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Internet the key to boosting iQ

4:00AM Monday February 18, 2008

By Eloise Gibson

Ask Shane Loomb about his childhood toys and you can tell that his parents were careful shoppers. An ant farm, sea monkeys, a sundial watch – fun toys that he happily admits were all just "a little bit geeky".

Now that he's 40, his parents' care is paying off. The former financial analyst still knows how to play, but he also has a multimillion-dollar business in educational toys. You won't find guns or wrestling figurines on his website but the online store iQ Toys offers 3000 other kinds of imported toy, most with an educational slant.

Although his parents' gifts sparked Loomb's interest in toys, it was his OE with wife Suzette that ultimately turned his hobby into a business. On their travels 12 years ago, the couple indulged Loomb's love of toys by checking out toy stores around the world. They saw all kinds of products you could only buy outside New Zealand, and when they arrived home, they decided to bring some of that variety back here.

The company's first challenge was convincing people to trust their money to the internet. Online shopping may feel natural now, but when iQ Toys was launched in 1996 it was one of only a handful of internet retailers in New Zealand.

"It was actually really difficult, because a lot of people were quite nervous about online retailers," says Loomb.

The business had to look faultlessly professional to build the trust of suppliers, starting off with small orders and paying cash in advance where necessary.

Customers also took some winning over. Loomb says that initially, people were very worried about online fraud. But as New Zealand banks began supporting the internet and the number of people defrauded turned out to be few, customers began to relax.

In 2002, the couple added a baby site, Baby Universe, to their business, and in December, they served their 50,000th customer through the two sites combined.

Loomb says he and Suzette work hard to counter any perception that customers might get better service from walking into a store. As well as the usual email and phone help, iQ Toys' website offers a "live chat" function that lets customers ask questions online in real time.

"[We're] basically trying to prove to people that just because you're not there face to face, it doesn't mean you can't get great, exceptional service," says Loomb.

At first, almost all the company's customers were from overseas, but these days the vast majority are in New Zealand or Australia. Loomb says he's happy with the new customer base, and puts their Australasian success down to faster broadband, good customer service and a bigger range of toys than most physical stores.

As well as providing childhood inspiration, Loomb's parents came on board with tangible help last year by



Maxwell Loomb (right) and brother Jackson check out the shelves in the iQ Toys warehouse. Photo / Sarah Ivey

buying shares in the company to help finance an expansion to a bigger warehouse. Loomb says one of the perks of online retail is that you can live almost anywhere, so when the company outgrew its original base in Cambridge last March, he and Suzette chose a 900sq m warehouse in Mount Maunganui. The move came with its challenges – the couple's manager chose not to move with the business – but they're now back up to full strength, with a team of six.

Perhaps the most delicate part of the couple's balancing act is juggling work with childcare for their boys Jackson, 5, and Maxwell, 7. The Loombs each work a half day and spend the other half caring for the boys.

Their sons have become mum and dad's chief toy testers, and, when they come to the store, each boy is responsible for keeping a shelf of animal figurines tidy. Loomb jokes he'll be in trouble the day the boys ask for a share of the profits in exchange for all their hard work.

Aside from the shares sold to Loomb's parents, the couple have financed the business alone. In the early days, Loomb hedged his bets by working full-time as a financial analyst as well as running iQ Toys. Suzette worked full-time for iQ from the start, taking care of the customer service side. Once Loomb knew the business could support the whole family, he let go of his triple-figure salary to join Suzette.

Loomb says if he had his time again, he'd involve shareholders sooner, so the business could grow more quickly. On the other hand, he says, the lack of outside cash has made him very disciplined. He knows of businesses that have taken plenty of other people's capital and crashed – not an option for him and Suzette. "You can't just take a punt."

Next on his agenda is promoting Toy Secretary, a service the Loombs developed after staff pointed out the large number of customers wanting urgent deliveries for forgotten birthdays. The electronic reminder service, which has 2000 Australasian subscribers, sends customers an email reminding them of important birthdays, including a link to a web page suggesting age-appropriate gifts.

As well as directing customers to iQ Toys' Australasian sites, Loomb hopes to take the service to the United States, where it will earn the Loombs affiliate income by linking to toy sites such as Amazon or Etoys.

As for the Australian business, a mention in the *Sydney Morning Herald* last year saw orders surge across the Tasman, and this year, the couple hope to get an Australian investor on board.

Things have certainly moved on since the days of the ant farm, and Loomb remains fascinated by new technology. He'll eagerly tell you all about his new remote-controlled dragonfly.

You can see he won't be getting bored with toys any time soon.

*** Five most popular purchases among iQ Toys customers this Christmas:**

1. Airzooka: Blows a harmless ball of air up to 10m, ruffling the target's hair or clothes.
2. Twister: The classic game where players spin the dial, then move hands or feet from one coloured circle to another.
3. Shake Torch: Shaking this battery-less torch passes a magnet through a copper coil to light the bulb.
4. Kids Cam Digital Camera: Digital camera with photo editing software, so children can shoot their own pictures, then download and edit them to create games, puzzles and stories.
5. Diabolo Yoho: Like a giant yoyo that can leave the string. It can be thrown high and used for tricks.

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