

COMMERCE

Amazon rumored to be purchasing Richemont-owned Net-A-Porter

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Promotional image for Net-A-Porter premier delivery service

By KAYSORIN

Online marketplace Amazon may be in talks to purchase British ecommerce site Net-A-Porter, if reports that have been rumored are true.

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The retail giant has been unsuccessful in entering the luxury industry in spite of attempts in recent years, and this potential acquisition could be significant for the future of both companies. The impact that this purchase could have on Net-A-Porter is unclear, but the retailer has not been profitable despite its popularity.

“Amazon has been trying to get into the luxury fashion space for quite a few years, and has unfortunately been unsuccessful,” said Dalia Strum, professor at the [Fashion Institute of Technology](#) and founder of [Dalia Inc.](#), New York.

“This acquisition could help elevate their opportunity within the space without diminishing the value of these luxury brands and the mass merchant platform.

“As long as the entities remain separate, there is a strong opportunity to preserve their integrity and B2B2C relationships.”

Ms. Strum is not affiliated with Net-A-Porter, but agreed to comment as an industry expert.

Net-A-Porter was unable to respond directly.

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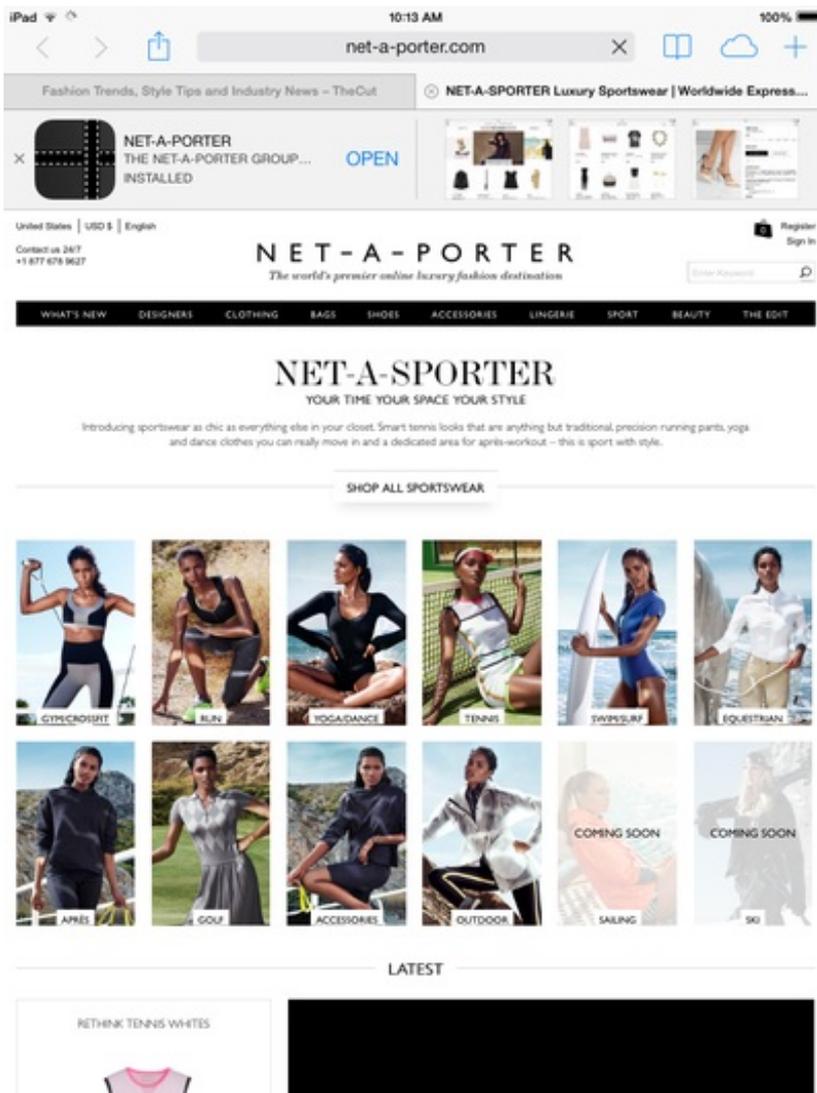
The purchase of Net-A-Porter could be revolutionary for Amazon, which has struggled to entice luxury brands that feel its image is does not reflect their high class aesthetic. According to a report by L2 in 2014, the online retailer's official distribution rates sit at 16 percent, showing a general aversion to selling on the platform.



Net-A-Porter carries many luxury brands

Luxury brands are very protective of their image, including retail, and they now have more options to turn to for ecommerce, whether their own direct-operated online stores or third party online retailers that specialize in fashion. The report suggested that if Amazon wants to woo more luxury brands, it will need to clean up its image ([see story](#)).

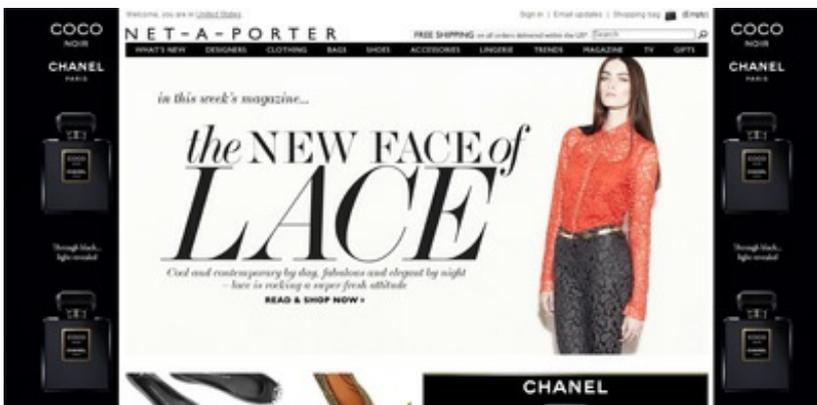
Acquiring Net-A-Porter would allow Amazon to have access to these brands without rebranding its image or compromising its aesthetic. This could be very lucrative for the retailer.



The Web site makes ecommerce easily accessible for consumers

“The big advantage is for Amazon, because every item it sells will have higher gross margin dollars than most of its other products,” said Paula Rosenblum, managing partner at [RSR Research](#), Miami. “That means they could worry less about shipping costs and worry more about marketing.

“It would also lift Amazon out of the “compare with Walmart” category.”



Beautiful visuals make the Web site popular with fashion brands

There would also be benefits for the other parties involved. Consumers would gain increased access to luxury brands that do not have dedicated ecommerce sites and are

currently difficult to purchase online.

“The value to the brands is access to a broader audience,” Ms. Rosenblum said.

“Amazon’s demographics skew high enough that it should expose the brands to new and existing customers without a lot of additional effort.”



The Web site is easy to navigate, making it popular with consumers

Super sale

While reports of Amazon’s acquisition are as of yet unconfirmed, it is not entirely surprising that Net-A-Porter would be available for purchase. Richemont, the luxury group that owns Net-A-Porter, was reported to be looking into a possible initial public offering for the online retailer as soon as 2015, according to Bloomberg.

Quoting sources with knowledge of the situation, Bloomberg said that the company was looking into options for Net-A-Porter, which include a market listing or a sale. Publicly, Richemont stated that it was sticking to the decision it made last year to keep all of its brands (*see story*).

Net-A-Porter would likely maintain its aesthetic and relationship with most of its brands.

“I don’t see big opportunity for Net-A-Porter itself,” Ms. Rosenblum said. “It just finds a new home.”

“I don’t think brands will leave Net-A-Porter,” she said. “There really is no stigma to being available on Amazon, and there are already some very high end brands on Amazon for other categories.”

Regardless of whether or not all of the brands continue to work with Net-A-Porter, the purchase would be a significant step in Amazon’s entry into the luxury market.

“Considering they are sponsoring Men's Fashion Week in July, there are some major indicators that Amazon will be diving deeper into luxury fashion, and this acquisition would provide immediate credibility," Dalia, Inc.'s Ms. Strum said.

Final Take

Kay Sorin, editorial assistant on Luxury Daily, New York

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