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**CASE
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CASE STUDY

LOMAR – REDEFINING THE THOBE: LOMAR- FLAVORED TRADITION!

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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LOMAR – REDEFINING THE THOBE: LOMAR-FLAVORED TRADITION!

Abstract

Lomar is the first fashion business in the Kingdom that explored a new approach to the Saudi male traditional attire, the thobe. New styles and styling were created, and the concept of the thobe was redefined. The case presents how Lomar established itself as a beacon of fashion forwardness and a leader of the industry. Until now, production is operated in Saudi Arabia, creating jobs and contributing to Saudi's Gross Domestic Product. Lomar is also one of the first fashion companies to employ and train Saudi women as tailors. Since 2005, the company has expanded across the Kingdom to operate 14 stores nationwide, as well as online sales operations. What is the next step in the expansion and growth strategy of Lomar?

Case Study

Lomar: Starting Up and Growing

In 1997, after completing his studies in graphic design in Houston, Texas, USA, Loai Naseem expressed his desire to his wife, Muna, for new styles of the classic thobe, the traditional ankle-length robe worn by Arab men, traditionally plain and white in Saudi Arabia.

Muna encouraged Loai to explore the market, but he pursued a career as an art director and eventually became a graphic director in advertising. However, in 2001, Loai felt inspired to redefine the traditional thobe and started his business with the help of Muna and a tailor friend. They began their venture from his home in Jeddah.

In the beginning, Loai and Muna ran their business from home, using the back and later the main living room until it grew too big. Eventually, in 2005, they moved Lomar to its premises. At launch, their business idea was unique, as no one else had attempted to modernize the traditional white thobe. This gave them an unrivaled competitive advantage.¹ Before Lomar, thobes were tailored in a classic, traditional cut using white fabric for all ages and generations. Loai and Muna wanted to contemporize

¹ Conversation with the co-founder.

Saudi clothing by introducing different colors, unique embroidery, fancy buttons, and untraditional cuts to their thobes.

Lomar recognized a demand for a modern take on the thobe in the local market and thus expanded throughout Saudi Arabia. Since 2005, the company has opened 14 stores nationwide and established an online sales platform. In 2007, Lomar expanded to Riyadh and, in 2008, to Al-Khobar. They opened a second store in Jeddah in 2009 and expanded their manufacturing operations in Saudi Arabia in 2010.

Exhibit I
Illustration of Traditional White Thobe



Source: Provided by Lomar

**Exhibit II
Lomar's White Thobe**



Source: Provided by Lomar

**Exhibit III
Thobe from Lomar's most recent Collections**



Source: Provided by Lomar

Lomar experienced organic growth until 2010, when profits were reinvested into the business. However, that year, an investment firm purchased 30% of the equity for a cash investment of SAR3 million, effectively valuing the brand at SAR10 million. Despite this cash infusion, Lomar continued to thrive financially through its operations. The company has maintained its success with approximately 50,000 returning customers annually, who purchase both in stores and online from Lomar's website.

The Lomar Touch

Lomar is a pioneering fashion brand in Saudi Arabia that has taken a fresh perspective on the traditional Saudi male garment known as the thobe. The brand has successfully positioned itself as a trailblazer in the fashion industry. All production currently takes place in Saudi Arabia, which has created employment opportunities and contributed to the country's economy. Besides, Lomar has significantly empowered Saudi women by providing training and employment opportunities as tailors.

As seen in its operations, Lomar prides itself on its exceptional quality and designs. To ensure quality, it sources materials from top producers like France and Japan, subjecting them to rigorous testing based on Lomar's standards. Any non-compliant materials are returned to the producer. Similarly, thobes produced at Lomar undergo stringent quality control after tailors finish their work. Lomar even offers hand-stitched embroidery by one of its distinguished artisans. The margin for its thobes is approximately 60%, demonstrating a competitive production business compared to the fashion industry giants, whose margins are typically only 50%.

Numerous individuals have attempted to imitate Lomar and venture into the specialized thobe industry. Nevertheless, Lomar persisted as the leader and, as one of the few, has maintained the business amidst the COVID-19 pandemic. Recently, several competitors could not endure the pandemic, but copying Lomar's distinct selling features and creativity is still prevalent. The following action is to expand the business beyond Saudi Arabian borders. Lomar has participated in multiple fashion weeks and designed collections that appeal to a global audience to achieve this goal.

Saudi Fashion Industry and Market

The luxury apparel market, which Lomar caters to with its customized thobes, is predicted to experience an annual compound growth rate of 3.83% over the next five years, resulting in a projected total revenue of US\$0.38 billion/SAR1.425 billion in 2023.² Luxury fashion has contributed to 19% of this market growth.³ It is important to note that these market figures include male and female luxury apparel, indicating that the thobe market may be smaller than expected. Nevertheless, there is potential for growth.⁴ While online channels are becoming more critical, Saudi customers still prefer to purchase in person, with almost 90% of transactions occurring offline in 2023.⁵ The Saudi Fashion Commission has recognized these opportunities and has taken steps to develop the Saudi Fashion

² Statista, *Luxury Apparel, Saudi Arabia*.

³ Fashion Commission Report 2023: *A Sector of Opportunity*.

⁴ Statista, *Luxury Apparel, Saudi Arabia*.

⁵ Statista, *Luxury Apparel, Saudi Arabia*.

Industry further. One crucial development is the Saudi 100 Brands program, which offers professional development opportunities for Saudi fashion companies, brands, and designers to reach their full potential.⁶ Lomar is one of the Saudi 100 Brands and can leverage this significant opportunity for further development and national and international recognition.

Developing Saudi Talent and Fashion Sector Beyond Saudi Borders

While the Saudi 100 Brands program is essential to advancing the Saudi fashion sector, it also requires systematic development of existing brands. Lomar is a well-established business with existing know-how and a state-of-the-art production process geared toward quality. These are the pillars for expanding internationally with support from relevant entities, like the Ministry of Culture, for instance, by ensuring international exposure through participation in international fashion weeks. Lomar participated in the international fashion weeks and now needs to take the next step into the international arena by engaging international buyers and rolling out a global marketing strategy.

The Saudi Fashion Commission recently held a Fashion Strategy Roadshow with several presentations. During this event, the Commission shared its objectives to enhance growth for Saudi talent through seven strategic pillars:⁷ Education and Creativity, Product Development, Manufacturing and Supply Chain, Retail, Narrative, Storytelling and Events, Sustainability, and Industry Enablers. The latter pillar highlights the Commission's commitment to supporting the sector's development, with a focus on established fashion brands expanding. Additionally, the pillars emphasize innovation and sustainability, highlighting the importance of consistently enhancing practices and processes.

Fashion Futures, a platform for engagement and events by the Commission, aims to share knowledge, ideas, and innovations to drive the fashion industry forward. Lomar's made-to-order strategy embodies the principles of 'slow fashion,' which values the design, people, materials, and process. It prioritizes quality over speed, uniqueness over mass production, and excellence in dressmaking, including hand-stitched embroidery. Creating awareness about the importance of investing in quality materials and appreciating their value is crucial for future talent to contribute to the fashion industry and market and to improve the production process. This approach also presents new opportunities to support the Commission's seven strategic pillars, as the fashion industry is not just about design but also reflects culture, influences the economy, and has a soft power to drive new developments. Lomar's success story has the potential to be exported from Saudi Arabia to the rest of the world.

⁶ www.Saudi100brands.com.

⁷ Saudi Fashion Commission 'A Sector of Opportunity' Report, March 2023.

Prospects

In 2023, the market for customized thobes faces challenges due to reduced customer demand and sales. However, businesses are copying Lomar's model of individual designs while maintaining lower prices.⁸ This creates a problematic situation for Lomar as newer generations may not quickly become new customers. Lomar's typical customer is around the mid-40s. While they enjoy their personalized thobes, they are price-conscious and aware of the current economic climate, resulting in fewer orders due to financial constraints. One crucial factor is the introduction of value-added tax (VAT), and recent price increases have reduced household spending power. As a result, Lomar receives fewer orders from its regular customers, and the business is working on a strategy to manage these repercussions.

Lomar is pursuing a diversification strategy, which involves entering multiple markets with various products. Rather than solely focusing on thobes, the company has utilized the Saudi 100 Brands program to introduce a men's ready-to-wear collection to the international market to attract a global customer base. However, to expand further and establish a presence in new locations, Lomar requires external investments to maintain its current home-based manufacturing and keep its 14 stores operational. This approach is preferred over outsourcing production abroad, which would result in job loss and reduced financial resources in the local community.

To expand its operations and invest in a global marketing campaign, Lomar needs more funds for its expansion and diversification strategy. The Ministry of Culture has supported Lomar's presentation at Milan and Paris Fashion Weeks in Fall 2022. This marks Lomar's first step into the international arena with its men's collection inspired by Saudi culture and globally relevant. This presents an exciting opportunity for the Saudi Fashion Commission to invest in exporting a Saudi brand to the world in one of the world's most competitive cultural sectors.

The global fashion industry is predicted to experience a yearly growth rate of approximately 9%, with an estimated annual revenue of US\$1 trillion by 2027.⁹ Lomar, having been in the market for two decades, has successfully navigated the challenges posed by COVID-19, unlike many of its competitors. To take its business to the next level and become a global brand, Lomar needs substantial financial investment. To ensure the continuity of its operations, it must diversify and expand.¹⁰

⁸ **Conversation with the co-founder.**

⁹ **Statista, Fashion Worldwide Statistics.**

¹⁰ **Conversation with the founder.**