

RETAIL

Jos Neves on Farfetch's China plans

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Jos Neves is founder of Farfetch. Image credit: Farfetch

By A LUXURY DAILY COLUMNIST

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Currently the largest online luxury fashion retail platform in the world, Farfetch has been revolutionizing the online luxury shopping experience since its launch in 2008.

The retailer's Portuguese-born founder/CEO, Jos Neves, talks to Farfetch's aggressive expansion plans in China and how it hopes to change the face of fashion for consumers around the world. Please read on:

Farfetch has been in the luxury fashion online retail sector for over 10 years now. How has its role and positioning changed over time?

When we started out back in 2008, I was a shoe designer and a software developer. It was so clear to me that people who loved fashion did not have a platform to discover the most beautiful designers and boutiques from all around the world and that was really the idea behind Farfetch since day one.

I think this hasn't changed and we still doing it for the love of fashion, creating a platform that connects boutiques and designers from everywhere around the world, to customers who love fashion.

We are, also, of course, very excited to be in China.

How will Farfetch's collaboration with JD help in terms of its expansion plans in China?

It is a great partnership.

We already had operations in China when I started speaking to Richard Liu. Then I realized that our ideas about the future of online luxury in China were very aligned.

JD.com values authenticity and customer service, and it seemed like the teams were a very good fit.

For me, that was really important. And the fact that Richard wanted to join our board of directors was a big honor for me. He understands the Chinese landscape in an incredible way.

We've since managed to integrate the technology behind JD.com into our platform, allowing us to use the data from JD.com and WeChat to target luxury consumers in China. This will be transformational for us in the future.

What is Farfetch's brand positioning in China?

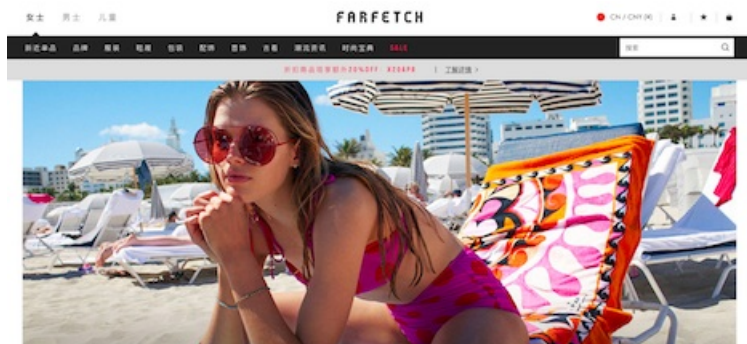
We are a full-price, new and in-season luxury destination where Chinese consumers can find the most beautiful and fashionable products from all around the world.

So if you're on Farfetch, you could be looking at a Prada bag that is sitting in Los Angeles, a Gucci dress that is hanging in a New York store, or a pair of Ferragamo shoes that are in Rome. All these items are new arrivals and will sell out quickly.

With Farfetch, you can get these items immediately.

We will pick the said item up from the shop in Rome, for example, and deliver it to you wherever you are in China.

The best part is that Farfetch takes care of the entire process for you. This includes payments, customs clearance, customer service, free returns, VIP service and concierge service. And, honestly, this is quite unique as no other company in the world brings together this level of curation and service to customers in the name of fashion.



Farfetch has a sunny outlook on China. Image credit: Farfetch

How do you plan to deal with competition from other luxury fashion marketplaces in China?

China is a huge country. It is already the largest ecommerce market in the world, and will soon be the largest luxury ecommerce market in the world.

So there's definitely room for more than one platform or one player in the market.

What we bring that no one else does is the greatest selection of luxury products on a single platform.

So, currently, we have 1,500 brands across 880 boutiques. It's the best fashion, it's curated, and the level of service is fantastic. I think this is very different from everyone else is offering.

How is what Farfetch proposes different from what a *Daigou* [personal shopper] can offer Chinese consumers?

I think the problem with *Daigou* is, firstly, authenticity because you can never be sure if an item is authentic or not.

The second problem is service. We have free returns on Farfetch, no questions asked. We also take care of duties, so it's obviously 100 per cent legit and legal.

The third thing is selection. If you have contact with a *Daigou* in Milan, they will only be able to offer you what is available in Milan. But if you go on Farfetch, we offer items in Milan, Rome, Paris, London, Los Angeles, New York, Tokyo across hundreds of cities round the world.

And consumers also get to build direct relationships with brands, as we have the brands directly on the platform. This is impossible for *Daigou* they would probably need to have very fast private jets to make it happen. Or be able to teleport.

Farfetch currently has the biggest portfolio of luxury brands in the market. What do you think of introducing smaller, niche labels to the Chinese market?

I think it's really exciting.

The average shopper on Farfetch is 36 years old in most parts of the world. But in Mainland China, the average age dips to 29, indicating a very young millennial customer.

These customers are extremely well educated in terms of fashion trends and the latest designers, making it an incredible opportunity for Farfetch, because we have all these niche designers on our platform that Chinese consumers would otherwise find hard to access.

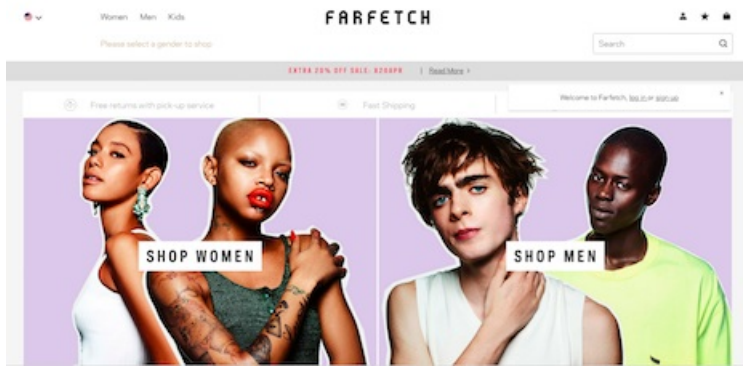
I also think it is an opportunity for Chinese designers to leverage Farfetch as a platform to sell to customers from all around the world.

This is a project that we think we should definitely work on for the future.

We've already rolled out such initiatives in Japan, Australia and Brazil. The next step will be to do it in China.

However, the China customs system is quite complicated, and we are still trying to develop the logistics and operational solutions for such a cross border initiative.

When that happens, I think Farfetch will be this amazing platform where the best Chinese designers can sell to customers everywhere in the world, too.



Is Farfetch's model a fit for other markets? Image credit: Farfetch

Is the rest of the world ready for Chinese luxury brands?
Absolutely.

There is a huge Chinese community around the world.

Just in the U.S. alone, almost 10 percent of our users switch the language selector to Chinese, which is amazing.

The U.S. is a very large market for us. So is Europe with students studying in France, U.K. or Italy and Australia.

I think that the rest of the world is starting to recognize that Chinese designers have evolved a lot, and that there are fantastic designers that are as good as the Italians, French or Americans.

In general, I think people recognize that there is talent and creativity all round the world and China is booming with the young generation of entrepreneurs and designers who are very creative.

Many Western tech or Internet-based companies that tried to enter the Chinese market, including Uber and eBay, met with limited success. How is Farfetch's approach different?

Luxury is one area in which Western companies have been very, very, successful in China.

Take, for instance, brands like LVMH and Kering, and media outlets like Vogue and Bazaar these luxury brands have been very successful in China.

This market segment is very different because companies like Uber have to find local supply like drivers and local demand, and are therefore fighting with local Chinese companies who are always going to win because they're much better at finding the supply and demand.

I think it's different in the luxury segment because Chinese consumers are already interested in European and US designers and that's why we have the advantage.

Spring's new mood: Farfetch's spring/summer 2018 campaign, shot in Miami, FL

What are your thoughts on WeChat as a marketing tool in China and how does Farfetch plan to leverage it?

I think WeChat is amazing. It's a fantastic tool to connect with customers.

We have a WeChat account and a WeChat store where you can purchase all the products available on Farfetch, via WeChat.

We will also launch a Mini Program very soon. So we're fully integrated with WeChat.

As you know, our partnership with JD.com also brings us a close relationship with Tencent, and that has helped a lot in terms of integrating the technology and leveraging the WeChat channel in China.

What does Farfetch hope to achieve in China?

We've been in China for three years now, but I feel like we are only just starting out because there are so many opportunities in this market.

We want to focus on delivering the best service and the best products to Chinese consumers everywhere, and to grow the Farfetch brand in China.

Also, we want to help Chinese designers use our platform to sell everywhere around the world.

We want to have a local creative community this is really the ethos of Farfetch.

We do what we do for the love of fashion.

We absolutely love our customers, but we also love the designers, the boutiques, and the curators.

It's part of our mission to help the local creative community leverage our platform not just to sell in China, but also to sell everywhere around the world.

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*Lydianne Yap is China editor of **Luxury Society***

***Lydianne Yap** is China editor of **Luxury Society**. Previously based in Singapore at luxury lifestyle publication **Prestige**, Ms. Yap now creates China-related content across a broad range of topics. Experienced in dealing with both brands and consumers in the luxury industry, she is also marketing and communications director at **DLG China**.*

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