

INTERNET

## Yoox CEO: Net-A-Porter merger is a game-changing combination

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*Instagram image from Yoox*

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By SARAH JONES

MONTE-CARLO, Monaco – The merger between Yoox and Net-A-Porter brings together each of the online retailers' strengths, which will enable them to better serve customers, according to Yoox's founder at the FT Business of Luxury Summit June 9.

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This new venture brings together two peer entrepreneurs who took different paths toward the same goal, and therefore bring different assets to the table, creating a balanced business. With the company run independently of any conglomerates, it opens the field to potential partners, possibly a first for an industry that centers on strict competition.

"If you put the two companies together, it looks like a dream in terms of the fit," said Federico Marchetti, founder and CEO, [Yoox Group](#).

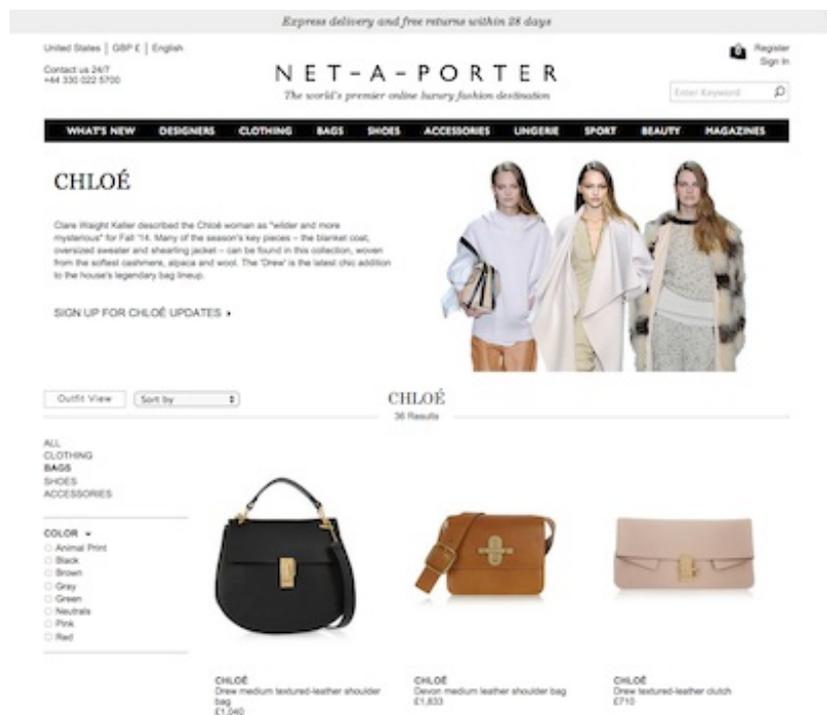
"I don't know any merger that has been done not for the surprise, but for the industrial vision of two companies that together can do a better job to understand and to serve better the customers as well as to preserve and protect the brand equity online of our partners."

Pooling resources

In March, Italian fashion and design retailer Yoox officially announced that it will be

purchasing British ecommerce site Net-A-Porter after months of speculation about the Richemont-owned site's future.

The two retailers will merge to form one company, which will ultimately have a net revenue of \$1.4 billion, and the Web sites, which will continue to operate independently, are expected to have a combined total of 24 million monthly visitors. The merger will allow Yoox to benefit from Net-A-Porter's quality editorial content, while revealing Richemont from ownership of the site, which has not been profitable to-date ([see story](#)).



### *Chloe on Net-A-Porter*

About six years ago, Mr. Marchetti and Net-A-Porter founder Natalie Massenet talked about a merger, but the timing was not right. In the meantime, Yoox went public, and gave the executive experience in managing the more disciplined business.

Mr. Marchetti explained that the merger is in a way “poetic,” since the two companies both started in 2000 with the same goal to be the number one luxury retailer globally.

According to him, Yoox and Net-A-Porter are strong in areas where the other is weak, and vice versa. Net-A-Porter is better at creating content and engaging via social media and selling merchandise in a multibrand environment full price, while Yoox brings a business model that works with monobrand stores.



## *Redesigned Marni Web site*

For instance, Marni amplified the efforts for its 20th anniversary with a new Web site design that blends content and commerce. Marni worked with Yoox Group, which has powered its ecommerce since its launch in 2006, to improve the user experience with a new image-lead layout that encourages brand discovery ([see story](#)).

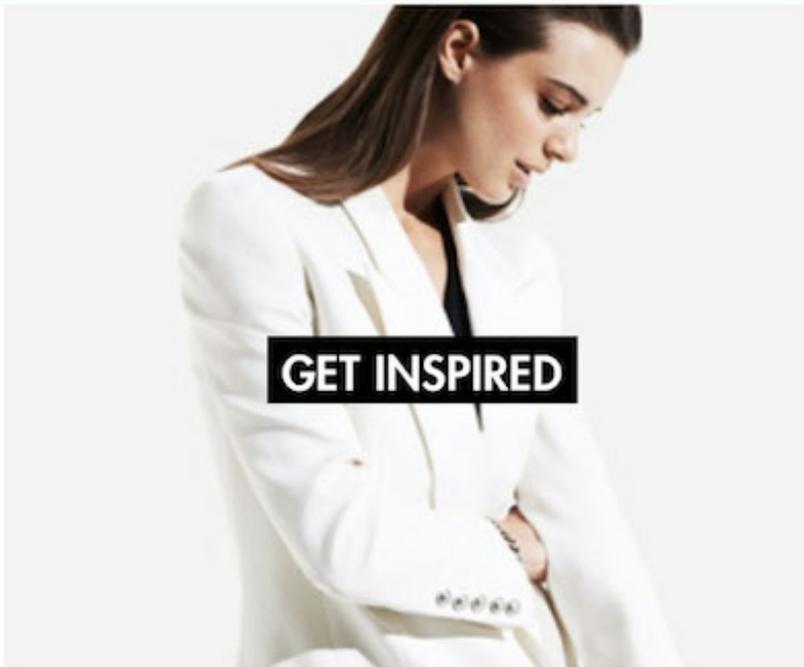
While Yoox powers the site, Marni is in complete control of the image it has online, from product selection and layout to pricing.

### Trend spotting

In 2006, Mr. Marchetti with his team decided that the priority was smartphones. Today, 50 percent of Yoox's traffic comes from mobile.

Yoox has teamed up with Chinese social communication application WeChat to enhance its consumers' mobile shopping experience.

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### *Yoox on WeChat*

As part of the global partnership, Yoox created new official accounts for the United States and Italy on WeChat, as well as revamping its existing Chinese account. Tapping into WeChat's platform for social shopping allows Yoox to make the mobile commerce experience more personal for consumers, giving access to live chat and messages from the retailer ([see story](#)).

Whereas the company's business model at the beginning focused on working with the most brands possible, now the retailer is looking to have fewer but bigger labels.

Shoes perform particularly well online, which the executive attributes to their photogenic properties, since they are visually more appealing than a pair of pants.

Yoox has also seen success with exclusive merchandise, for instance, artisan work such as slippers from two women in Venice that performed well over the holiday season.

Germans are the most likely to return merchandise, while the Japanese are the least likely to shop during business hours due to high work ethic.

Men are stronger brand loyalists than women, while women are more generous, likely to buy for both themselves and the man in their life.

Trying to bring some of the in-store experience expected in luxury online, Yoox has launched services, such as a butler in China who will wait 10 minutes to take any returns, saving the consumer the trip to the post office.

More of these consumer-centric services will continue to be a focus for the newly mergedetailers.

"The unique selling proposition is the fact that I don't think you can be great at everything...I think that what Yoox and Net-A-Porter Group will bring more and more to the brands is a good partner that understands perfectly how to protect and serve and preserve their branding online," Mr. Marchetti said.

"It's a big competitive advantage compared to most, but not all, of the competitors. With the long-term record of understanding the customers at the same time."

Final Take

*Sarah Jones, staff reporter on Luxury Daily, New York*

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