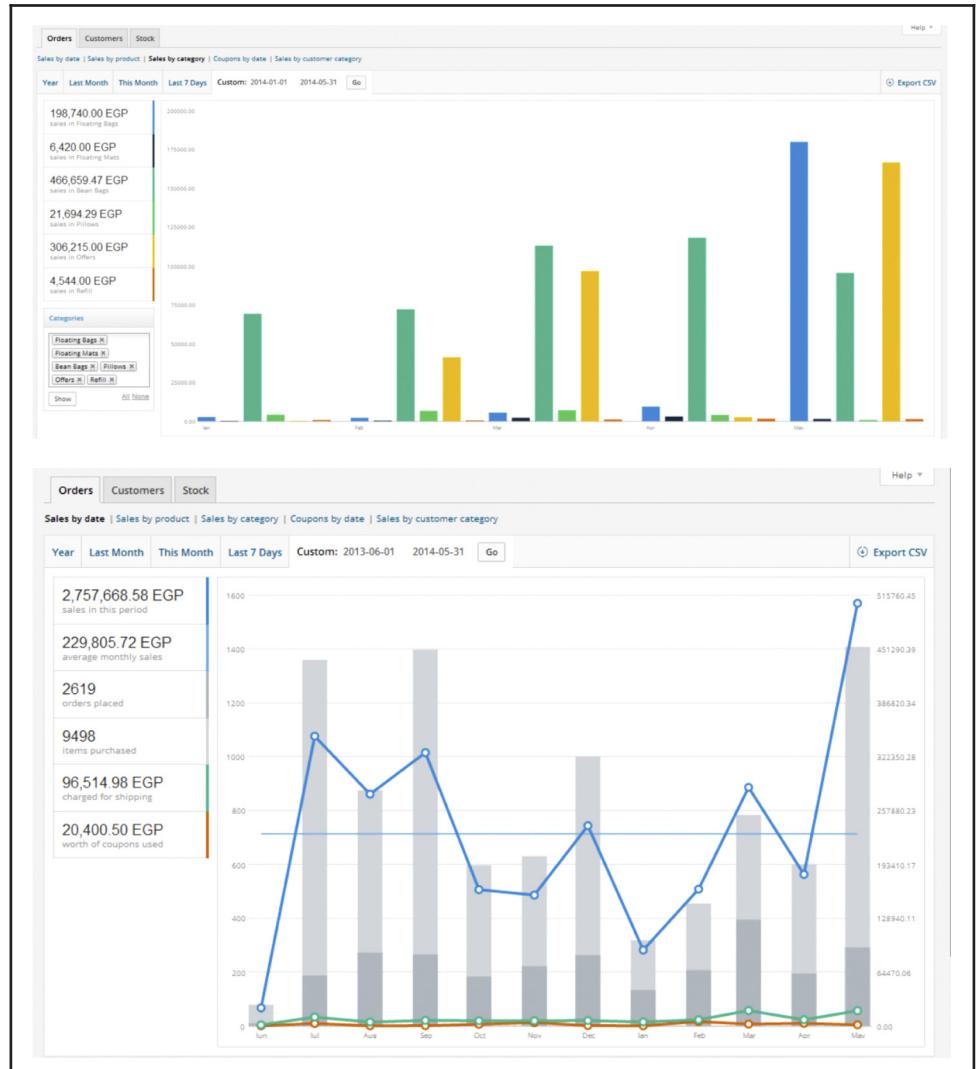


Exhibit 5. Customers sales volume versus their types

Table EII

	<i>Building blocks – FY2015</i>	<i>2014 closing</i>
Corporations	1,100,000	
Self-ordered	726,000	
Online resellers	139,000	
Offline resellers	291,000	
Phone orders	665,000	
Exhibitions	333,000	
Ariika stores	160,000	
Total	3,414,000	

Exhibit 6. Competitors list and size compared to Arika in revenues, profits

Figure EIV

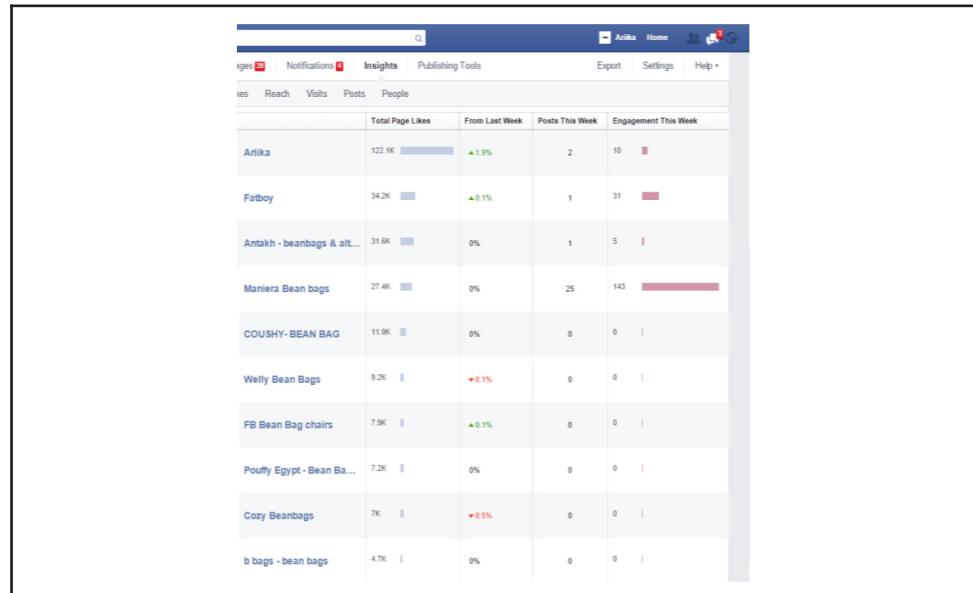


Exhibit 7. Costs of the software systems used at Ariika

Figure EV

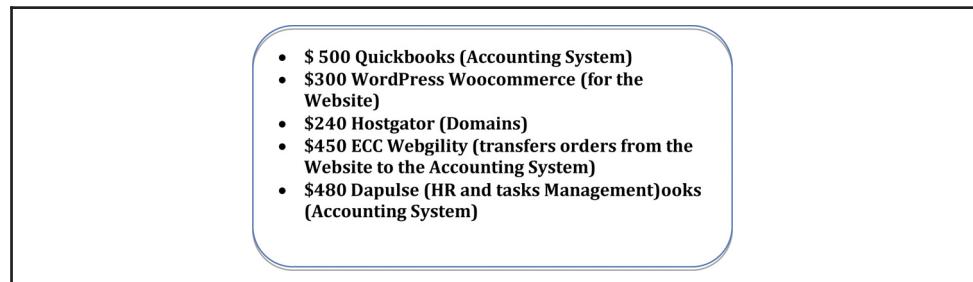


Exhibit 8. Screenshot of E-Commerce page on the website

Figure EVI

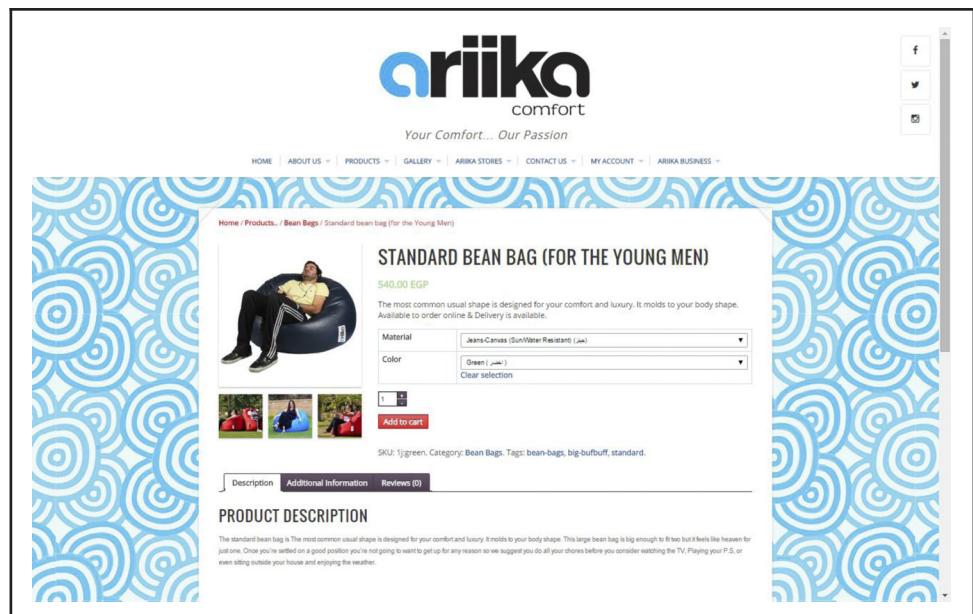


Exhibit 9. Virtual stores selling Ariika products

Figure EVII

The figure displays two screenshots of e-commerce platforms selling Ariika products.

JUMIA: The top screenshot shows the Jumia website interface. A search bar at the top asks "What are you looking for? Find it here!". Below it, a category tree shows "Home > Furniture & Decor > Furniture - Ariika". A sidebar on the left features a "HAPPY MOTHERS DAY" promotion. The main content area shows a grid of bean bags with price tags and discount percentages. A sidebar on the right also features a "HAPPY MOTHERS DAY" promotion.

SOUQ.com: The bottom screenshot shows the Souq.com product page for the "Ariika Grabby Grab Jack Chair Waterproof Bean Bag With Leather Tod Dot Bean Bag". The product is priced at 745.00 EGP and is marked as "In Stock". It is fulfilled by Souq.com. The product details include color (Red/Blue), style (Home), and type (Bean Bag). An "ADD TO CART" button is prominently displayed.

Exhibit 10. Online payment screenshot

Figure EVIII

The screenshot shows a payment page for a product. At the top, there are fields for 'Town / City', 'State / County', 'Postcode / Zip', 'Email Address', and 'Phone'. Below these is a link to 'Create an account?'. The main section is titled 'YOUR ORDER' and displays the following table:

Product	Total
Sandard bean bag (for the Young Men) ✖ 1 Material : Jeans-Canvas (Sun/Water Resistant) (✓)	540.00 EGP
Color : Green (✓)	
Cart Subtotal	540.00 EGP
Shipping and Handling	<input type="radio"/> Local Delivery 'Cairo Only': 25.00 EGP <input type="radio"/> Out of Cairo Delivery (Changing according to City): 70.00 EGP <input type="radio"/> Local Pickup 'Factory' (Free)
Order Total	565.00 EGP

Below the table, there are two payment options: 'Cash on Delivery' (selected) and 'Credit/Debit Card Payment'. The 'Credit/Debit Card Payment' option is verified by PAYFORT, showing logos for Visa and MasterCard. A 'Pay via PayFort' button is also present. At the bottom, there is a checkbox for accepting terms and conditions followed by a 'Proceed to PayFort' button.

Exhibit 11. Facebook (Ariika's main page and one post)

Figure EIX

The figure displays two screenshots of Ariika Bean Bags' Facebook page. The top screenshot shows the main profile page with a cover photo for 'Mothers Day' featuring a woman in an orange bean bag. It includes a call-to-action for a special offer: 'Suprise your mom on Mothers Day and send her a comfy Pumpkin, Tod, and a U-pillow with a special offer from ariika. ALL FOR ONLY 585 EGP INSTEAD OF 835 EGP purchase through the following link: http://www.ariakacomfort.com/_/offers/mothers-day-promotion/'. The bottom screenshot shows a specific post from December 10, 2014, advertising a Christmas offer: 'Check our latest Christmas offers!! Standard bean bag + medium standard bean bag for 590 L.E instead of 1230 L.E. http://www.ariakacomfort.com/offers/'. The post includes images of people sitting in large blue and pink bean bags.

Exhibit 12. Dapulse (HR and task management system)

Figure EX

The screenshot shows a web-based task management application. On the left, there's a sidebar with navigation links like 'My Feed', 'Main Boards' (including 'Product Execution Board', 'Indoors', 'Furnix (S/2 > B/2)', 'Store Selection Designer', 'Current projects', 'Le Marche', '2015 HR System', 'Tasks Production', 'Tasks marketing', 'Grades (monthly)', 'KPIs (departments)'), 'Private Boards' (including 'Strategy', 'SAUDI ARABIA', 'Strategic Management', 'Hassan Tasks'), and a 'New' button. The main area is titled 'Things to do arilka' and lists various tasks: X banner, Tablets, U pillows, Boxes, Khashab, Tools, Flyers, Business Cards, Sales Sheets, Mosakel, Small White Desk, Banners For arilka, and Stock. To the right, there's a grid view where each task has columns for 'Per...', 'Find it/ Do it', 'Ship it', and 'Due date'. Most tasks are marked as 'Done' in the 'Find it/ Do it' column. The URL in the browser bar is https://arilka.dapulse.com/boards/706354.

Exhibit 13. Screenshots of Google Analytics

Figure EXI

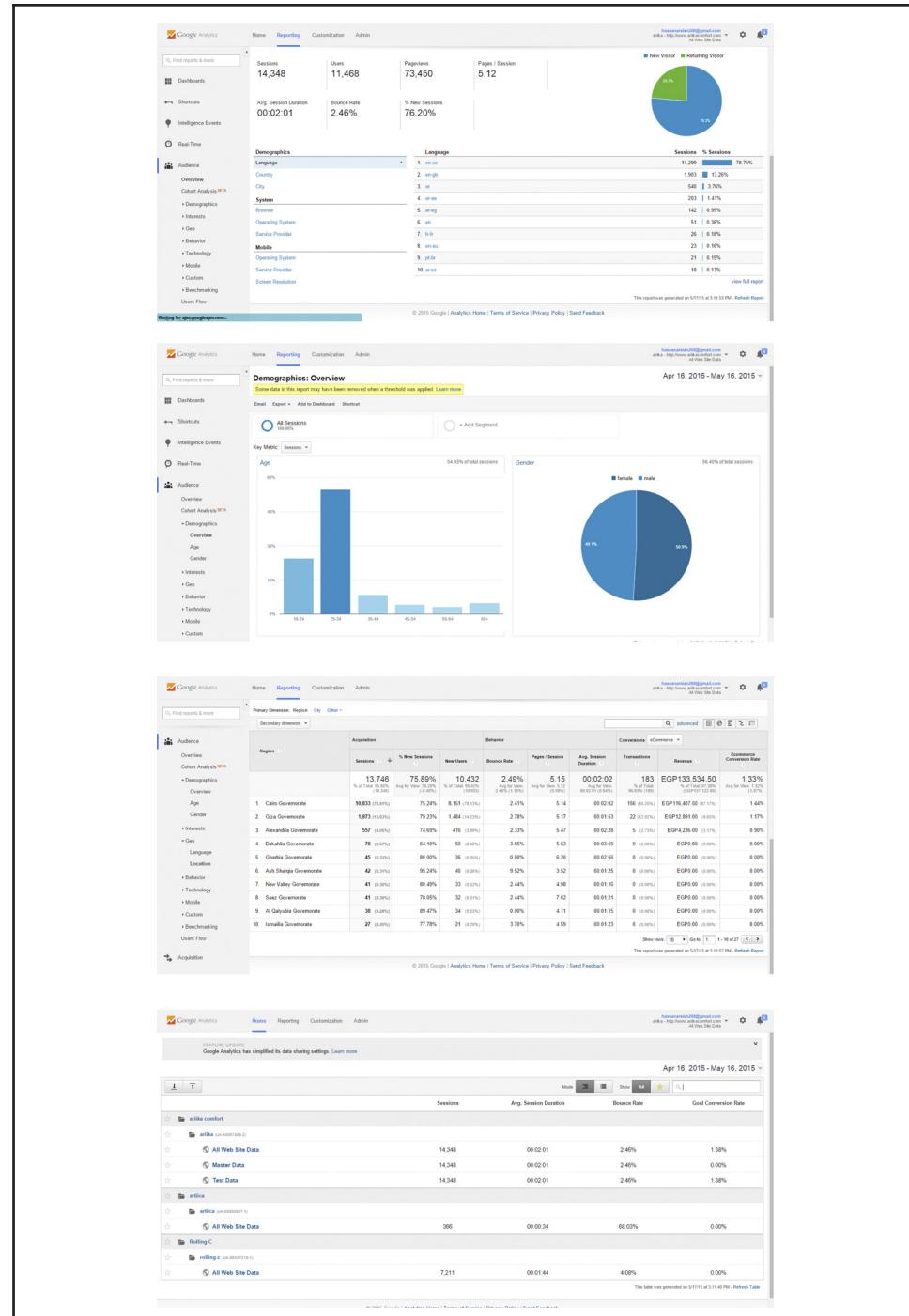


Exhibit 14. Facebook statistics

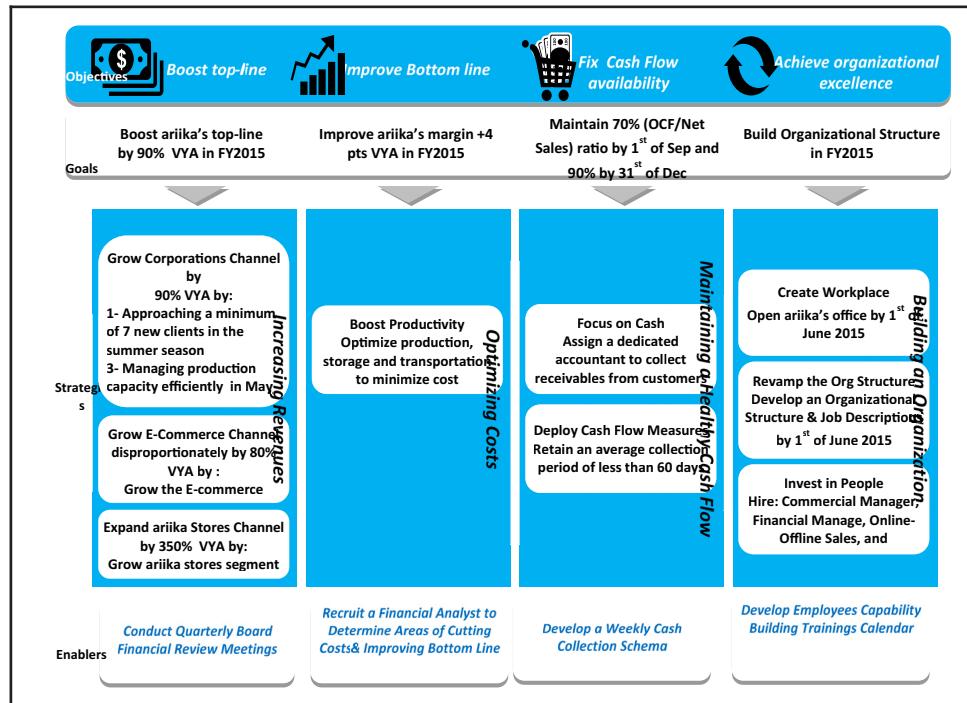
Figure EXII

The screenshot shows a Facebook Ad Set report with the following details:

Ad Set	Ad	Delivery	Results	Cost	Reach	Budget	Spent Today	Total Spent	Start Date	End Date
En - Friends of Connected to Ariika	Active	Conversions Per Conversation	7	\$6.90	42,920	\$10.00	\$3.26 of \$10.00	\$48.30	05/12/2015	Ongoing
EN - Lookalike Check Outs (For SmartPOS/WIN8)	Active	Conversions Per Conversation	8	\$14.12	55,777	\$20.00	\$2.05 of \$20.00	\$112.96	05/19/2015	Ongoing
EN- Design Parents (Apple/Samsung)	Active	Conversions Per Conversation	14	\$8.07	93,314	\$10.00	\$3.08 of \$10.00	\$113.04	05/25/2015	Ongoing
EN- Parents	Active	Conversions Per Conversation	59	\$8.32	373,628	\$40.00	\$21.81 of \$40.00	\$490.97	05/03/2015	Ongoing
En - Connected to Ariika	Active	Conversions Per Conversation	19	\$7.50	5,1397	\$10.00	\$4.38 of \$10.00	\$142.48	04/30/2015	Ongoing
EN - Lookalike Check Outs (For Interphone-tabletowners)	Inactive	Conversions Per Conversation	1	\$29.09	20,305	\$10.00	\$0.00	\$29.09	05/12/2015	Ongoing
EN - Lookalike Check Outs (For SmartPOS/WIN8(FriendsOfConnected24c))	Inactive	Conversions Per Conversation	2	\$21.67	29,710	\$10.00	\$3.29	\$43.33	05/12/2015	Ongoing
EN- Newly Weds +Engaged (IOS/Sam/Win8Out)	Inactive	Conversions Per Conversation	8	\$11.13	45,844	\$20.00	\$0.00	\$89.04	05/03/2015	Ongoing
EN - Export List small	Inactive	Conversions Per Conversation	0	--	56	\$4.00	\$0.00	\$0.29	05/03/2015	Ongoing
EN - MailChimp Customers	Inactive	Conversions Per Conversation	0	--	117	\$4.00	\$0.00	\$0.65	05/03/2015	Ongoing

Exhibit 15. Ariika's plans for 2015

Figure EXIII



Corresponding author

Nahed Azab can be contacted at: nazab@aucegypt.edu