

JOHN ROBERTS INTERVIEW

Ao's founder goes

From the Government to Google to critics of his company's performance a year on from its IPO, John Roberts does not pull his punches. He tells **Matthew Chapman** in blunt language why Ao.com is winning

John Roberts is not a man who minces his words, and even being the boss of a listed company does not prevent the combative Ao.com founder from letting rip. The targets of his ire range from politicians to Google as he gives vent to the passion that very evidently drives him.

Ensnared in his office at Ao.com's Bolton headquarters the day after the Budget, Roberts argues that politicians should take a long-term view rather than just planning for "past the end of their own noses".

"Did you find anything in the Budget for kids?" he asks. "There were no provisions for them – no youth clubs being built, no investment, nothing. But if kids over the age of 12 had the vote, I bet they would get a huge amount in the Budget."

Man of action

Roberts, though, is not one to simply moan about the system – he strives to effect change.

He is a long-standing backer of the Bolton Lads & Girls Club and is supporting an effort to roll out 100 such youth clubs nationally – an initiative, he says, that is receiving "minimal government support".

The recent opening of an affiliated youth club in the troubled Harpurhey district of Manchester reduced anti-social crime in the area by 55% within a month of opening, and by 90% in three months, according to Roberts.

The Bolton Lads & Girls Club is also supported by Ao.com as a whole – and Roberts is an advocate of the role businesses could play in supporting young people.

"Community has the responsibility [for the future of young people] and business has a significant role to play in the community," he says. "We are a big employer in the regions in which we operate, so we take a lot out of society and take the responsibility to put a lot back in very seriously."

Roberts' passion is also evident in the business he founded 15 years ago on the back

of a £1 bet with a friend. "Everything we do we are passionate about – we are anal about it to the nth degree," he says. "Somebody was saying to me yesterday that Ao should stand for 'anal online'."

Such intensity mixed with attention to detail can cause frustrations to boil over, though. The electrical retailer's search ranking was "obliterated" after its rebrand from Appliances Online to Ao.com, for instance, and Roberts pours scorn on Google's algorithm.

Search and destroy

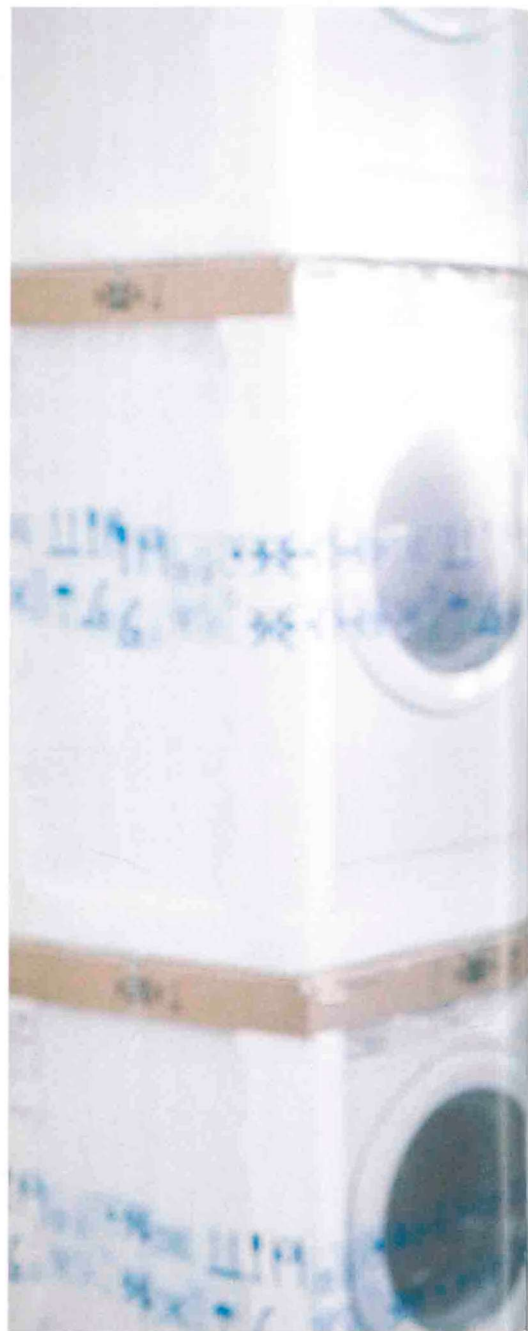
"Google's algorithm has to be seriously questioned," says Roberts. "They know we are market leader in the category, we provide the best customer service, the best proposition and it is a better way to buy, yet their algorithm doesn't seem to be able to work that out. If they are all about search, how can their search results be shit?"

It takes a brave man to question Google's algorithm, the foundation on which the multibillion-pound business is built. Such self-assuredness is carried through to Roberts' unflinching belief in his own company's business model.

He says he "could not agree more" that there is no need for physical stores in electricals retail, arguing that the bricks-and-mortar model adds no extra value. "You get all the effing hassle of having to go there, the cost of driving there, the parking hassle, you get to look at an edited range that buyers have

"We operate in dog years – three years is like us thinking 20 years ahead"

John Roberts, Ao.com



predetermined for you to see," says Roberts, adding: "Is it reasonable to think that the sales person will know the ins and outs of every single product?"

Roberts claims that Ao.com's online-only model is superior because of the ease of the shopping experience and the unbiased reviews from customers who already own the products it sells. "You've had to do pretty much off-all as a consumer and you have the best product for

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on the offensive



you, determined by you, assisted by thousands of people helping you," he maintains.

"It is guaranteed to be the right price – it does not include some bullshit in-store price checker – and it is delivered to your home for free."

He points out that Ao is now upping investment in marketing in order to attract shoppers who have been "programmed" to believe that they have to drive to a retail park

in order to buy electrical goods.

"Our repeat business statistics are phenomenal, but what we need to do is educate new customers that there is a better way," he says.

The argument presented by Roberts is compelling, but it has not all been plain sailing for the retailer.

Its market capitalisation has plunged to £779m since the company was valued at

£1.2bn on the back of its flotation in February last year, having issued a profit warning last month. The warning was blamed on a fall-off in publicity following initial media interest in the wake of its high-profile IPO.

Roberts bristles when asked about the possibility of further profit warnings down the line. "I think we are going to get broadsided every quarter," he answers sarcastically.

"What a stupid question. We plan our business with the information we have and, if we miss things, we will be honest and straight."

Future battlegrounds

A belligerent Roberts argues that every bricks-and-mortar retailer in the country would have been happy with the 14% sales growth Ao.com achieved in the "quarter we allegedly failed in".

And the retailer was on the receiving end of further negative headlines earlier this month when chairman Richard Rose sold almost his entire stake in the firm for £10m.

"It is not at all a reflection of confidence in the business, and the working relationship I have with Richard remains brilliant," says Roberts. "We had a board meeting today and he performed the role just as well as he always would. He is an excellent chairman and I expect him to be chairman for the years ahead."

The future of Ao.com promises to be action-packed as it eyes further international expansion following its launch in Germany last year. It is preparing dedicated online roll-outs in the Netherlands, Switzerland, Belgium, Austria and the Czech Republic, and plans to expand "as fast as is sensibly possible".

Expansion beyond Europe, however, is not yet on the radar. "We don't plan anything past the next few years," Roberts says. "We operate in dog years – three years is like us thinking 20 years ahead."

Instead, Ao.com is prioritising quality over quantity because "being the biggest is an output of being the best".

"I think it is dangerous to drive to be the biggest, but being the best has a huge amount of longevity," says Roberts.

Ambitions to be number one in a field that features heavyweights including Amazon, John Lewis and Dixons Carphone is certainly a tough ask.

However, Roberts' sheer force of character means it is not an idea to dismiss. Stand in his way at your peril.