

Dubai's Ajmal curbs expansion plans

Luxury perfume firm Ajmal is delaying its European store debut by a further year and curbing its expansion strategy because of tough market conditions. Abdulla Ajmal, deputy general manager, told the Reuters Global Luxury Summit on Thursday the company lifted sales by 6 percent in the first quarter, driven by 27 percent growth in Saudi Arabia, compared with the same period last year. Dubai-based Ajmal sells perfume that can cost up to 5,000 UAE dirhams (\$1,361) and distributes to the Gulf region and 20 countries in Southeast Asia, Europe and the Americas. Ten percent of business comes from Gulf ruling families while Dubai's sail-shaped luxury hotel, Burj Al Arab, also offers Ajmal perfumes.

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"We've managed to keep our nose above the water, but it's been hard," he said.

"Large purchases did not disappear but they slowed."

Dubai-based Ajmal sells perfume that can cost up to 5,000 United Arab Emirates (UAE) dirhams (1,361 US dollars) and distributes to the Gulf region and 20 countries in Southeast Asia,

Europe and the Americas.

Ten percent of business comes from Gulf ruling families while Dubai's sail-shaped luxury hotel, Burj Al Arab, also offers Ajmal perfumes.

The 58-year old business is delaying its first European store opening in London by another year to Christmas 2011, as the UK retail sector continues to suffer, Ajmal said. The opening was scheduled for Christmas this year, put back from an original deadline of 2009.

Ajmal, which has total of 135 stores, with 45 in the UAE and 30 in Saudi Arabia, is revising its target of opening 18 stores in 2010, with a final number is still to be decided, Ajmal said.

Ajmal said the company's target of opening 200 stores in five years was being reviewed and could be achieved over seven years instead.

"Saudi Arabia and Qatar have been the best performers, as they were not hit as hard as the UAE by the recession," Ajmal said.

Retailers in Dubai, one of seven emirates comprising the UAE, reported plummeting sales last year as consumers tightened spending and tourists travelled less to the Middle East trade hub. Ajmal said the company targeted six percent growth in sales for the UAE market in 2010 and nine percent in overall sales.

"It is not looking too good but still keeping our heads above the water," he said.

Acquisitions are on hold until at least 2011, Ajmal said. The company said last year it would look at acquisitions, particularly in France of mid-size companies, to grow in Western markets.

-Reuters

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