



# BEYOND THE SHOPFRONT

Back in 1996, Andrew Cooper hadn't even logged onto this thing called the World Wide Web but he could already see the potential of a shopping environment that required no physical stores. Today, he is one of Australia's leading players in e-commerce as the CEO of Hotshed, an e-business solutions company and dStore, Australia's largest online retailer. >>

**Where did it all start? Where did the idea for Hotshed come from?**

My brother and I were talking about getting into business together. He was basically a kid with a lot of software skills and I had been reading about this thing called e-commerce in 1996, so we just decided to get into that side of things. I'd love to be able to say that it was some sort of great visionary plan but really, it was just born out of the desire of two brothers to get into business together.

**So no big plan as to where things were going?**

Well, I was in retail at the time. I had some video stores, so I guess I had some appreciation of the potential of online commerce. There was a lot of talk about the delivery of digital content via the internet, so we could see there was some potential. But by that stage, I hadn't even logged onto the internet. I was really just interested in getting into business with my brother. I knew he was the smart one, so I left it to him to steer the initial direction.

**Back then, did you have any concept that you would be where you are now?**

Early on in things, you go in with assumptions but a lot of those assumptions have been proven correct – that there were efficiencies that can be gained with not having retail shopfronts and there are consumers out there who have embraced online shopping. So I think as it started gaining momentum, we really bought into the whole thing. And then dStore popped up after we started as a really prominent online retailer went broke and we were given the opportunity to buy it. That's when we thought, okay, now we have to get serious.

**You're really putting your money where your mouth is by this stage.**

Well, that's exactly what happened. When we first started up, things were funded basically by our pocket money, time and resources. But when we bought dStore, that's when the mortgages came out. We bought it on September 10, 2001 and the next day, that tragedy in the United States happened. Even 24 hours after that event, they were talking about a global meltdown. I honestly thought we had done our dough but in the end, it was a good decision. That was eight years ago, it seems like a lifetime ago now.

**Back then, did people think that you were mad?**

It was interesting. dStore was such a prominent business back then. They spent \$30 million and about half of that was on marketing, and then it went broke. Their idea was to just get big and work out any inefficiencies later. Gradually, all of the big companies looking at buying it dropped out because they had no way of applying a more efficient model. It was really only guys like us who were smaller and by necessity, operationally efficient, that could have bought it and turned it around.

**When dStore first came out, it spent millions on marketing, do you think that much of this marketing was wasted?**

There's no doubt, I think it was wasted in terms of consumers but what it did do was establish a brand and back then, a part of their market was also the investment community, and the investment community got really excited about brands in the online area. So their strategy was to grow as quickly as they possibly could and raise as much money as they possibly could to eventually do a float. And I guess while money was wasted and they didn't convert as many consumers and shoppers as they would have hoped, they did build that brand. There was a lot of jargon floating around at the time about it being a bit of a land grab. There was this whole idea of first mover advantage and the thought that there was only going to be one winner in online retail and you had to stake out your claim pretty quickly. And I guess those sorts of concepts have proven to be premature. You look at the United States where Amazon is the clear, dominant online retailer; there are still many, many online retailers who have proven to be very successful, even rivalling Amazon in terms of return on investment. So there's plenty of room for lots of players. We'd just like to be one of the main ones.

**“For more successful business owners, I think it's almost like business is a game and making money is just purely keeping score.”**

**What's the rate of conversion to online retail?**

We've served 500,000 Australian consumers and around 100,000 international customers, so half a million Australian customers just through us is a reasonable percentage of the Australian population that have shopped with just us online. We're growing at 20 to 25 percent per annum; some of our peers are growing at that rate and some of the smaller ones are growing even faster than that. So the market is definitely growing and it's fast growth. But here in Australia, we really are ten years behind the US, we are probably a third of the penetration compared with them. In fact, we have so much further to go compared with most Western markets.

**Globally, the economy has had its ups and downs, have you been affected by that at all?**

I don't think the downturn was anywhere near as significant as what we anticipated. All of the fiscal handouts that went to consumers will be starting to work their way out of the system now, so it will be interesting to see how this Christmas goes. I'd expect that it would be fairly flat compared with last Christmas. The thing about online retail is that it has never been through a recession before, so I think it's a learning curve for most of us. There are arguments that you can mount that it's good for online retailers and there are arguments that you can mount that it's bad.

**You're also president of the Brisbane arm of the global Entrepreneurs' Organisation, which you've been a member of for the last eight years. What have you gotten from that?**

Sometimes being a business owner or an entrepreneur can be a bit of a lonely existence but the organisation creates a trusted environment where people with similar challenges can gather and work through the issues of the day. If there are issues that I am having, there's a good chance that someone else has had those issues in the past and can share their experience with me, which I can learn and grow from.

**Do you think it takes a certain type of person to be an entrepreneur?**

I think it does but there are still all sorts of personality types and all sorts of ways that people attack the same sorts of challenges. In my experience, there is a certain type of pioneering personality that takes a contrary view to what everyone else does. If you are going to start a business, you have to believe, almost by implication, that you

can do it better than someone else – and that's not the thinking that most people have. Another thing is that if I look at myself, I wouldn't be a good employee. In fact, I would be a shocking employee because I get bored

easily. Owning your own business can be a challenging environment but I think at the same time, a lot of entrepreneurs need that. For more successful business owners, I think it's almost like business is a game and making money is just purely keeping score.

**Is dStore keeping you excited? Are you looking to move onto the next thing yet?**

I'm still very energised by it because it is still so early in the growth cycle of the industry but I think as you get more experienced, and I've owned a few businesses now, you learn that the day you start a business is the day you should be working on making yourself redundant. At the end of the day, a successful business should function successfully on its own.

**Should the government be doing more to support growing businesses or should they just keep out of it?**

My personal view is that we should just keep things simple. Every time there are changes to the industrial relations law, it provides a layer of complexity, a layer of administrative burden that is just pure waste. Every time a new raft of administration comes out, it creates burden, it creates waste and at the end of the day, that's inefficiency that feeds into the performance of the country.

**What's the best piece of advice you've ever been given?**

I remember my dad telling me as a kid that a common trait of every successful person is persistence. And that's something I really took to heart. Knock backs should only be treated as temporary learning events. If you struggle with something, you've got to take on board what you learnt from that and you've got to keep going. 