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HD **One out of the box**
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CHAT ROOM The visionary behind Kogan.com says online and bricks and mortar retail are worlds apart, writes Jane Harper

HE'S been labelled brash, lucky and a flash in the pan.

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Fortunately, Ruslan Kogan has 320 million reasons for the business world to take him seriously.

"A few years ago people just thought: 'Here's a guy doing something online'," Kogan says.

"Now we're at the size where our competition is monitoring our activity. "When we run a deal they react to it." Debuting on the BRW Rich List this year just eight years after launching his plan to sell TVs online, the 31-year-old has shown that a sharp business mind lies behind the jeans and T-shirt.

Kogan.com has ballooned since it launched in 2006, selling first televisions and then other consumer electronics.

The online business — which recently **sold** its three millionth item — may still be known best as a technology retailer, but now competes in a huge range of categories.

The number of products available on the **site** has spiked from 450 last year to more than 19,000, while the **group** has launched a suite of 15 private brands, including Fortis sports equipment, Komodo camping gear and Ovela homewares.

"We did \$300,000 turnover in the first year. Now by midday on any given day we turn over more than we did in that whole first year," Kogan says.

"It took us six-and-a-half years to deliver the first one million products and a year-and-a-half to deliver the next two million. That puts the growth of the business into perspective." Kogan is perhaps the only person not surprised he has managed to amass a \$320 million fortune from an idea people were lining up to tell him wouldn't work.

"If you asked me then if I thought it was going to be as big as it is today, I would have said no," he says.

"But I looked at the situation and saw it was going to work. When I started the business and from day one TVs started selling, I knew it was going to work." Thinking outside the box is a business cliché, but for Kogan it appears to come almost as second nature.

He famously convinced a major **Chinese** factory to take his first small order by rewriting their English-language marketing materials for free to demonstrate value in the business relationship.

And even while studying business systems at Monash University, he realised the best way to snap up a sought-after parking spot was to offer students in the car **park** a lift to their vehicle.

But Kogan says it's not unusual for the traditional retail sector to underestimate the planning and execution required to run an online **company**.

"People think online retailers just sit around clicking 'refresh' on their bank account all day, but there's a lot of work put into our supply chain and business to sustain the prices," he says.

"Traditional and online retail are completely different, and traditional retailers don't have a clue about what online retail does. In the same way as I don't understand bricks-and-mortar retail.

"They just assume we are cheaper because of store rents, and don't understand the massive investment in IT, servers, system architects, digital marketers, and the number of people involved in making the online offer happen." While bricks-and-mortar retailers are scrambling to jump on the online bandwagon, Kogan remains unconvinced.

"I personally don't think 'omnichannel' retail can even exist," he says. "A lot of bricks-and-mortar retailers are doing it because their shareholders want to hear the buzzwords, which are 'omnichannel', 'digital' and 'cloud'.

"But I would say they're wasting time and resources and should concentrate on developing a unique advantage and pleasurable experience in-store.

"Bricks-and-mortar retailers have so many advantages over online, such as being able to taste and feel the products and talk to experts. They just have to wake up to that." But despite Kogan's success, he says negativity from government and industry leaders discourages other young people from treading the same path, with Australia losing too many skilled youngsters to IT jobs in the US. "An entrepreneur is still seen as an evil fat guy in a penthouse stroking a tiger," he says. "If we can embrace entrepreneurship and that's the message from leadership, it will benefit everyone."

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