

RETAIL

Farfetch links with JD to realize Chinese market potential

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Blogger Vanessa Hong's shot of her Farfetch find. Image credit: Farfetch

By SARAH JONES

Indicative of the need for local expertise in China, online retailer Farfetch is joining forces with JD.com to tap into the country's growing luxury ecommerce market.

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Farfetch has linked with ecommerce giant JD.com, allowing the former to benefit from JD's logistics, marketing and service capabilities designed to cater to local clientele. When ramping up efforts in an international market, finding a local player with existing infrastructure, relationships and firsthand knowledge can help to scale expansion.

"The partnership will benefit the Farfetch network of 700 brands and boutiques by exposing them to China's \$80 billion market," said Alvina Patel, vice president of brand marketing at Farfetch.

"The online retail market is much higher than any other market globally," she said. "With this in mind, China is a critical market for Farfetch as China is already the largest spending customer segment in the luxury goods market and is Farfetch's second biggest market after the U.S."

Local player

Farfetch, which today works with more than 200 brands and 500 multi-brand retailers on omnichannel retail, has existing operations in China.

Prior to its partnership with JD, Farfetch already had its sights set on furthering its presence in China. A \$110 million funding round last year was aimed at helping the retailer expand in Asia-Pacific ([see story](#)).

Despite evidence of a slowdown in China in recent years, a recent report from Bain identifies the market as a continued growth engine for luxury, valuing China's luxury market at \$80 billion.

Farfetch is looking to tap into this potential with help from JD. The Chinese ecommerce platform has made a \$397 million investment in Farfetch, kicking off a collaboration that will see the partners develop technology, marketing and logistics solutions together.



Farfetch's Chinese Web site

As part of the deal, Farfetch will also be able to leverage JD's WeChat partnership established in 2014. Together, JD and WeChat share consumer data to be able to build a better picture of individuals and enhance their advertising targeting capabilities.

Similar to the data capabilities of WeChat, the partnership between Farfetch and JD will also use the platform BlackDragon to help grow the Farfetch brand name in China through JD's network.

Farfetch will also be able to leverage JD's existing logistics network. Self identified as the ecommerce retailer with the most extensive fulfillment infrastructure in China, JD operates seven fulfillment centers and 263 warehouses across the nation.

Through JD, Farfetch will be able to offer customers same-day delivery with elevated service.

JD recently launched Luxury Express, which has specially trained employees deliver high-end purchases to customers' homes ([see story](#)). Farfetch's luxury wares will be sent to consumers using this white glove service.



JD's white glove service has a specially trained staff. Image credit: JD.com

Farfetch's partner retailers will also be able to offer omnichannel shopping experiences to customers, such as click-and-collect and in-store returns for ecommerce purchases.

While Farfetch is looking to make inroads to the Chinese market, JD enters this partnership at a time when it is increasing its focus on luxury goods. Earlier this year, the company created a separate fashion business unit and has added brands such as Armani, Swarovski and Zenith to its array of labels.

"This partnership will enable those with a local retail presence to have access to world-class omnichannel capabilities, including click and collect and in-store returns, connecting the brands' physical retail stores in China to consumers," Ms. Patel said.

Not going it alone

As retailers look to conquer more of the globe, finding a strategic partner can be a boon to their efforts.

For instance, handbag label Anya Hindmarch looked to the expertise of franchise partners in Asia, trusting their advice on adapting for local consumers ([see story](#)).

According to findings from IPinYou, these partnerships are especially crucial in China due to its unique consumer culture, requiring marketers to develop a fine tuned strategy with relevant data. More than 730 million consumers are

Internet users in China, which makes digital crucial to conquering the market ([see story](#)).

Beyond Asia, online retail group Yoox Net-A-Porter entered a joint venture that aims to become the leading luxury ecommerce player in the Middle East.

This joint venture, in partnership with Mohamed Alabbar's Symphony Investments, will manage all of YNAP's multi-brand activities in the region, as well as some of its monobrand ecommerce sites. The Middle East is a fast growing market for luxury, and Yoox Net-A-Porter seeks to benefit from the region's concentrated population of ultra-wealthy individuals and its digitally savvy residents ([see story](#)).

"JD has a deep knowledge of the Chinese market and knows how to reach affluent consumers," Ms. Patel said.

"There are three core areas where JD can add significant value in China.

"The BlackDragon marketing platform will help leverage JD's vast big data to create highly tailored solutions that will help Farfetch build brand recognition," she said. "JD's famed nationwide fulfillment network was a huge draw for Farfetch.

"We are very pleased that JD Luxury Express will provide our customers with a premium white glove service worthy of the quality of products that we sell, and this partnership gives our consumers access to JD's Baitiao microcredit service, which enables upwardly mobile consumers to make large purchases. In addition, the partnership provides Farfetch consumers in China JD Pay payment options."

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