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Beauty guru

When starting the first online beauty store in Australia, Kate Morris had no idea the level of success that would follow with her company, Adore Beauty.

IMAGES ADORE BEAUTY

Kate Morris is one of the new breed of young entrepreneurs. She's smart, digitally savvy, and has built her business on the back of something she loves. At 21, she saw a gap in the market and launched Australia's first-ever online beauty store. It was 1999, when e-commerce was in its infancy, and she had no experience running a business. But despite the odds, Kate's determination and passion won out, and today Adore Beauty is still one of the biggest sites of its kind in Australia.

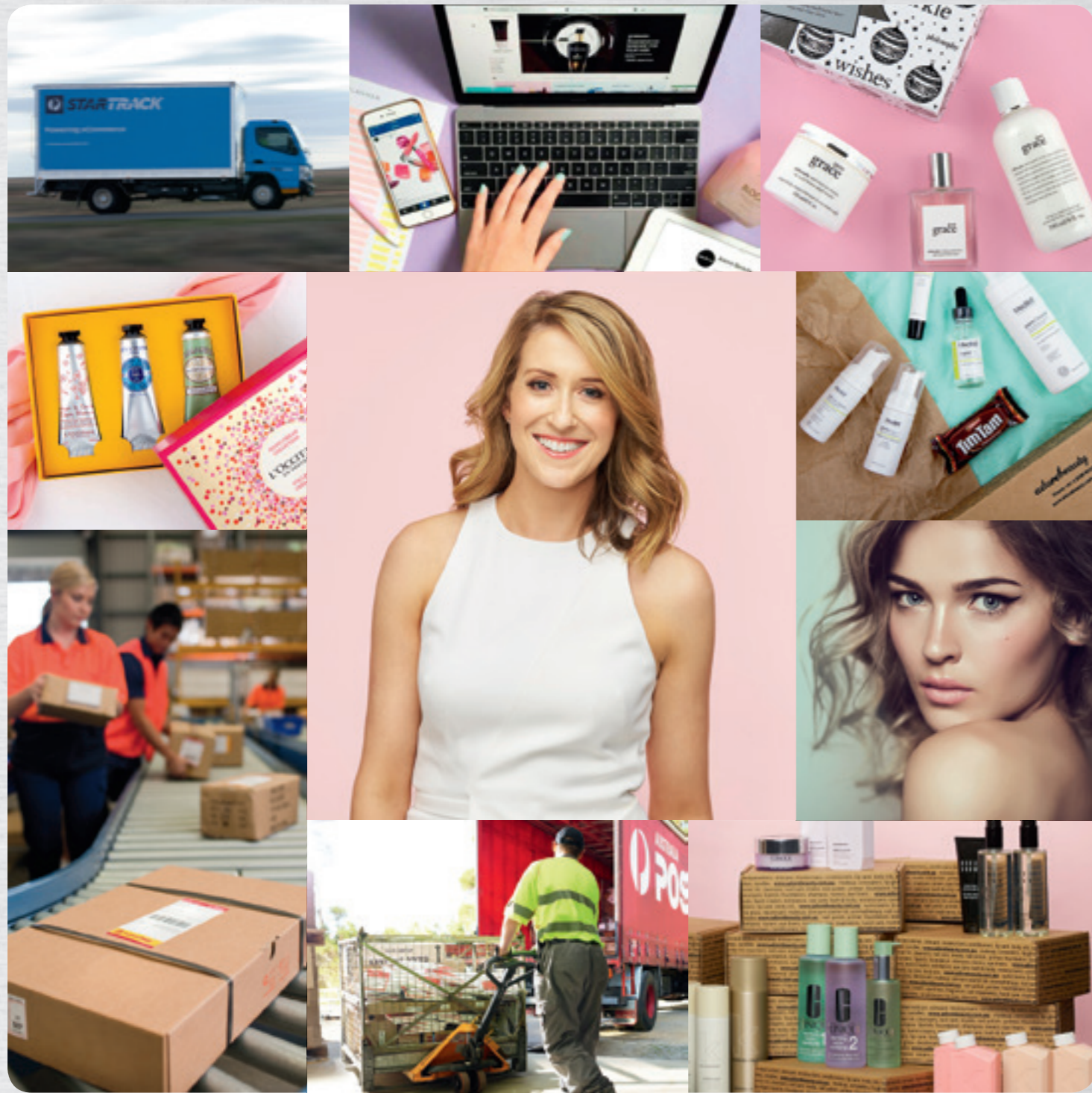
Kate said the idea for her business came down to a realisation about the way many women shop, as well as her own experiences as a teen. "I've been a beauty junkie since forever," she says. "That is just my thing; it's what I love. I grew up in Launceston, Tasmania, and shopping options in Launceston are pretty bad. I could never buy anything I wanted, and I just had to put up with it.

"Then I moved to Melbourne and landed a job working in a department store on a beauty counter. I realised though, that many women found department store experiences very disempowering and a bit intimidating. I thought, 'that really doesn't make any sense: the products are supposed to make you feel confident', but the shopping experience was making people feel the opposite.

"It was 1999, when online shopping and e-commerce had first come to Australia. I thought someone should really start an online beauty store, because then >>

adorebeauty

Name Kate Morris
Company Adore Beauty
Position CEO and founder
HQ Melbourne, Victoria
Employees 35



adorebeauty. Kate Morris, Founder and CEO

The Adore Beauty competitive advantage

What does a self-confessed Tasmanian 'beauty junkie' do when the hottest beauty products are only available in the big cities? Start up her own online beauty boutique. And that's how Adore Beauty was born. Offering over 150 cosmetics brands and 10,000-plus beauty care products, Adore Beauty relies on the StarTrack network to deliver retail therapy to anyone, just about anywhere. StarTrack's Australia-wide delivery options provide Adore Beauty with the flexibility their customers want and the guaranteed service a fast paced online retailer like Adore Beauty needs.

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Tasmanians could buy whatever products they like and people wouldn't have to go to department stores anymore if they didn't want to; you could shop on the couch in your ugg boots. Then I thought, 'Well, why not me?'

Starting an online business in the late 90s as a young woman wasn't an easy task, however. It was difficult for Kate to get finance, and she had no experience of running a business. "I really didn't have any money starting out," Kate explains. "Banks don't want a bar of you when you are 21 and starting the first beauty store on the internet, so getting a loan was a bit of a bust.

"StarTrack supports online retailers like Adore Beauty with flexible eCommerce solutions. Now, as part of our Customer Advisory Group, Kate from Adore Beauty is lending her voice to help our decision-making. It's customer-focused collaboration – tackling business challenges and bringing innovative customer solutions to life." - Bob Black, Executive General Manager - Parcel & eCommerce Services, StarTrack

"I really didn't have any money starting out. Banks don't want a bar of you when you are 21 and starting the first beauty store on the internet." - Kate Morris

"I ended up having to borrow AU\$12,000 from my boyfriend's parents, which was the only capital I ever had to start the business. That was enough to get the website built and buy a little bit of stock, but not for anything else. I didn't get paid for the first two years. I couldn't afford to pay for any marketing, so it was a bit of a struggle."

The next challenge—getting the stock she wanted for the site—was something Kate never expected. "Back then, the big beauty brands thought that the internet wasn't an appropriate place for prestige beauty to be sold. I

approached them to buy their stock for the site, and they pretty much all said no. I managed to find two very small and obscure brands that would actually take my money, which was enough to get the website built.

"After the website was built, I went back to brands to show them it was real and working, and a few more said yes. Then it was a process of continuing to go back to everybody year after year and get more brands on board. We have over 10,000 products and about 150 brands now. We stock pretty much the full range of department store brands like Estée Lauder, Clinique, Lancôme, Clarins, through to professional brands like Dermalogica, through to some of the niche and hard-to-find brands like Sigma Brushes and Anastasia Beverly Hills. I think we've got the best range in Australia now."

This large range of stock is one of the aspects that sets Adore Beauty apart from its competitors, according to Kate. >>

Not only does the business have a large number of brands on the site, but it provides good value. “Our range is better than anybody else’s, by a long shot I think, because we can span that full range of department store brands, all the great professional brands, and all the niche and hard to find brands, a lot of which we import ourselves. Range is a big part of it.

“What customers are really responding to now is not so much product but value. A lot of women have got a cosmetic graveyard under the sink, products that they have bought and used a couple of times but weren’t quite right, or not really what they need, and that’s a big loss of value for people. What we try and offer is a better choice of products.”

However, for Kate, one of the biggest differences is that Adore Beauty is continually focused on the customer

experience. The ethos of the company all comes back to her initial idea for the site and witnessing women being uncomfortable with the shopping process in department stores. Every step of the shopping experience on Adore Beauty is designed with the customer in mind, and Kate says they try to make it fun as well.

“I think the service, and the passion with which we deliver that service, is really unmatched,” Kate says. “There are a lot of sites that treat the products like widgets, and I don’t think that’s what customers want from a beauty shopping experience. They want it to be fun, and we try to make it fun. There are all sorts of things: we offer free shipping on every order, we offer samples, and we offer a lot of opportunities to trial products.

“We do exciting and fun things, like this past Christmas we created a beauty

advent calendar. It had 25 little boxes, so each day you get to open one and there is a beauty treat inside. For customers, it’s a great way to try out new things, but it’s also a little bit about the magic of Christmas. I think what customers really want from retail nowadays is an experience.

“We try to make the entire shopping process and experience the best it can be. That includes when customers receive their order. It’s not just bundled in a post satchel; we present it nicely; we use recycled and recyclable packaging; we include a Tim Tam and free samples in every order. It’s the little things that make it fun to get the parcel, and customers are excited about using the products.

“We have tools like live chat with make-up artists and beauty therapists who can actually help you choose the

right product. We also offer a lot of opportunities for trialling and sampling, so you can actually try before you buy. The idea behind Adore Beauty is that we want customers to get the right product. That’s what’s going to make them feel great when they walk out the door every morning.”

One of the other core parts of the Adore Beauty business, which is key to its success, is supply-chain management and logistics. “We made a big investment in some new supply-chain software a couple of years ago, and that certainly has helped with that aspect of the business,” Kate notes. “Customers expect things to be seamless.

“It’s certainly not the sexy part of e-commerce, but making sure that the right stock is on the shelf, that we can dispatch it quickly, and that it is delivered to the customer quickly is actually a key part of the service proposition for any online retailer. Nobody wants to order a product and have to wait three weeks for it; if you’ve ordered a new lipstick, you want the new lipstick now.

“We work with StarTrack and Australia Post. We use their e-parcel service predominantly, which our customers like because it’s fully trackable the entire way, so they get a series of automated emails showing where their parcel is at any time.”

For the future, Kate says she certainly doesn’t rest on her laurels and has a lot planned for the next year. “We’re growing at about 70 per cent year on year at the moment, so that’s really exciting, and it doesn’t actually seem to be showing any signs of slowing down. It’s going to be really interesting to see what happens next and whether we can actually keep up that same pace of growth. I think the exciting thing at the moment is that we’re acquiring a lot of



new customers but also retaining our existing customer base.

“There’s another expansion of our brand range to come, and there are some good new launches that we have got locked in for this year. I think there’s a lot of opportunity now to be more competitive on a global level as well in terms of looking at other markets for opportunities for expansion. We’re doing pretty well here in Australia, but there is no reason why we can’t expand that into other markets as well, particularly in the Asia-Pacific region.”

In the end, it’s what caused Kate to start Adore Beauty in the first place that makes the company stand out—passion. Kate is passionate about the company, and so are her staff, who are all fellow

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- Kate Morris

‘beauty junkies’ like her. “It certainly does make it more fun when you love the product. And it is a fun product. It’s not like we’re selling cardboard boxes or plumbing supplies; it’s really fun. We are very passionate about what we do, and I think when you are passionate about what you do, customers can sense that. We do actually genuinely care about the product and try to help customers to buy the right thing.” ■

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