

RETAIL

Farfetch, Alibaba Group and Richemont team up to accelerate digitization of luxury industry

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Farfetch, Alibaba Group and Richemont join forces to digitize the luxury industry. Image credit: Farfetch

By LUXURY DAILY NEWS SERVICE

Ecommerce marketplace Farfetch, Alibaba Group and Richemont have announced a global partnership to provide luxury brands with enhanced access to the China market as well as accelerating the digitization of the luxury industry.

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Alibaba plans to launch Farfetch luxury shopping channels on Tmall Luxury Pavilion and Luxury Soho while Swiss luxury group Richemont is set to invest in a newly formed Farfetch China Joint Venture and Farfetch Limited. By utilizing each company's expertise and reach, the collaboration will likely bring luxury retail to the next generation by integrating the digital and physical domains.

"This announcement is a major step in our mission to connect the curators, creators and consumers of the luxury fashion industry," said Jos Neves, founder, chairman and CEO of Farfetch, in a statement. "The \$1.15 billion investment in Farfetch from Alibaba Group, Richemont and Artemis is a strong validation of our position as the global platform for luxury."

"The new initiatives with Alibaba Group and Richemont extend Farfetch's strategy to power the digital transformation occurring across the luxury industry, which has been accelerated by the unprecedented challenges resulting from the COVID-19 pandemic," he said.

A global partnership

Farfetch will launch luxury shopping channels on Alibaba's platforms, Tmall Luxury Pavilion and Luxury Soho, China's premier luxury and luxury outlet destination within the Tmall marketplace, as well as Alibaba's cross-border marketplace Tmall Global.

The new channels will expand the reach of Farfetch's global luxury platform to Alibaba's 757 million consumers, providing luxury labels with new opportunities to elevate their brand awareness, while also significantly expanding their addressable market of luxury consumers.



The first country to face widespread lockdowns, China is now the first to return to something resembling normalcy. Image credit: Farfetch

For luxury consumers, this provides multiple ways to shop for their favorite brands either through the Farfetch integration, or through the already highly successful Net-a-Porter integration on Tmall Luxury Pavilion.

Alibaba and Richemont plan to invest \$600 million together in private convertible notes issued by Farfetch Limited. Alibaba and Richemont will also invest \$500 million together in Farfetch China, taking a combined 25 percent stake in a new joint venture that will include Farfetch's marketplace operations in the China region.

The investments by Alibaba and Richemont in Farfetch China and the establishment of the joint venture are expected to be completed during the first half of the 2021 calendar year, contingent upon satisfactory closing conditions.

Separately, Kering's Artemis has also agreed to increase its existing investment in Farfetch with a \$50 million purchase of Farfetch's Class A ordinary shares.

Luxury New Retail will leverage Farfetch's and Alibaba's omnichannel retail technologies to serve the needs of luxury businesses, including a full suite of enterprise solutions powered by Farfetch. Farfetch and Alibaba have formed a group to further enhance the Luxury New Retail initiative, which is aimed at leading the digitization of the global luxury retail industry.

In August, Farfetch reported \$365 million in revenues during the second quarter of 2020, as it benefitted from widespread ecommerce luxury sales growth amid prolonged store closures as a result of the coronavirus pandemic. The company's revenue was up 74 percent year-over-year in Q2 2020 as online traffic grew by 60 percent during the quarter ([see story](#)).

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