



Arzum

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The  
founders  
of Arzum  
brand  
Kazım,  
Kemal and  
İbrahim  
Kolbaşı

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# Advancing Towards Globalization Step by Step ... ARZUM

## The Brand in Brief...

The Arzum brand was initiated by three Kolbaşı brothers - Kazım, Kemal, and İbrahim Kolbaşı - in 1953 at the Güney Import Unlimited company in Turkey. This company acted as a wholesaler of various goods, such as small electrical kitchen appliances, toys, sewing machines, fans, irons, radio and cassette players, bicycles, television sets, and the like, which were transported from İstanbul to Adana.

Later in the 1960s the three brothers became the Krups distributor and got a chance to observe the small electrical home appliances market closely. In the end, they decided to produce their own brand. The chosen brand name was "Arzum" (meaning "my desire" in Turkish), implying that this brand was three brothers' common wish. The name "Arzum" was registered in 1966 as a small electrical home appliance brand name. The first Arzum was a mechanical vacuum cleaner manufactured in 1967, followed by an iron later the same year, and a citrus press in 1975.

Murat Kolbaşı noted that he, Osman, and Rezzan Kolbaşı, as representatives of the second generation of the Kolbaşı family, started visiting international expos for small appliances and that these visits enabled them to get a whole new perspective for their brand. Hence, following these visits Arzum began exporting as well as producing small appliances at different sites around the globe. Arzum's branding efforts intensified, however, in the 1990s. In 1992-93 in particular, the famous TV show "Wheel of Fortune" had become very popular in Turkey and the Arzum Food Processor was possibly the first product put on the display shelves to be purchased by winners of the show. After this period, Arzum boosted its investments in branding.

Arzum closed down its own production unit in 1998, and in 2009 was working with approximately

100 small electrical home appliance producers both in Turkey and abroad. Arzum was also cooperating with industrial design shops after determining the latest consumer trends, as well as collaborating with freelance national and international designers. Products launched after 2002 such as the Arzum Tea Maker and Arzum Coffee Maker were designed based on such consumer needs. Such unique products created a competitive edge for the Arzum brand, especially in international markets.

Arzum partnered with the British investment management company Ashmore Group in February 2008. At the same time, Murat Kolbaşı was elected as the Board Chairman of Arzum Electrical Home Appliances PLC, representing the Kolbaşı family. After this major turning point for the company, Arzum targeted to become a more active player in international markets. As a result, a new company was established under the name of Arzum Asia Pacific Ltd. in Hong Kong in 2009. Arzum Group, consisting of the Arzum and Felix brands, became the number one small home appliances brand in its home market in volume, while holding the fourth position in value. All these indicators show us that Arzum, which started off as wholesaler with limited resources in Adana, progressed very quickly, first establishing itself in its home market and then laying the necessary foundations to become a major player in the international arena by 2009.

## Small Home Appliance Market in Turkey

The small electrical home appliance market in Turkey is a dynamic one, where competition is rigorous and new appliances are introduced every day. The managers of Arzum estimated that there are roughly 60 companies operating in the market, with a total of 90 brands. Small home appliances are marketed by both white goods and small home appliance manufacturers, leading to fierce competition. Even this fact indicates that the sector is alive and open to new marketing applications at all times. Although market data is quite limited, it is estimated that the entire small electrical home appliance market totals 1.5 billion USD, and exhibiting annual growth of around 10-20%. The highest household penetration is of irons and vacuum cleaners with 90%, followed by 40% for hair dryers, 30% for food processors as well as kettles. Penetration rates are below 20% in all other remaining categories. Even these figures are sufficient to indicate that the small electrical home appliances is far from being a saturated market in Turkey, pointing to a great domestic market potential.

Furthermore, factors such as new product development in the electrical appliances segment, innovative design and lower unit prices could be cited as the most apparent reasons leading to the expansion of this market in Turkey. Although only metal was used as a raw material in this sector until the 1970s, it became possible to use and shape plastic instead, after this date. Shaping plastic was much cheaper compared to metal shaping. Such reductions in the production costs of electrical appliances were also reflected in consumer prices (Esen

Evrans, "Şirince'den İstek Geldi, Yaprak Sarma Makinesi için Çalışıyorlar", Sabah, 22 August 2007). Arzum Sales and Marketing Manager Burcu Muşlu explained that there are approximately 30-40 new product launches every year and that a minimum of one and a half to two years is required for the preparation stage to produce a totally new product from scratch (Hande Yavuz, "Şirketler Hızlanıyor", Capital, September 2008, pp. 140-143). And even this fact alone highlights the pressing need for capital in small home appliance sector companies.

## Brand's Introductory Stage

Arzum attained its first notable success in 1967 by producing and introducing the mechanical vacuum cleaner to the market. This was followed by products such as an iron and electrical heaters. The Kolbaşı family has always believed in the importance of communication, starting in the days of Güney Import, when it advertised mostly in newspapers. They always announced newly imported arrivals such as toys and tape players with the help of newspaper ads. Similarly, they listed the advantages of a mechanical vacuum cleaner one by one in a newspaper ad back in the 1960s.

**EV HANIMLARI!**  
Evlere ve apartmanlarda süpürge derdinden kurtulunuz.

**ARZUM**  
SÜPÜRGELERİNİ KULLANINIZ.  
BENİTLEP BEMERLEDE VE UĞUZDUR.

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Marpöççüler Cad. 36 İstanbul,  
Tel: 27 29 03 - 22 01 34 Telex: KOLBAŞI



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**ÇOCUK OYUNCAKLARI**  
Toptan olarak  
İstanbul Marpöççüler caddesi No. 36 da,  
**GÜNEY İTHALAT**  
Kolektif Şirketinde satılmaktadır.  
Tel: 22 01 34 - 27 29 03  
Elinizdeki: 247 - 17632

**İTHAL MALI**  
İste istedik: Teyz Bandırma  
süpürge çözümleri

Toplan Satış:  
**GÜNEY İTHALAT**  
Kolektif Şirketi  
Marpöççüler Caddesi No. 36 - İstanbul  
Tel: 27 29 03 - 22 01 34 Telex: KOLBAŞI - İTİ.  
Makbuzetleri: 476 - 1000



**ARZUM**  
*Çevreyanti Küçük Hane Edevatları*

1966.....



**GARANTİLİ**  
**ARZUM**  
HALI SÜPÜRGESİ - ÇOCUK BİSİKLETİ  
MEYVA PRESİ - ANAHTARLI ve DÜZ  
ELEKTRİK  
ÜTÜLERİ

Toplan Satış:  
GÜNEY İTHALAT Koll. Şti. Marpöççüler Cad. No. 36 İstanbul Tel: 27 29 03 - 22 01 34  
Makbuzetleri: 476 - 1000



*almışken*  
**ARZUM alın...** *ÖZGÜN KALİTE, MODERN*

**ARZUM**  
OTOMATİK SÜPÜRGELERİ,  
ÜTÜLERİ,  
MEYVA PRESLERİ ve  
ÇOCUK BİSİKLETLERİ

İstikrarlı rahatlık, parçaların  
meyvaları temiz ederler. Her  
güvenlik, yüksek verimlilik  
için hazırlanmıştır.

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satış merkezi  
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Marpöççüler Cad. 36, Sultanhamam, İstanbul  
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BAYRAM VE YILBAŞI  
HEDİYELERİNİN EN MAKBULÜ  
EN LÜZUMLUSU VE EN UCUZU

**ARZUM**  
7 AYARLI TAM OTOMATİK  
HALI SÜPÜRGESİDİR  
HER YERDE ARAYINIZ

TÜRKİYE DİSTRİBÜTÖRÜ:  
GÜNEY İTHALAT KOLL. ŞTİ.  
Marpöççüler cad. 36 İstanbul Tel: 27 29 03 - 22 01 34  
Telex: KOLBAŞI

Elinizdeki: 476 - 1000



*Neden* BUTÜN  
*titiz* EV HANIMLARI  
**ARZUM**  
OTOMATİK SÜPÜRGELERİNİ TERCİH EDİYOR?

- ARZUM Otomatik Süpürgeleri emelleri içinde rakipsizdir.
- ARZUM'un kullanıştı fevkalide pratiktir.
- ARZUM tam otomatik 7 ayarlıdır.
- ARZUM ucuz ve kullanışlıdır.
- ARZUM iki sene garantilidir.
- ARZUM arzaladığınız otomatik süpürge.

Türkiye Distribütörü: **GÜNEY İTHALAT KOLL. ŞTİ.**  
KAZI ve KEMAL KOLBAŞI  
Marpöççüler Cad. 36 İstanbul Tel: 27 29 03 - 22 01 34 Telex: KOLBAŞI

Elinizdeki: 476 - 1000



*Sayın*  
*dost ve müsterilerimizin*  
*Bayramını kutlar,*  
*başarı dolu mutlu günler dileriz.*

**GÜNEY İTHALAT ve**  
**PAZARLAMA A.Ş.**  
MARPÖÇÇÜLER CAD. NO 36 SULTANHAMAM İSTANBUL  
TEL: 28 44 34 - 28 48 52 - 28 48 53

KOLBAŞILAR TİCARETHANESİ  
ÖZLER CADDESİ 70-69 ADANA TEL: 0332-0290

ARZUM  
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Süpürge

ARZUM  
Varyörlü  
110 ve 220 Volt

ARZUM  
Meyva Presi

ARZUM  
Otomatik ve Anahtarlı Ütüleri



A few examples of Arzum communication between 1966-71. Arzum announced the arrival of newly imported goods such as toys and tape players. In addition, Arzum was offering guaranteed sales back in 1968 (Ads courtesy of <http://gazetearsivi.milliyet.com.tr>)

As mentioned earlier, although the raw material used in the production of electrical appliances was basically metal back in the 1960s, plastic had been substituted for metal in the 1970s. Parallel to these developments, Arzum produced its first citrus juicer using plastic in 1975. **While the small home appliances market in Turkey was expanding in the 1970s, this new citrus juicer helped Arzum penetrate many new households within a short period of time as well as expanding the total market.**

Murat Kolbaşı named the Arzum brand's 1966-88 period as 'sales focused' years, rather than marketing. Although Arzum was supported by various promotions and communication efforts, marketing was not a major concern in those years. The company continued its own production line as well as working with other national producers between 1988-98. Murat Kolbaşı also mentioned that as the youngest member of the family he traveled extensively, diligently visiting every industrial fair, and added that these visits had proven to be very influential in Arzum brand's development. As a result of these contacts, Arzum started considering exporting. Similarly, new products were added to the Arzum portfolio. With the advancement of innovation and technology, it was relatively simple to get new products produced across the globe, if companies were able to specify their product needs sufficiently and in detail.

Furthermore, as Arzum had ceased its production line and stopped producing product molds, it could enjoy more flexibility against higher or lower market demand than would normally be anticipated, leading to reductions in operation costs. Kolbaşı stressed that when they first visited the Taiwan, Hong Kong, and China fairs in 1992, all major production companies had foreign direct investments or else they were engaged in international trade with major suppliers of the world. Following this visit, Arzum also decided to work with a producer company based in Italy. However, as they were still in the early days of their internationalization process, they were reluctant to name the product Arzum. Therefore, just for testing purposes, they decided to use a new brand name called 'GIP' for these products produced in Italy (GIP was the initials of their company name). In those days Arzum was really taking each step very cautiously and even hesitantly, on the way to becoming a global company...

## **The Start of Arzum Communication and the Success of "Wheel of Fortune"**

The launch of the food processor, which was produced locally in 1991 was a major milestone in Arzum's heritage, enabling the brand to witness the power of advertising and promotion. Arzum was considering to expand its use of media, when private TV channels had just started to operate in Turkey in the early 1990s. In 1992-93, "Wheel of Fortune" had just begun to be aired on Show TV and quickly became very popular. The winners of the contest would enter the "Wheel of Fortune" shop and choose various goods displayed, according to the points collected. While the contestants had a look around in the shop, trying to decide what to get with their points, the presenter also introduced the goods on display one by one. As the presenter started announcing "Food processor from Arrrzzumm..." or "Bathroom scale from Arrrzzumm..." in his own unique way, TV viewers also began to replicate his style and tone of voice. Murat Kolbaşı mentioned that in many cities of Anatolia, customers would actually walk into electrical appliance shops and ask for Arzum in a "Wheel of Fortune" fashion, adding:

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It is really very powerful for the brand to communicate itself. We witnessed that once again in those days and continued our brand advertising at an increasing rate. The "Wheel of Fortune" had just started. When Nilüfer Tokman, Show TV's sponsorship manager at the time, explained the program, we thought that the program would be a great success. Therefore we committed ourselves as one of the sponsors right away. And we have not ceased our support in the days to follow.

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Brand advertising also continued, and Arzum's advertising budget reached 1 million USD in 1993. Similarly, food processors, juice extractors, kettles, and bathroom scales were given communication support, while all Arzum products were displayed in the "Wheel of Fortune" shop.

## Increasing Communication with Arzum Food Processor

Arzum worked with the Select ad agency between November 1993 and December 1999. Select's founding partner **Cem Topçuoğlu** explained that the agency had just been established at that time and Arzum became their first client, adding that:

♥ If Arzum was not our client, Select might not have become an agency. Arzum actually helped us a great deal.♥

[Select, which was active between 1993-99, was renamed TBWA\İstanbul in 2000.]

In 1993-94 a separate TV and press campaign was aired for the Arzum food processor. This ad was also an important milestone in Arzum's communication past, as it increased consumer trust towards the brand. The food processor campaign actually helped the product and the brand have a different position in the small appliances market.



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In the TV commercial (TVC) we see Şewal Sam and Chef Ümit together with a number of international chefs at a cooking contest. Chef Ümit was very well known in the 1990s in Turkey as he was the star of many cooking programs at that time. Şewal Sam, on the other hand, was a very popular drama series actress. We see her as housewife Jale, entering the cooking contest with her Arzum food processor, surpassing the world-known cooks and getting the big trophy. The voice-over is the Wheel of Fortune's presenter and at the end of the film says: "The food processor sweats, Jale gets all the credit". At the same time, "Arzum Food Processor Prokit, worth of a world of chefs" appeared on the screen. The film director was Neşet Kırçalıoğlu. Select won a distinction in TV with this film in the "Home Tools and Appliances" category in 1994 at the 6th Crystal Apple (the Crystal Apple Awards are a Turkish creative advertising contest held annually since 1989).

The newspaper ad which appeared in Milliyet in November 1993 with the title "The food processor sweats and Jale gets all the credit" [Select]

# Alet çalışır, Jale övünür...



Sebzelerin doğranmasından dilimlenmesine, etin kıyılmasından katı malzemelerin rendelenmesine, kek hamurunun yoğurulmasından patateslerin doğranmasına, narenciyelerin, sert meyvelerin sıkılmasından sıvı karışımların yapılmasına ve bebeğinize özel mamaların hazırlanmasına kadar...

**Arzum Prokit Mutfak Robotu her işe yarar...**

Arzum Prokit'le hiç bir usta yarışamaz...

Onun hünerini kimse yakalayamaz...

Üstelik Arzum Prokit ithal benzerlerinden çok çok uygun fiyata...



## arzum PROKIT MUTFAK ROBOTU

Ustalar ordusuna bedel...

0 800 221 2021 24 SAAT ÜCRETSİZ TÜKETİCİ DANIŞMA MERKEZİ

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Cem Topçuoğlu mentioned that within one and a half and two months of airing the "Jale" TV film and with the sponsorship of the "Wheel of Fortune" program, Arzum was able to regain its total advertising budget spent and smilingly added:

- If we had had EFFIE Advertising Effectiveness Awards in Turkey in 1995, Arzum would have definitely collected this Award...•



Arzum Food Processor continued its advertising with the help of Chef Ümit (Select)

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Xxxx  
xxxxxx  
xxxxxx  
xxxxxx  
xxxx  
[Select]

In 1996-97, the Bravo carpet cleaning machine made use of comedian "Abuzer" to introduce the product and once again attained successful results for the brand.

During the same period, the Arzum logo was relaunched. To introduce the new logo as well as add dynamism to the brand, the new logo was shown forming step by step in the TVC and at the end we saw the assembled logo.

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## How the Arzum Logo Changed Over Time

The Arzum logo was renewed four times since 1966. The first logo was created in the initial years of the company, written out all in capital letters, where each letter had a rigid form, most probably as a reflection of the solid metal used in the production of the appliances. In the second logo, which began to be used at the end of the 1980s, the color red was added, the letter 'A' was accentuated, while the capital letters were kept in the logo. The third logo was revised by Select ad agency in 1993. Although the red color was kept, the logo was all spelled out in lowercase this time and instead of the previous solid form, a more round and soft look was adopted which gave the logo a more modern look. Gem Topçuoğlu gave credit to Kirkor Sahakoğlu for the creation of this logo. The fourth logo was issued in 2003 by the Ali Taran Creative Workshop (ATCW) and was inspired by handwriting to move closer to younger consumers. Mainly because Arzum was a well-known and well-liked brand, and now the whole aim was to make the Arzum brand look new and young, being preferred by young generations, without disowning its heritage.



## Arzum and the Added Value of Newspaper Promotions

In 1996 Turkish newspapers were experiencing fierce competition with regard to their circulation figures. Every newspaper was trying to come up with a more attractive promotion idea than its closest rival. Generally, newspaper readers were asked to collect coupons for a given number of days and in return for these coupons they would get certain goods for free. Therefore there was a raging competition going on between newspaper groups to find novel promotion ideas. In such an environment, Arzum collaborated with Milliyet newspaper to give away a carpet washer cleaning machine as a promotion good. Murat Kolbaşı explained how Arzum managed to make the most of newspaper promotions in those days:

- As we all know, there is a general belief that widely applied promotion campaigns jeopardize brand identity and therefore well known brands usually do not want their brands to be distributed as free giveaways. However, the promotions that we carried out first with Milliyet and then with Hürriyet newspapers actually yielded very positive results for Arzum. We were very careful to differentiate the products that we sold in the market from the free giveaways. Also, in order not to cause any confusion in the consumer's mind, we carried out this promotion only with the first media owner we agreed to work with. We were especially careful to not supply rival media groups. And maybe most importantly we did not cut our advertising budget, just because our name was appearing everyday in a major daily newspaper. These newspaper promotions enabled us to penetrate more households than we would normally be expected to only with help of our advertising budget, and aided our brand to stay on the consumers' agenda and therefore in the consumer mind for extended periods of time. ▶

(Arzum continued newspaper promotions on and off until July 2002, without making any concessions from the above mentioned principles. In July 2002, certain legal restrictions were introduced for newspaper promotions in Turkey.)

## Increasing the Trust Element

Although 2001 was the year of economic crisis in Turkey, Arzum actually made a big impact on the whole sector by introducing a new practice. At

MİLLİYET OKURLARINA  
BAHAR GAZETESİNDEN  
HARİKA BİR ARMAĞAN

**Arzum 4'lü Mutfak Seti!**  
Eskiden 1 parça için biriktirdiğiniz kupona  
şimdi 4'ü bir arada!

1 Ekmeğinizi kızartın (Arzum) 2 Yulaf Makinesi  
3 Mikser 4 Çatalak Sıkıştırıcı

Piyasa değeri 50.000.000 TL

Sadece **69** Bahar Gazetesiyle! Bugün Milliyet'te Bahar Gazetesi almayı unutmayın!



Announcement  
of Arzum's  
promotion  
in Milliyet  
newspaper

that time, a three-year product guarantee was unheard of in the small home appliances category. Arzum introduced the three-year guarantee in such a critical year for consumers, hence winning their vote of confidence once again.

As there was tough competition from both international and major national conglomerates in the small home appliances category, Arzum, by starting the new three-year guarantee program with its par pricing strategy, increased consumer trust in the brand. Mainly because Arzum was also known to be quite good with its after-sales service network, which added up to 350 points situated all throughout Turkey. There was no reason for Arzum to not be able to keep its three-year guarantee promise. Therefore consumers listened to the brand and rewarded Arzum with new purchases.

As for Arzum's distribution network, it sells its products with a team of 70-75 people located in İstanbul. There are no other regional sales units. Arzum serves more than 3,000 actual customers throughout the country, having 40% of its total sales through wholesalers and chain stores. The

remaining 60% of sales are realized through glassware and china shops, all other kinds of retailers, as well as technology markets. Due to product characteristics, being in stock as well as availability in the maximum number of sales points are critical factors for the small home appliances category.

Cem Topçuoğlu identified Arzum's success as its ability to adapt to the frequently changing business environment, closely watching emerging consumer trends and then acting very quickly according to this newly shaped market data. [Topçuoğlu](#) continued:

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- Maybe the most apparent factor that set Arzum apart from its competitors was the fact that it has always focused on small home appliances and the flexibility it has exhibited in the market place. For instance, although the decision to move production outside of their own premises was a radical decision, Arzum was able to make this decision without hesitation and it actually made a world of difference to the future of the brand. In addition, Arzum has a widespread after-sales network, which actually solves consumers' problems instead of coming up with excuses. This characteristic is yet another strong point of the brand. ↘
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## From Production Line to Working With Global Networks

Arzum ceased its own production line in 1998. Since then, Arzum has primarily concentrated on design ideas, new product development, marketing, and sales. In 2009, Arzum was in collaboration with roughly 100 production sites. Of this total number, 10-15 were national producers. The international production companies that Arzum outsourced to were for the most part situated in Austria, Poland, and the Far East (Hüsnüye Güngör, "Arzum IMKB'ye Göz Kırıyor", *TekBorsa*, 20 October 2007, pp. 38-39). In 2009, 50% of total production was obtained from national sources and the remaining 50% from abroad. Murat Kolbaşı mentioned that strategically they paid special attention to these ratios and they worked with at least one national producer in all eight subcategories that they were active in. Making use of global production networks has reached such a point that sometimes the design is realized in one spot and production is handled somewhere else miles away.

Although Arzum had 15 different products in 1995, it was marketing more than 150 products in eight major subcategories of small home appliances in October 2009. These were: food preparation, cooking and frying, beverage preparation, house cleaning products, personal care, linen care, baby care and the 'other' category which comprised health products, heaters, and coolers. It is estimated that thanks to years of promotions and new product launches, at least one Arzum product is found approximately in 10 million households (There are 18-19 million households in Turkey in 2010).

## The Importance of Design for Arzum

Arzum started working with professional industrial designers after 2001, as well as joining forces with national and international designers, mainly because more and more companies had started visiting international expositions and newly introduced products had started to look very similar to one another. Therefore Arzum, concentrating more on consumer trends, wishes, and wants, defined the desired new product ideas to industrial design companies. These companies added their expertise in actually designing the defined product idea, listing alternative raw materials to be used in production, sometimes even indicating which raw material was found in which country the cheapest. [Murat Kolbaşı](#) shared his views on the advantages of teaming up with expert industrial designers:

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- It is actually very good to have your own designers in-house. However after a certain period of time, they own the brand so much so that they can find it very hard to step outside the usual Arzum style. And then we can find ourselves in a vicious circle for coming up with novel ideas. ↘
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(Günseli Özen Ocakoğlu, "Özel Tasarım için Yurtdışına Başvuran İlk Türk Firmasıyız", *Zaman*, 6 September 2007). Murat Kolbaşı highlighted in particular the fact that as international designers work with other international producers, going from the design idea to the actual production stage, the whole process can be handled much more quickly and more smoothly. He added that design+production synergy could be more easily attained. Therefore Arzum, by not having its own production line, was able to have much more flexibility also in the design area.

Arzum Giraffe, the digital bathroom scale with height gauge, was presented to consumers via a creative solution in Hürriyet Newspaper's Kelebek supplement on April 23, 2009 [Alametifarika] (Every year April 23rd is celebrated as Children's Day in Turkey)

**Hürriyet**

# KELEBEK



## Arzum çalışanlarının çocukları Zürafaa'yla büyüyor, sıra sizinkilerde!

Çocuklarımızın sağlıklı bir şekilde büyüdüğünü görmek hepimiz için büyük mutluluk. Biz, çocuklarımızın gelişimini Arzum Zürafaa'yla takip ediyoruz. Çok da rahat ediyoruz. Size de çocuğunuzun boyunu ve kilosunu aynı anda ölçebilen Zürafaa'yı tavsiye ediyoruz.

- Vücut kitle indeksi fonksiyonu • LCD dijital ekran ve rahat okunur görüntüleme • 100 gr. kilo ve 0,5 cm. boy hassasiyeti • Maksimum 150 kg. kilo ölçümü
- Minimum 50 cm.-maksimum 200 cm. boy ölçümü

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As a result of these special efforts, Arzum achieved many notable successes in the design area. We would like to mention only two of these here. The first one was a toaster with a sliding base designed by Atıl Kızılbayır and one of 170 entries in the "metal kitchen utensils, plastic home and kitchen utensils, small electric and electronic home appliances" category in the Industrial Design contest organized by the General Secretariat of İstanbul Mineral and Metal Exporters' Association (IMMIB) and the Industrial Designers' Society of Turkey (ETMK). This product caught Murat Kolbaşı's eye as a jury member and he suggested applying for a patent under the Arzum name. Atıl Kızılbayır won first prize with this slide toaster. Its main advantage was to be able to heat or toast bread, a croissant, or any other type of pastry at variable thicknesses. Any baking product can be placed on the slide and the thickness can be altered for toasting or warming. The design also put an end to having bread crumbs on kitchen countertops, as all the crumbs are collected in the wide slide underneath the toaster (Burcu Özçelik, "Arzum, Tasarım Öğrencisi Atıl Kızılbayır'ın Kızaklı Tost Makinesi için Kolları Sıvadı", Hürriyet IK, 3 April 2007). The product was called "Fırın" as it looked like a bakery oven ('fırın' means 'bakery' as well as 'oven' in Turkish). Its design also attracted attention among other toasters.



Arzum  
Cezve,  
designed  
by Kunter  
Şekerciöđlu,  
received  
the "Best  
Design"  
award at  
Design  
Turkey  
2008



The second example was the Arzum Cezve Turkish Coffee Maker designed by Kunter Şekerciöđlu. This product also received the "Good Design" award among 311 entries and 25 conceptual design projects at the Design Turkey 2008 industrial design contest, jointly organized by Turquality, the Undersecretariat of the Turkish Prime Ministry for Foreign Trade (DTM), the Turkish Exporters Assembly (TIM), and the Industrial Designers' Society of Turkey (ETMK) ("Arzum Türk Kahvesi Robotuna İyİ Tasarım Ödülü", Ekovitrin, November 2008). It was awarded on the basis of its unique design versus competitors and its ability to satisfy consumer needs at a low cost.

Arzum Cezve was also rewarded by consumers and its share of sales increased to 20% in the total Arzum beverage preparation category within two years of its launch in 2005 (Fadime Çoban Bazzal, "En Başarılı 20 Yenilikçi Ürün", Capital, March 2007, p. 124). Furthermore, with this product Arzum created a new segment in the beverage preparation category. Arzum Tea Maker and Coffee Maker sales constituted 50% of the total beverage preparation category in 2007. This product category grew as much as 40% over the 2003-06 period. Although both the Arzum Tea Maker and Coffee Maker were competing in this rapidly growing category, they increased their market shares to 14% from practically nil (Şeyma Öncel Bayıkset, "Yenilikçi Büyütüyor, Rakipler de Kazanıyor", Capital, April 2007).



## "There is an Arzum for Every Task"

Arzum worked with the Ali Taran Creative Workshop (ATCW) between 2003-07. Murat Kolbaşı mentioned in an interview that this collaboration actually had a very good impact on the brand, stressing that Arzum Onan (Miss Europe in 1993) being included in the cast and the slogan used - "There is an Arzum For Every Task" - helped to enhance the younger image of Arzum (Ferruh Altın, "Arzum Vızır Vızır", Marketing Türkiye, 1 February 2007, pp. 82-84). The mechanical vacuum cleaner that was produced in 1967 was relaunched under Arzum Vızır Vızır as a chargeable version of the nostalgic cleaner in this Arzum Onan campaign, which had the highest advertising budget in Arzum's history. Many new and innovative products such as the Arzum Tea Maker were also launched during this period.



Shots from Arzum Vızır Vızır relaunch TVC where Arzum Onan was among the cast (ATCW)

önüki Warda

We see an elderly couple taking a stroll and then suddenly they stop by an ultra-modern sports car, peeping through its window.

Elderly Lady - "What is that shining thing, a pedal?"

Elderly Gentleman - "Looks like one. I think it works through that..."

Elderly Lady - "This is the first time I've seen a rechargeable one"

Elderly Gentleman - "Isn't it a bit small?"

Elderly Lady - "Oh no. It is much better if it's small. Larger ones cannot move fast and reach every corner. Let's get one of these".

Elderly Gentleman - "Alright."

Elderly Lady - "Oh maybe, our children will get us one for the New Year."

Elderly Gentleman - "Don't get your hopes up!"

Arzum Onan - "Good day."

Elderly Lady - "Good day. Did you buy it recently?"

Arzum Onan - "Yes I did."

Elderly Lady - "This is the Arzum we know, isn't it?"

Arzum Onan - "Yes, it is the same Arzum. I asked the same question."

Elderly Lady - "Many thanks."

Arzum Onan - "Bye."

Elderly Gentleman - "Did you recognize her?"

Elderly Lady - "Her face looked very familiar?!"

Elderly Gentleman - "That's Arzum Onan."

Elderly Lady - "Aaa.. They were saying she would appear in the Arzum ads. So it was true!"

Voice Over - "The brand Arzum Cleaning Robot from Arzum.

Arzum Vızır Vızır. Rechargeable."

In this ad, Arzum's fourth logo was also introduced to consumers.

## Focusing on Sales and Product Attributes in the Communication Strategy - 2007 and Beyond

Arzum started working with Alametifarika in January 2007 and based its communication strategy on individual products and tactical sales promotion campaigns, specifically devised for special days such as Mother's Day, Valentine's Day, New Year, and the like. Alametifarika's Vice Chairman Yasemin Sümer and the Creative Director Kerim Kanik together explained the Arzum strategy. **Yasemin Sümer** started by saying:

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• The campaigns that had been conducted for Arzum up until then and especially the latest Arzum Onan campaign were mainly targeted at increasing brand awareness and moving the brand closer to the consumer. But after 2007 in particular Arzum started introducing new products at an increasing rate. Therefore what we needed to do was not an image campaign. In all the briefs we received from the client, we were given sales targets and were asked to communicate the product specifications of the new products that would be launched on special days such as Mother's Day, Valentine's Day, New Year, and religious holidays, and have these products sold. We had a limited budget but we needed to communicate throughout the year. Therefore we had to do something different...▶

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**Kerem Kanik** added:

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• Up until that day, our consumers associated friendliness with and felt close to the Arzum brand - most probably also as a result of the Arzum Onan campaign. Therefore we also had to maintain this already established closeness and friendliness, while explaining product attributes. We aimed to increase this emotional aspect of the brand, while formulating the new campaign and reaching campaign targets. In order to be able to continue having a warm dialogue with consumers while making use of the budget for an extended period of time, we asked ourselves what sort of human characteristics we could use without having a cast. That's how the talking, hopping, jumping playful small home appliances idea was born. Through this solution, our products would be the hero, would be able to tell their product attributes one by one, while being found attractive and friendly by consumers. Furthermore small home appliances, unlike white goods, looked cute and aesthetic even when they were moving and talking!▶

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# Arzum

This chosen creative strategy also enabled Arzum products to be the hero, as the products were innovative and had a modern design. Hence the first creative execution of this strategy was aired for Mother's Day in 2007. In the commercial we see the Arzum Coffee Maker and two different types of choppers moving slowly towards the camera. At the same time we hear our trio, singing the traditional Turkish children's song in a slightly modified way. The song which starts: "my mother, my most beautiful mom, take me to your lap- la-la-la- la-la-la" was altered to "take-me-to-your-kitchen"! At the same time we see three products on the screen with their names and suggested consumer prices. At the end, the female voice-over says: "Arzum congratulates mothers on Mother's Day", while in the background we hear the trio giggling.



The  
newspaper  
ad created  
for Arzum  
in celebration  
of Mother's  
Day in 2007  
(Alametifarika)

**BUGÜNÜN VE GELECEĞİN ANNELERİNE...**  
**ANNELER GÜNÜNÜZ KUTLU OLSUN.**

**ARZUM®**

[www.arzum.com.tr](http://www.arzum.com.tr)

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Right after that, in September 2007 the Arzum Tea and Coffee Maker - Arzum Ehlikeyif - was introduced to commemorate Ramadan (During Ramadan, practising Moslems fast from sunrise until sunset, without eating or drinking. Therefore during Ramadan, thirst quenching becomes even more important for fasters). In this TVC we see a humorous dialogue between the Tea Maker and the Coffee Maker, as they cannot decide "whether to drink coffee or tea after sunset". Arzum Ehlikeyif settles the argument, by saying "both"!



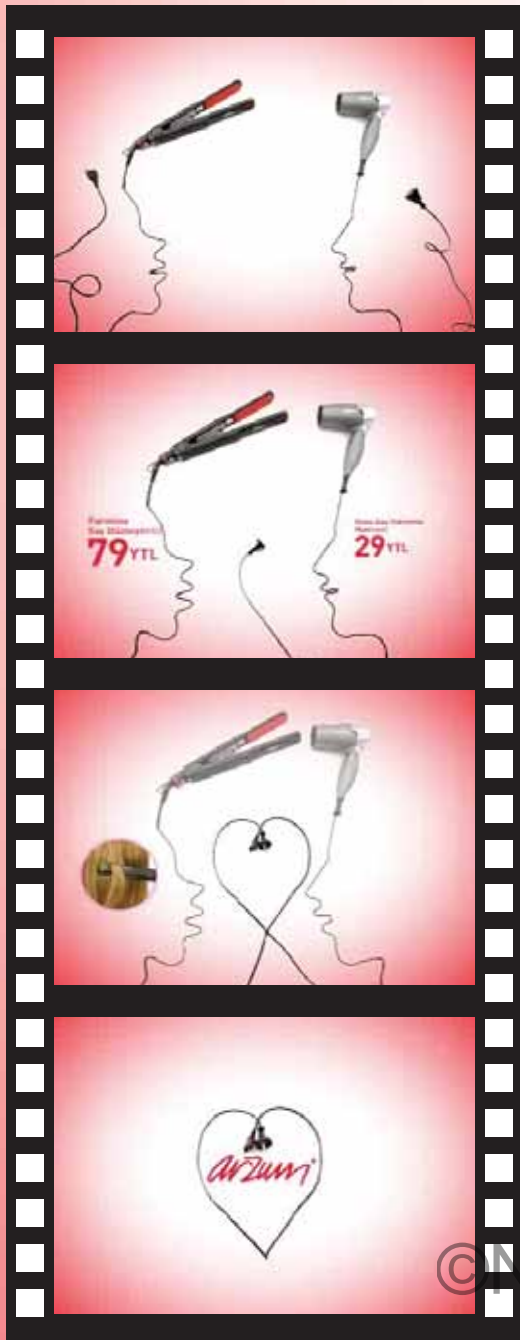
Arzum 25



Shots from the "Arzum Tea and Coffee Maker" TV commercial, aired during 2007 Ramadan (Alametifarika)

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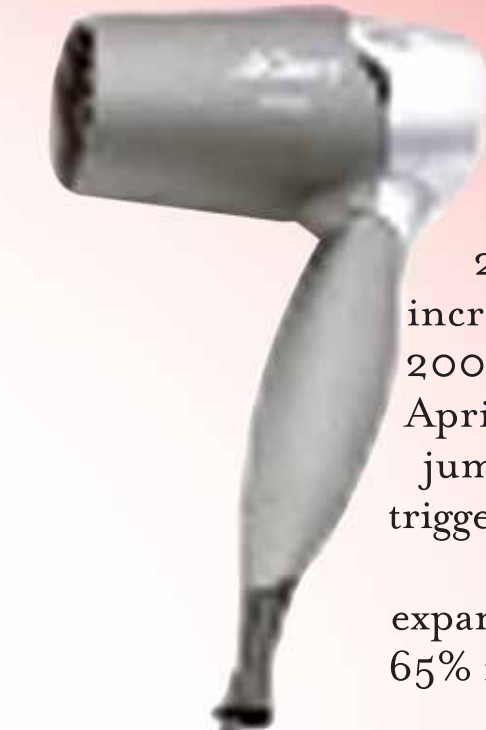
In February 2008, the aim was to increase hair dryer sales by advertising the Arzum Formina hair styler. As the theme of the day was love, "Endless Love" was chosen as the music for the TVC. However it was no easy task to make the products dance! Therefore these products' electric cords were used instead. On a light pink background, we first see the hair styler's cord becoming a woman's profile, while a man's profile is formed from a hair dryer's cable. As we listen to a duet between a male and a female vocal singing "Endless Love", product prices appear on the screen. At the end of the film, two cables get entangled and with their plugs they draw a heart!



Shots from the "Endless Love" TV commercial, aired in celebration of Valentine's Day in 2008 (Alametifarika)

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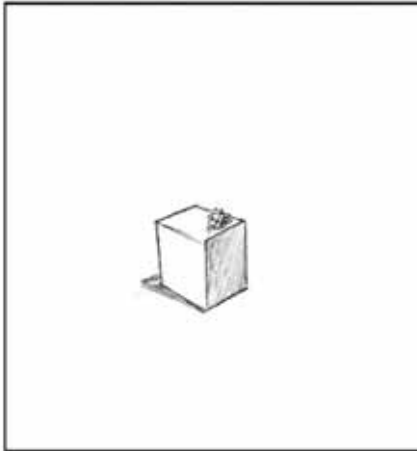


Arzum also undertook special displays and product demos for Valentine's Day. While Arzum's market share in volume within the hair styler segment was 2.6% at the end of 2007, it increased to 3.7% at the end of 2008, finally reaching 7.6% in April 2009. Furthermore, this jump in Arzum's market share triggered growth in the hair styler segment and the segment expanded by 71% in volume and 65% in value in 2008 compared to 2007. During the same period, sales of the Arzum styler grew by 145% in volume and 117% in value.

Alametifarika produced numerous creative executions for Arzum products by using the "talking small home appliances" creative strategy until 2009. However in 2009 they decided to stop using this strategy, as its surprise effect among consumers was fading away. Therefore for Mother's Day in 2009, the human element was added to Arzum's communication strategy. This time we see children popping out from huge gift boxes, as mothers' most precious gifts! From this series, three different ads were produced, advertising an iron, multi-blender set, and a coffee/tea maker.

## Arzum / Anneler Günü

Arzum's  
2009  
Mother's  
Day TV  
commercial  
storyboard  
(Alametifarika)



We see a gift box



As it gets closer, we realize that something in it is moving.



A child pops out of the box, shouting "Arzum Coffee Machine"



Voice-over: "Arzum congratulates all mothers on Mother's Day"

Probably Alametifarika's added value to Arzum's most recent market success can be evaluated best by what it says on the plate hanging at the Agency's entrance, reading "Real or not, you can only tell from the end result"...

## Advertiser - Ad Agency Relationship

Murat Kolbaşı summarized his perspective on how they collaborated with advertising agencies as:

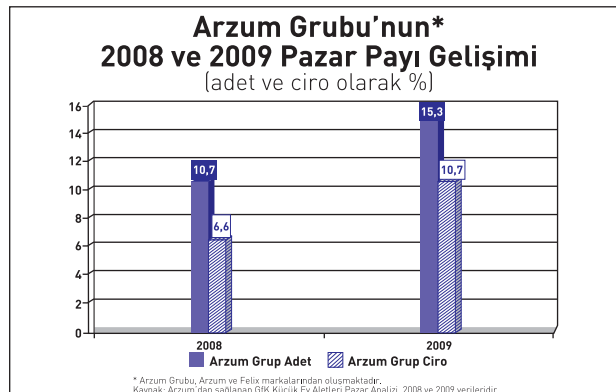
- We don't choose our advertising agencies by chance. We believe in advertising and promotions and trust that we will get the best results if we work with experts. We think it always pays to work with the best institutions in the area of marketing, advertising and public relations - the ones which have a proven success record. We give our briefs and leave the rest in their professional hands. We try not to interfere as much as possible...▶

(Ferruh Altın, "Arzum Vızır Vızır", Marketing Türkiye, 1 February, 2007, pp. 82-84).

## The Partnership with the Ashmore Group - May 2008

Following the establishment of Arzum Electrical Home Appliances PLC in January 2008, the Arzum and Felix brands were combined under the same management team. As we will be explaining in detail in the last section of the case, Arzum became the market leader in certain sub-segments of the small home appliances category as of 2007 and 2008. This obvious market success also attracted certain international companies' interest and 38% of Arzum shares were sold to the Ashmore Group in May 2008. Ashmore Group is a British investment company, managing 36.3 billion USD worth of financial funds. Therefore starting from this date, Arzum also entered a new era. The main reason behind this partnership was to make Arzum stronger in the Turkish market, to take new steps in international markets and to create new funds for fulfilling these new targets (Serkan Arman, "Arzum'a İngiliz Damat", Milliyet, 10 May 2008). After this date the Kolbaşı family stepped down from management of the company and continued to support the company as shareholders. Murat Kolbaşı was elected as the Chairman of the Board. Furthermore, an additional 11% shares were transferred to the Ashmore Group in March 2009. As of October 2009, the Kolbaşı family had 51% share, while the Ashmore Group's share reached to 49%.

Arzum Grubu'nun 2008 ve 2009 pazar payı gelişimi (adet ve ciro olarak %)



## Arzum and Foreign Markets

Arzum began its partnership with a firm in Hong Kong back in 1996 to be able to increase its product portfolio as well as manage its Far East operations more professionally. This partnership enabled the Arzum and Felix brand portfolio to expand and made the brands international. Arzum also started exporting to Turkey's neighboring countries after 2000. As a result of all these previous steps taken, Arzum Asia Pacific Ltd. was established in Hong Kong in 2009.

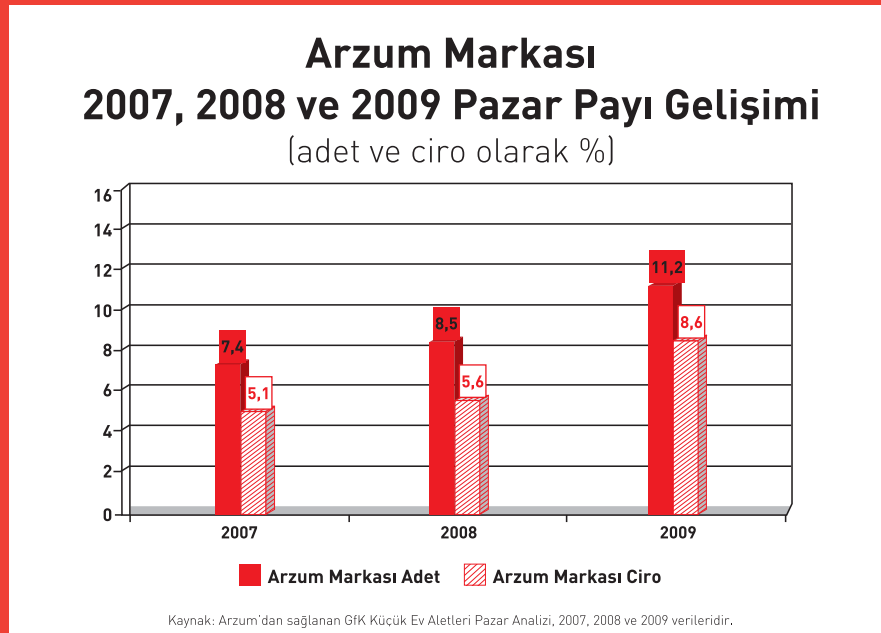
Arzum was an exporting company to 13 different countries in 2009, among which Germany, Iran, Iraq, Northern Cyprus, Turkmenistan, Lebanon, Jordan, Kyrgyzstan, Saudi Arabia, Israel, Greece and Romania can be cited. Murat Kolbaşı mentioned that Arzum's exporting amount was far from satisfactory, however for Arzum to be more aggressive in international markets it has to make brand investments also in international markets. As was expressed in the design section, in order to be able to differentiate itself in international markets, Arzum started introducing unique and innovative products, such as the Arzum Tea Maker and the Arzum Coffee Maker (Nilüfer Tuğba Gür, "Uluslararası Her Türü İşbirliğine Açıldık", Dağıtım Kanalı, September 2007, pp. 50-52).

## Market Success

According to GfK data, the small home appliances market grew by 6.4% in volume in 2008 compared to 2007, whereas in value terms it dropped by 3.9%, as the average unit prices decreased due to the economic crisis. Although the market data did not look very promising, Arzum showed a significant jump in 2008 versus 2007 results. In this period alone, the Arzum brand grew by 15% in volume and 10% in value. As a result, Arzum's market share in the total market has increased from 7.4% in 2007 to 8.5% in 2008 in volume and from 5.1% in 2007 to 5.6% in 2008 in value. With these results, Arzum became the third largest small home appliances company in volume and the sixth largest in value in Turkey in 2008. Furthermore both the market and Arzum individually expanded in 2008 in the hair styler, coffee maker, and kettle product areas. Arzum, on the other hand, grew at least twice as much as the market average.

Furthermore, when we analyze the Group figures, comprising the Arzum and Felix brands together, it has increased its 8.7% market share in volume in the first quarter of 2008 to 14.6% in the corresponding period of 2009. Similarly, the Group's 5.7% share in value in the first quarter of 2008 reached 10.3% in the first quarter of 2009. With these results, Arzum Group became the number one company in volume and fourth in value in the small home appliances category in Turkey in April 2009. In December 2009, Arzum was the leading company in its sector in volume with a 15.3% share, and was the fourth biggest company in value with 10.7% share. According to 2009 results, Arzum held the number one position in both volume and value in food preparation, tea makers, and kettles. Arzum has a significant 25% market share with its Coffee Maker. Hair styler increased its volume share from 4% in the previous year to 10% in 2009. Arzum and Felix brands' combined unit sales were 3.8 million in 2008. Its 2010 target is to sustain its leadership position obtained in 2009, while becoming the number one brand in the cleaning product, iron, and personal care sub-segments.

The development of both the Arzum brand and Arzum Group's market share growth in 2007, 2008, and 2009 (in value and volume as a percentage)



In addition, according to the brand awareness study conducted by TNS Piar research company in 2007, Arzum's unaided recall was 56%, and reaching to 94% in aided recall. These figures are a further indication that Arzum is among the top three brands in the small home appliances category also in consumer perception.

As a different success criteria, for the first time the Arzum company was included in the Turkish Fortune magazine's "Top 500 Company" list, according to its 2008 financial results. Here Arzum was named as the 421st company, and was the sixth largest in the small home appliances category. The same article indicated that Arzum ranked 20th on the "highest increase profit" list, with a 317% increase of profits in 2008 over 2007 results. Furthermore, Arzum Electrical Home Appliances PLC increased its net sales by 38% in 2008 (Kenan Şanlı, "Kriz Şirketlerin Kârlarını Sildi", Fortune Türkiye, July 2009, pp. 132-162). Furthermore, Turkish Capital magazine cited Arzum's brand value as 32 million USD in May 2008 (Şeyma Öncel Bayıksel, "Oyunun Kuralı Nasıl Değişti?", Capital, May 2008, p. 84).

The main factor in starting a partnership with the Ashmore Group in May 2008 and then increasing the Ashmore Group's share to 49% in March 2009 was to make sure that Arzum has sufficient and strong resources, enabling the brand to accomplish its higher ideals at international markets. As an extension of this partnership and the rising importance of trade with the Far East, Arzum also established the new Arzum Pacific Asia Ltd. in Hong Kong in 2009. In addition, Arzum PLC is preparing to establish yet another company in Germany in 2010 to increase its presence this time in the West. And, after the company reaches an optimum size, market conditions allowing, Arzum is planning to go public in 2013 ("Markamızı Dünyaya Açmak İçin Düşmeye Bastık", Finans Dünyası, September 2008).

What is interesting is that after outsourcing functions such as production and design starting at the end of the 1990s, Arzum is now ready to supply these functions in international markets after adding its own expertise. In other words, following its identity of operating as an "outsourcer" for years, Arzum is now switching sides and becoming a 'producer' and a 'designer' in international markets. Therefore by undertaking different functions in international markets compared to its existing functions in its home market, Arzum will complete its internationalization cycle, having experienced each and every step. Arzum, which once entered international markets very cautiously - not long but only 10 to 20 years ago - has established itself as a national brand, while signing lucrative partnership agreements in the international arena. All available data indicate that Arzum will reach a significant position in international markets in 2009 and beyond. Therefore when we analyze the development of the Arzum brand since its birth, we can easily claim that it is a living example of the internationalization concept.

October 2009  
Updated in February 2010

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## ARZUM PRODUCT CATEGORIES

### FOOD PREPARATION

- Food Processors
- Choppers
- Mixers
- Hand Blenders
- Juice Extractors
- Citrus Juicers

### COOKING & FRYING

- Electrical Cookers and Pressure Cookers
- Microwaves and Mini Ovens
- Sandwich Grills
- Fryers
- Toasters
- Electrical Grills
- Popcorn Makers

### BEVERAGE PREPARATION

- Turkish Coffee Makers
- Tea Makers
- Kettles

### LINEN CARE

- Irons with Special Soleplate
- Other Irons
- Ironing Boards

### HOUSE CLEANING

- Carpet Washer Cleaning Machines
- Water Filtered Vacuum Cleaners
- Vacuum Cleaners without Disposable Bags
- Vacuum Cleaners with Bags
- Functional Vertical Cleaners
- Rechargeable Vacuum Cleaners

### PERSONAL CARE

- Hair Stylers
- Hair Dryers
- Epilators
- Hair Clippers and Shavers
- Bathroom Scales
- Water Heaters

### BABY CARE ('Bebbe' Series)

- Baby Feeding
- Baby Health
- Two-Way Digital Baby Monitor

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