

**SE** Entrepreneurs  
**HD** **Meet the Aussie entrepreneur who reinvented a classic piece of Americana**  
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Myles Sgammotta held his first red cup at a house party in Mexico at the end of 2009. Familiar from US sitcoms and frat-party movies, the red cup had become a cult item because it concealed the fact that underage drinkers were chugging beer not soda. It also quickly became the cup of choice for beer pong.

Having completed the commerce element of a commerce/arts degree at the University of Sydney and just finished the first semester of a graduate law program, as Sgammotta held the cup: "it came to me – everyone knew about it, but it did not exist in the Australian market".

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With little or no intellectual **property** protection over the original US cup, Sgammotta tweaked the design with the help of his architect father Max Sgammotta, reduced its volume from a pint to 425ml, rebranded it as a REDDS cup and launched the **business** in Australia.

The cup is manufactured in **China** though Sgammotta is coy about the location, saying only he has one factory in the north and one in the south of **China**. He says they are ISO 9000 compliant and that he has personally visited both to check on the working conditions and hygiene.

While he's tweaked the cup for the local market, Sgammotta owns next to no IP apart from the trademarked REDDS name. "It's been a concern from day one that someone could come and take the market," he says. Overseas interest

His strategy has been to create and cement the **brand** locally, largely through social media, and sign up distributors to saturate the market, making it harder for rivals to compete. Having marketed the cups largely through online channels, he has also had interest from overseas and is supplying New Zealand, adding that a "few North Asian countries" are also interested.

This year REDDS has introduced a blue cup, a slightly smaller cup for spirits and mixers, and a shot cup. Sgammotta is now planning **wine** and cocktail versions along with fresh colours.

As to the sustainability of the product, Sgammotta says the cups are recyclable, "but they are plastic cups – there's no getting away from that".

It's an approach starkly different to that of KeepCup, the Australian **company** that took the international invention of reusable takeaway coffee cups and came up with a whole new look, prompting strong demand for the sustainable cups both here and overseas.

REDDS has cracked open the Australian market for plastic liquor cups, but with the best will in the world, it can't be described as inventive.

But invention isn't always essential to success. Easier to be second

ATP Innovations director of **commercial** development Ben Wright says that it's hard to be the first to market. "It's often easier to be the second or third player, and it is lots cheaper. That's where the REDDS cup comes in," Wright says, adding that there is a rich heritage of me-too Australian businesses, such as online discounter Spreets and taxi app ingogo.

While Wright notes that sustainable competitive advantage generally relies on intellectual **property**, there is a value chain for all businesses that comprises R&D, manufacturing, marketing and distribution. "You only have to be good at one of those as long as you don't suck at everything else."

Sgammotta, now 28, is clearly doing a couple of those right.

He claims to have **sold 20 million** of the cups since launching in August 2010 and boasts annualised revenues of around \$1 **million**, having signed distribution deals with leading retailers Coles and Woolworths and their liquor chains. REDDS cups have also been used in a series of liquor promotions – Sgammotta is currently printing 100,000 for Budweiser. Too early to sell

REDDS, which today employs just three people, Sgammotta included, was funded by his savings, his parents and, when more capital was needed, other family members before Sgammotta secured bank financing.

He owns 100 per cent of REDDS CUPS.

Sgammotta says he has had offers for the **business** but thinks it's too early, as the offers so far undervalue the **business**.

But it's not going to be his life's work; he's in the early stages of setting up two other businesses – one in the tech sector and one a service **business** that will be launched in the next eight to 12 months – although this time with co-founders involved.

"I've done the solo start-up now. It's a very taxing experience."

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