

SE Entrepreneurs
HD Too early twice, Luke Grana content to be 'next Uniqlo' with his latest venture
BY Michael Bailey
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He built a network of charging stations when there were hardly any electric cars on the road, then a video coaching platform before the NBN could arrive to make it work properly – so Luke Grana is sticking to a proven idea, online fast fashion, for his latest start-up Grana.com.

Grana did manage to salvage \$150,000 after selling Chargepoint to Leighton in early 2012 and closing the Pollenizer-incubated Coachy later that year. Having already established and then **sold** three cafes prior to that, there was no question the Manly-raised marketing graduate would start another business but the "key outcome" from his two setbacks was to invest in a proven area.

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"I started thinking about fashion retail, a \$1.7 trillion a year business globally, where only 5 per cent is online today but it's forecast to be 30 per cent by 2030," he says.

Grana's research technique was unusual, working for French Connection and Zara for three months apiece in their Sydney stores.

"I was handing people stuff in the change rooms, just learning about fabrics and what was selling," he says.

The experience taught him that "timeless basics made from quality fabrics" were more consistently profitable than "fashion-driven" items.

"I'd rather be the next Uniqlo than the next H&M or Zara," he says.

His Zara experience did, however, bring home that good logistics were as important as design.

Grana worked out for himself that Australia Post charged too much for his business to ever be based here, so in October 2013, he took his savings and moved to **Hong Kong**, a shipping hub for DHL.

"DHL have five planes a day out of **Hong Kong** to Australia, 11 a day to the US and 15 a day to Europe, so we've been able to negotiate great rates," he says.

"They charge \$10 for a 1 kilogram box from **Hong Kong** to Australia for next-day delivery, the same as Australia Post, but then they can do the same to the US, or 20 **Hong Kong** dollars for same-day delivery within the **island**."

Peruvian pima cotton T-shirts cost Grana.com \$7, and \$13 for you. Grana sourced pima cotton T-shirts from a factory in Peru and in March this year had 2000 delivered to the "shoebox" warehouse he was still renting at the time. He set up a beta ecommerce **site** and **sold** them all within two weeks, shipping to eight countries including Australia.

This helped convince more than 20 angel investors to join a \$1 million seed round for Grana.com, anchored by Bluebell **Group**, which has been retailing the likes of Jimmy Choo and Dior into Asia for 60 years. Another of those angels, banker Pieter Wittgen, has since joined the business as a co-founder and financial/analytical lead.

The money has allowed Grana.com to shift to a 325 square metre warehouse and hire six people in the past two months, including heads of design, marketing and customer service.

The **site** is already selling jeans from Japanese denim and silk shirts from Huzhou (both manufactured in **China**) and will next year add French poplin blouses, American twill **chinos** and an Irish linen range.

Grana.com runs a 50 per cent profit margin, typical for fashion retailers, however the lack of a wholesaler still makes it disruptively cheap for consumers, Grana claims.

"For instance, a silk shirt that customers would normally expect to pay upwards of \$200 we offer for \$49."

Another innovation is that Grana.com has built a system that tells customers how much more they can **buy** before their shipping cost goes up. Grana admits this benefits his business by encouraging consumers to fill their carts to that level.

Grana.com aims to be shipping to 20 countries within six months, around the same time, Grana intends to seek another financing round. He's investing in pop-up stores in **Hong Kong** and Australia before Christmas to try and strengthen brand recognition.

CO fstrt : Fast Retailing Co Ltd

IN i64 : Retail/Wholesale | i645 : Clothing Stores | i654 : Specialty Stores | iretail : Retail

NS gfas : Fashion | gcat : Political/General News | glife : Living/Lifestyle

RE hkong : Hong Kong | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | china : China | chinaz : Greater China | devgcoz : Emerging Market Countries | dypcoz : Developing Economies | easiaz : Eastern Asia

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