

Furniture sales strong online, says Milan Direct

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While the economic downturn is affecting traditional bricks and mortar retailers, Melbourne-based online furniture retailer **Milan Direct** is eyeing further expansion.

Established two years ago by Dean Ramler, the business has already got warehouses in Melbourne, Sydney and Auckland.

Ramler spoke to Inside Retailing about the **Milan Direct** concept.

"I have a big background in furniture, my family's always had furniture companies," he said. "I worked for eight years in the family furniture business. After that, I was traveling through Europe and I saw a massive trend in designer furniture.

"I spent a lot of time in Italy, and saw all these great designs. When I came back to Australia I tried to buy one of these myself and found there was only one company doing it, at high prices. So, I saw a gap in the market, and with my friend and business partner, we thought 'there's a big gap in the market, it will add a lot of value to sell pretty much the same products at a better quality at half the price', and that's where the idea came from."

Ramler said they had started with two chair styles two years ago, and had received a great response from customers, consequently experiencing a massive 20% growth month-on-month ever since.

"In the two-year period we've become the market leader in Australia and New Zealand, with warehouses in Melbourne, Sydney and Auckland," he said.

"We sell a lot on Ebay, so our turnover is transparent. You can see we're selling 30 chairs a day, at peak time.

"With these tougher economic conditions we've had to slow our sales down on Ebay a fair bit... customers are getting great bargains."

Milan Direct uses auction site Trade Me in NZ.

"We launched in NZ four or five months ago and have already received notification from Trade Me that we are one of their top traders," said Ramler.

There are no plans to open a showroom, he said.

"With our business model, we have a low cost model, so we don't believe in showrooms - that's a cost that would have to be passed onto the customer," said Ramler.

He said the head office in Melbourne has products on display so it could be used as a showroom, however not in the traditional sense.

"Customers are welcome to pop by and check out the quality of the furniture," he said. "We will not open up traditional bricks and mortar showrooms... We plan to do the opposite, by setting up more warehouses.

"Brisbane and Perth is the plan for coming months, then we can have local, cheap deliveries for customers. Right now, it costs a bit to send from Melbourne to Perth. That's the plan.

"This year we successfully expanded into NZ. We plan on doubling our product range at the start of next year. If NZ goes well, then we plan on expanding into other overseas markets with demand for these products."

The good thing about having an online business, said Ramler, was that it operates 24 hours a day, seven days a week.

"We can have operations in any country around the world and operate from Melbourne," he said. "All correspondence goes through the Melbourne head office. You don't have to have a physical presence in countries.

Ramler is optimistic about the affects of the economy dropout on **Milan Direct**.

"You hear a lot about comanies struggling, and times are tough - but it's like a blessing for an online business, as you can provide better value.

We've seen traditional competitors cut back on advertising, employees, and costs while we're doing the opposite.

"We just employed full time operations and customer sevice managers, and are doing more advertising."

Milan Direct manufactures all its products in China. The furniture is inspired by designs in Italy and wider Europe. IR

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