

Merged Yoox Net-A-Porter aims to be as mobile as shoppers

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In this Friday, Oct. 7, 2016, photo, Yoox Net-A-Porter CEO Federico Marchetti speaks during an interview, in New York. Marchetti is investing in new technology and adding more services like same-day delivery in new markets like

Dubai. He says he wants to transform the online company into a mobile-only venture. (AP Photo/Bebeto Matthews)

The merged luxury group Yoox Net-A-Porter Group is aiming to be as mobile as its shoppers.

Since the two joined last year, CEO Federico Marchetti has invested in [new technology](#), added services like seaplanes to drop off rush orders to the Hamptons, and plans to expand same-day services in key markets like Dubai. Now the world's largest online luxury retailer, the company has launched a television shopping app with Apple TV and is making a big push into the Middle East and China.

"One of my biggest objectives is to transform the company into a mobile-only company," Marchetti, formerly CEO of Milan-based Yoox, told The Associated Press. "It's a new luxury conglomerate of the digital era."

Marchetti expects business from smartphones and tablets will account for three-quarters of total sales by the end of 2020. Right now, it's less than half. And these shoppers spend big. Its 2.6 million customers plop down an average of 335 euros (\$366) per order.

The global luxury business has become increasingly competitive online. Neiman Marcus bought MyTheresa, a fashion e-commerce site last year, while Saks Fifth Avenue is offering more services for its online shoppers. And sites like [renttherunway.com](#) let customers rent designer outfits.

But Yoox Net-A-Porter is optimistic. It's laid out plans that call for net revenue growth of 17 percent to 20 percent every year through 2020. That's much higher than the 2 percent to 3 percent global luxury growth

forecast from consulting firm Bain & Co. through that same year.

Yoox Net-A-Porter, which delivers to customers in more than 180 countries, generated sales of \$1.7 billion euros (\$1.88 billion) in the fiscal year ended March. Marchetti says its so-called EIPs (Extremely Important People) make up about 2 percent of its customer base but account for more than a third of annual revenue.

Marchetti says Yoox and London-based Net-A-Porter, both founded in 2000, are complementary. He organized the company into three separate businesses—current season, under Net-A-Porter and the men's brand Mr. Porter; offseason, which is under The Outnet and Yoox businesses; and online flagship sites that include Giorgio Armani and Jimmy Choo.

Net-A-Porter is a fashion-magazine themed site focused on regular prices, and the merchandise comes in elaborate black bags with ribbons. Yoox and Outnet sell out-of-season goods, frequently at discounts, but Marchetti calls the experience much higher-end than shopping at a designer outlet mall.

Geographically, Net-A-Porter was much stronger in the U.S., the United Kingdom and Hong Kong, while Yoox's strength had been in Continental Europe, Japan and Asia. The combined company's largest business is the U.S. accounting for nearly one third of annual sales, followed by the United Kingdom and Italy.

"Net-A-Porter is becoming a one-stop shop for fashion consumers and a source of editorial content. And Yoox is a force in technology with a deep understanding of brands and websites," says Robert Burke, president of his namesake New York-based luxury consulting business.

Marchetti is investing in technology that will improve customer service and delivery speed. The company's adding same-day service in Dubai,

Tokyo and Milan, beyond London, Hong Kong, New York, and Long Island's Hamptons. The summer seaplane service in the Hamptons did very well, he said. In China, Yoox began offering a few years ago a kind of butler service for [online shoppers](#)—a courier waits outside the door for 15 minutes so customers can try on their purchases. If they don't like them, the items go back with the courier.

It's also fine-tuning or starting new apps. It launched an app for Yoox.com that features a new text search allowing shoppers to better find the half a million products available. The Mr. Porter site has an app that allows Apple TV users to use their iPhones or iPads to buy merchandise that appears on videos that are on its weekly digital magazine. And it's opening a new tech hub in London next year to accelerate its move in mobile shopping.

Marchetti brought in new brands like Prada and Montcler that had a limited presence on the web, and for the winter holidays he's starting to introduce fine jewelry and watches at Net-A-Porter and Mr. Porter.

"We have the highest quality in terms of packaging, in terms of presentation, pictures, proximity with other brands," he said. "We respect their pricing. We respect their markdown strategy."

The company's also working to integrate the experience of the physical flagship stores of the brands like Valentino's Fifth Avenue store with their online presence.

"You can have it at your home in three hours," he said.

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