

# Case Profile: Milan Direct



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Founded by Dean Ramler and e-commerce maverick Ruslan Kogan, Milan Direct has enjoyed rapid growth since 2007. The company shares its journey with Power Retail.



## 1. Take us through the background of your online retail business.

Milan Direct was founded in 2007 to exploit an opportunity in the online designer replica furniture market. The spark that created Milan Direct was from the combination of its two founders – Dean Ramler, bringing a pedigree of quality furniture manufacture and supply knowledge, and Ruslan Kogan, an established and innovative online entrepreneur, and a pioneer of the direct-to-consumer online model.

With a very modest up-front investment, from day one Milan Direct was able to source the best quality designer reproduction furniture pieces, and was able to bring them to the market at prices that everyone could enjoy. It was the desire to make these classic pieces available at a price everyone could enjoy that gave Milan Direct its purpose – and five years later, this same purposes is now being expanded to bring a broad (and growing) range of designer items to consumers at the best possible price.

## 2. How would you describe your e-commerce business model?

Milan Direct’s business model is simple – to bring the best value to consumers by cutting out all the unnecessary costs that drive up the prices at traditional retailers. By focusing on efficient processes and “cutting-out-the-middle-men”, Milan Direct sells its items direct to the consumer for better value than its competitors. An obvious example of Milan Direct’s cost-cutting measures is providing high quality images and detailed specifications of all our products on our website, removing the need for a bricks and mortar showroom. Showrooms drive up the costs for all consumers, yet only serve those within a reasonable distance from the showroom. This is inefficient, given there is ample information available online to consumers anywhere.

## 3. What were the key challenges you faced in setting up your online retail business and how did you overcome these?

Milan Direct’s market – the online furniture market – was relatively new when Milan Direct was created. The key challenge to exploiting any new market is to actually create that market. In this context, it was to show the market that designer furniture, despite its size and sometimes funky shapes, could be purchased and delivered to your door, all from the comfort and convenience of your computer desk. Milan Direct worked hard to prove to its customers that using our online model brought better value, and now the online furniture model has become commonplace.

## 4. Now that you’re established in the e-commerce realm, what will be your key challenges and plans over the next two years?

Milan Direct thrives on competition – over the next two years, our key challenges are to expand our range and geographical reach, while always offering the best value to our customers. To do this, Milan Direct will always have to employ the most efficient processes, while being highly responsive and adaptable to the market. The challenge is to manage all these elements in a way that maintains our edge over our competitors. Milan Direct has also been awarded the contract to sell off all the furniture used in the London 2012 Olympic Games, which involves selling over 700,000 pieces of furniture used by the athletes. This is a massive project, and will be all operated by our Australian staff out of our Head Office in Albert Park, Melbourne.

## 5. What unique components of your business do you believe make you a stand out example of online retailing?

While there are various narrow online retailers specialising in designer replica furniture, as well as others with budget furniture, and also those traditional retailers such as [Ikea](#), Milan Direct has a broad product range that offers classic and new designer furniture and homewares for all areas of your home or office. Another unique component of our business model is that it is extremely efficient by being purely online. For example we launched in the UK over 1.5 years ago with no staff on the ground in the UK. This has all been managed by our dedicated team at head office in Melbourne. We plan to launch into several new countries in the coming 12 months, again, with no staff on ground. We consider that this is a testament to our successful model.

## 6. How would you describe your approach to fulfilment and logistics and what differentiates that part of your business?

Our approach to fulfilment and logistics is very much in line with our business model – and that is to use the most efficient and effective third party logistics providers, so that our products are brought direct to our customers in the most efficient and cost effective way. If a cost in the logistics chain can be avoided, Milan Direct works hard to cut out that cost, and pass on the value to our customers.

## 7. How is mobile commerce influencing your e-commerce practices?

As an online business, our model has always been available anywhere on the internet however realising that with the rise in popularity of m-commerce and people searching and now shopping on their smartphones we launched a tailored mobile website which makes transacting on your phone much easier! We have also made several coupons available to sites for our customers to use on the go, which have proved very popular with our customer base.

## 8. With technology constantly evolving and the introduction of new software, hardware, devices and applications, what's your philosophy on continuous improvement in the e-commerce arena?

Our aim is to constantly lower our costs and prices by utilising the latest technologies in creating efficiencies in our business model. If a new technology can cut out unnecessary costs in our model, we will employ and then pass these savings back to our customers, and this has been a big key to Milan Direct's successes over the past 5 years.

A great example of a technology which has created massive efficiencies at Milan Direct in the past is the use of cloud computing. 100% of the Milan Direct business including our email accounts, newsletter databases, operating manuals and process documents are all stored online in the cloud with [Google](#). This means that any Milan Direct staff member can log in from anywhere in the world to service our customers. This keeps our costs low, increases security and in the end allows us to sell our products for much less than our competitors.

## 9. Which are the most important trends likely to impact your e-commerce business?

Perhaps the key trend that will impact our e-commerce business will be the extent to which online shopping continues to become a key part of the global retail market. In most cases, the online model will offer better value, yet we find many segments of the market still use bricks and mortar stores for their shopping needs without recourse even to online research. The rate at which more and more consumers learn the benefits of using the web to research and find the best value will impact all e-commerce businesses, including Milan Direct.

## 10. What are some of the things you wished you had known while you were setting up your e-commerce business?

Milan Direct has worked hard to innovate and create its business model in a relatively new retailing medium, and is proud to have, through this work, developed significant knowledge in the e-commerce area. We believe that knowledge comes from hard work and 'just doing it', and therefore do not particularly wish we had knowledge from any other means.



### Article by NEHA KALE

Neha is a writer and editor for The Media Pad, publisher of Power Retail. She has a background in business, arts and film journalism and an interest in new media and digital strategy. She is looking forward to exploring how retailers are impacted by the online space for Power Retail. Neha is a magazine junkie whose other additions include coffee, travel and live music. She likes to run but has a long-time allergy to team sports.