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CASE STUDY

ASHI STUDIO: THE FIRST SAUDI-LED COUTURE STUDIO

This case study is part of a project focusing on Investing in Culture, which is a collaboration of MBSC Case Centre and the Ministry of Culture. The case was developed by Dr Larissa von Alberti-Alhtaybat, Associate Professor of Accounting and Vice Dean at the Prince Mohammed Bin Salman College of Business & Entrepreneurship. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management or administrative situation.

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Abstract

Ashi Studio is the Parisian-based Couture House that is owned and led by Saudi-born Mohammed Ashi. The main insights drawn from this case are focussed on the potential of the Couture Studio in the local market and the development of the sector. He opened Ashi Studio in 2007 with an equity investment of US\$ 60,000, and grew his business sustainably since then by re-investing any profits made back into the business. This sustainable growth strategy has expanded his business from one studio to four different international companies with 120 employees, with an international and celebrity clientele. Having studied at one of the most prestigious French fashion design schools and having worked with Haute Couture-labelled designers, Ashi and his studio exhibit one of the most prolific talent and design skill set in Saudi designers. New designers can learn from his business strategy and couture skills, which is also the reason Ashi was selected as a key contributor to Saudi 100 brands. What are Ashi Studio's market opportunities, going forward?

Case Study

On January 25th, 2023, the Palais de Tokyo in Paris, France, hosted the unveiling of Ashi Studio's latest couture collection for Spring/Summer 2023. The 'Moonlight and Dust' production featured a striking runway covered in black cloth, with attendees seated on the sidelines in darkness. A soft, moonlight-like light illuminated the models presenting the couture dresses. The entire presentation was ethereally hued, from the clothes to the music. The show concluded with Mohammed Ashi stepping out to greet the audience.

Creating a seemingly effortless and intuitive fashion show requires meticulous planning, long working hours, and significant financial investment. On average, the cost of a fashion show can reach up to 800,000 Euros, and many fashion houses showcase their collections at least twice a year during Paris Haute Couture Week for both Spring/Summer and Autumn/Winter seasons. Haute Couture, French for high-tier dressmaking, is the objective correlative of top-notch quality and the creation of exclusive custom-fitted high-end fashion designs. Ashi has been a part of the impressive couture scene since 2018 when he presented his first creations in Paris.

Ashi Studio: Business Strategy and Finance

Mohammed Ashi established Ashi Studio (“Studio”) in 2007 with an initial investment of 56,000 Euros. Although he is originally from Saudi Arabia, he chose to start his fashion business in Lebanon before eventually relocating to France. While he studied marketing in the USA, his true passion was fashion design. To hone his skills, he attended École supérieure des arts et techniques de la mode (ESMOD) in Paris, a prestigious school for high fashion and dressmaking. Ashi has also gained valuable experience working alongside several established fashion designers, including Givenchy Fashion House and Elie Saab. With his education, experience, and drive, he successfully launched his brand and has remained the company's sole owner.

The Studio describes itself and its practices as follows:

“A practice in tradition with modernist reflections, Ashi is a couture house with transportive fortitude. It is a visual poem recited in pure lines and handmade ornamentation, dedicated to the extraordinary women in its orbit. As one of the few maisons to be founded during the last 10 years, Ashi expands on the notion of a “new timeless” through amplified simplicity combined with architectural grandeur. Each collection has a heartbeat, its own romantic gesture, composed in the atelier by a team of devout couturiers.”¹

Initially, the Studio had only three employees in Beirut. However, it has grown into an international brand with 120 employees across four locations - Paris, Dubai, Lugano (Switzerland), and recently Riyadh in Saudi Arabia. The Studio's growth has been steady and sustainable. Every year, the number of Studio's clients increases by 20%, and by the end of 2022, the company prided over about 2,000 loyal clients.²

For over 16 years, Ashi has reinvested all profits into the business to ensure financial stability. While the financials have remained steady in recent years, sales revenue has declined due to the pandemic, as reported by the Studio. In 2019, pre-pandemic sales revenue was 9 million Euros, but by the end of 2022, it had bounced back to a substantial 11 million Euros, representing a 22% increase compared to pre-pandemic figures. Additionally, the Studio maintains a healthy profit margin of approximately 30%, allowing for sustainable growth through reinvestment.³

Establishing a good relationship and strong rapport with a worldwide clientele is crucial for the Studio to thrive. Women in high-powered positions typically seek custom-made apparel, often for important

¹ Ashi Studio website.

² Ashi Studio data.

³ Ashi Studio data.

events. After showcasing its designs at Paris Couture Weeks, Ashi Studio has compiled a roster of renowned figures who have donned its creations to high-profile public events and photoshoots. Among them are celebrities like Beyonce, Penelope Cruz, Ciara, and Olivia Palermo; royalty such as Queen Rania of Jordan; and public figures such as Maye Musk, Elon Musk's mother.

Exhibit I
Maye Musk wearing an Ashi Studio dress



Source: Ashi Studio Website

Establishing a foothold in Saudi Arabia signifies the next phase of growth for Ashi Studio. It is also a testament to the Saudi fashion industry's remarkable progress since the Fashion Commission's creation in February 2020.⁴

In Saudi Arabia, fashion plays a significant role in the country's culture. The introduction of the Ministry of Culture's eleven commissions, with fashion being one of them focusing on cultural development, increased attention paid to an existing market and provided new growth opportunities for the fashion industry. "We are opening our first flagship store in Riyadh later in 2023," indicated Ashi in a previous interview— a testament to the new opportunities for the fashion industry but also for individual designers in Saudi Arabia. "Our clientele is diverse and global, so we have always had support from individual Saudi clients," observes Ashi further, "However, opening a flagship demonstrates presence in a new market." As Saudi's most prolific fashion designer, Ashi, with his namesake brand, Ashi Studio, could "bring home the Couture."

⁴ **The Fashion Commission aims to oversee the quality outputs of the sector and organize its work to ensure its advancement and support practitioners in the field. The Commission is setting a new strategy to enhance and boost the sector and proposing new projects to increase its economic contribution.**

Saudi Fashion: Industry and Market

Ashi Studio's next strategic step of expanding into Saudi Arabia presents exciting opportunities. The luxury apparel market, which Ashi's made-to-order creations are part of, is predicted to grow by 3.83% (CAGR) in the next five years. By the end of 2023, it is expected to generate 354 million Euros/SAR1.425 billion in revenue.⁵ The Saudi Fashion Commission has further developed the Saudi fashion industry. One of the critical developments is the Saudi 100 Brands Program, a professional development program for Saudi "Fashion Companies, Brands, and Designers to achieve their full potential."⁶ They receive consultation and advice from dedicated, well-established industry members, such as Ashi, and gain access to the Fashion Commission's network and financial support.⁷ Mohammed Ashi contributes to this initiative by being the shining example for developing future fashion designers and brands, demonstrating the power of a "creative force." Burak Cakmak, the Fashion Commission's CEO, stated: "Mohammed Ashi is a leader of Saudi fashion, and his creative force has made an invaluable contribution to Saudi's fashion zeitgeist as the country undergoes a cultural transformation."⁸

Saudi Client Base: Engagement and Expansion

Increasing accessibility to a market striving to become the next fashion powerhouse, having a flagship store in Riyadh is a strategic move for Ashi. With a persistent focus on developing his talent and skills, he has mastered the craft of couture and applied his knowledge to create pieces that have earned him a loyal following, international recognition, and showers of encomiums. To attain haute couture status, as achieved by other Arab fashion powerhouses like Elie Saab, talent, skills, and impact are crucial elements. These are all hallmarks of a respected couture designer, which Ashi Studio, a Saudi-led couture house, embodies. This indicates Ashi's potential to be awarded the Haute Couture designer label.

Ashi refers to his customers as "clientele."⁹ In general, especially among Saudi clientele, they appreciate the attention to detail, craftsmanship, and unique pieces made to order. The brand must maintain a presence and showcase in Paris to increase global outreach and recognition and bring couture back to a broader Saudi audience. To draw attention beyond their successes abroad, it may be essential to have a localized outreach and objective-driven public relations and marketing campaign. This would help understand how international designs translate locally, which is essential

⁵ Statista, *Luxury Apparel, Saudi Arabia*.

⁶ www.Saudi100brands.com.

⁷ www.Saudi100brands.com.

⁸ *Leaders MENA, Saudi designer Mohammed Ashi dazzles Paris Couture Week*.

⁹ *Conversation with the founder*.

for nascent design talent. Expansion to Saudi Arabia involves a potential 20% increase in revenue in the medium term¹⁰ and 800 Saudi clientele.¹¹

Saudi Talent and Fashion Sector: Poised for Growth

Mohammed Ashi not only has a studio, but he also supports the growth of the Saudi fashion industry by contributing to the Saudi100 Brands initiative,¹² an essential start to advancing the Saudi fashion sector, which requires systematic development of fledgling talent. Ashi's experience attending a prestigious fashion design school and working with well-known designers and fashion houses provides him with critical insights and knowledge of the fashion sector. These experiences are crucial in transforming ideas, interests, and ambitions into successful fashion designs. Although the journey can be challenging, creating opportunities for such experiences is vital for the future of the Saudi fashion talent and industry. The Ministry of Culture supports this initiative through its programs, which offer access to global fashion education and participation in international fashion weeks to ensure exposure.

The Saudi Fashion Commission recently held its first Fashion Strategy Roadshow, announcing plans to promote Saudi talent through seven strategic pillars:¹³ Education and Creativity, Product Development, Manufacturing and Supply Chain, Retail, Narrative, Storytelling and Events, Sustainability, and Industry Enablers. The first pillar, Education and Creativity, highlights the importance of imparting existing knowledge and training talents and skills to develop couture houses. Other pillars focus on innovation and sustainability, emphasizing the need to improve practices and processes consistently. The Commission's platform for engagement and events, Fashion Futures, is committed to sharing knowledge, ideas, and innovations to advance the entire fashion industry.

Couture represents the essence of “slow fashion,” which involves a profound appreciation for the design, materials, and production process.¹⁴ Unfortunately, couture fashion is often not affordable for many people. However, by studying under esteemed couture masters like Ashi, one can learn valuable lessons about incorporating slow fashion principles more broadly. Couture is not meant for quick consumption but focuses on the quality of materials, unique designs, and excellence in dressmaking. Raising awareness about the significance of investing in high-quality materials can improve the fashion industry and its production process. This can also create new opportunities to support the economy and culture and influence new developments, aligning with the Commission's seven strategic pillars.

¹⁰ Ashi Studio data.

¹¹ Ashi Studio data.

¹² Conversation with the founder.

¹³ Saudi Fashion Commission ‘A Sector of Opportunity’ Report, March 2023.

¹⁴ Conversation with the founder.

Ashi Studio: The Way Forward

During Paris Haute Couture Week, Ashi Studio recently presented its latest collections, 'Moonlight and Dust' for Spring/Summer 2023 and 'The Waves' for Fall/Winter 2022. The Studio managed to obtain the coveted Haute Couture Label in 2023.¹⁵ However, obtaining the label, which is legally protected in France, requires meeting certain conditions, including showcasing at least 25 original designs during two live shows in Haute Couture Weeks held in January and July of a year, created by the house's designer and produced by a team of at least 20 craftspeople in the Parisian workshop, atelier. Haute Couture pieces must be hand-crafted and custom-fitted. The application for the Haute Couture Label is submitted to the 'Chambre Syndicale de la Haute Couture';¹⁶ if accepted, the label remains valid for one year.¹⁷

The Haute Couture Label is the most prestigious title a fashion house can earn. Achieving this requires a significant investment from the house, not only in its live shows but also in its overall structure. Ashi Studio has grown sustainably and now operates from Paris, creating unique designs made-to-order. The Saudi Fashion Commission has strategically decided to support Ashi Studio's live shows, which can cost between 500,000 and 800,000 Euros. Investing in the first Saudi-led Couture Studio is a critical investment in culture and helped promote its designs during Paris Haute Couture Week in 2022 and beyond. In July 2023, Ashi was named as guest of the official Haute Couture Calendar, becoming the first couturier from the Gulf to join the most prestigious and élite Fédération.

¹⁵ Ashi Studio data.

¹⁶ Federation de la Haute Couture et de la Mode website.

¹⁷ Conversation with the founder.