

COMMERCE

## Farfetch slated to add brands to online marketplace

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*Farfetch promotional image shared on Facebook*

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By FORREST CARDAMENIS

British online fashion retailer Farfetch is expanding its network to include brands using a new business model, Farfetch Black & White.

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**Luxury Daily**

Farfetch serves as an ecommerce platform for independent boutiques that lack resources to host their own online marketplaces. The expansion, which is similar to the ecommerce model of retailer Yoox, which also has an online marketplace and also powers the Web sites of numerous brands, will give global consumers access to a brands' full array of product.

"Farfetch is claiming an API based global experience for brands and boutiques to reach global audiences in a real easy, out of the box way," said Gustavo Gomez, director of research and methodology at [Envirosell](#). If they can deliver, this is one more tool that makes omnichannel easier and it could begin to become the default format for retail as a whole and luxury in particular.

Mr. Gomez is not affiliated with Farfetch, but agreed to comment as an industry expert.

[Farfetch](#) could not be reached for comment.

## Black and white

The company, valued at \$1 billion, will allow brands to offer inventory from their own stores using their application program interface (API) through the independently run Farfetch Black & White business, which will power brands' Web sites.

Traditionally, brands offer a smaller range of product on their Web site than they do in flagship stores and other bricks-and-mortar locations, but that will not be the case with Farfetch Black & White.



*Many designers have made their products available on Farfetch's marketplace*

In an interview with [Business of Fashion](#), Farfetch founder José Neves said, "Customers can also collect from physical stores or opt for same-day delivery, which will launch very soon in multiple cities. If you have an amazing flagship store in Los Angeles, why do some customers have to wait one week for something to be delivered from a warehouse in Europe? It doesn't make any sense."

Farfetch will also allow brands to localize Web sites for global consumers by offering nine different languages and even allow them to operate on platforms like WeChat, a messaging application with more than 350 million users in China and an additional 70 million globally.



*Farfetch marketplace*

"Sometimes companies are limited by technology," Mr. Gomez said. "That is what Farfetch hopes to help solve. One assumption is that the brand and retailer have the technology that can easily integrate into their system.

"Many companies still have old systems that don't play well with others so that could be a limiting factor," he said. "Omnichannel is about many things, and system integration is one of them."

Although Mr. Neves is not disclosing Farfetch Black & White's clients before the ecommerce sites go live – slated for late 2015 and early 2016 – other luxury brands, such as Dolce & Gabbana, Saint Laurent and Valentino, have already integrated into Farfetch's marketplace, giving them global exposure and offering consumers a wider range of products in the process.

Farfetch may take as much as a 25 percent commission on sales in its own marketplace, but by offering brands a chance to more effectively reach global consumers, both parties – as well as consumers, who are being promised a larger selection and faster shipping – are likely to come out ahead.



*Farfetch may help brands globalize their consumer base*

Although details on the Farfetch's ecommerce initiative are only now being revealed, the company also has its eyes set on running physical stores as well. The retailer has been working on an in-store initiative entitled "Store of the Future," although details are not yet known.

Ecommerce shake-ups

There have been other recent shake-ups in the luxury online retail world.

Net-A-Porter founder Natalie Massenet recently resigned from her company, as its merger with fellow online retailer Yoox is about to come to fruition.

Bloomberg reported that the executive, who started the business 15 years ago, was leaving rather than staying on to become the chairman of the combined company, taking it as the right time to explore other opportunities. With her long running experience in the fashion industry, Ms. Massenet was expected to be instrumental in maintaining relationships with the luxury industry for the new company, so her departure may shake up plans as the businesses consolidate operations ([see story](#)).

Initiatives by companies such as Yoox and Farfetch may also be major players in helping

the luxury industry stave off Amazon's ascent.

As Amazon's penetration into high-income households becomes increasingly apparent, luxury brands are going to need to find new ways to avoid losing to their online-only competition, according to a report by Shullman Research Center.

Through pricing, convenience and selection, Amazon has seen its popularity skyrocket over the past two decades, and data in the report shows that its popularity is positively correlated with household income. The report suggests that luxury brands will have to double-down on efforts at providing things that Amazon cannot or will not provide ([see story](#)).

"At the end of the day omnichannel is about more than just APIs, it is about a seamless experience for the customer that revolves around the customer," Mr. Gomez said. "That encompasses everything from distribution efficiencies, inventory, packaging and design as well as face-to-face, human to human customer relationships. Farfetch is just one piece that can facilitate a good customer experience. In short, it probably won't be a big shake-up from a customer's point of view."

Final Take

*Forrest Cardamenis, editorial assistant on Luxury Daily, New York*

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