



HERCULES 202



FEDERICO MARCHETTI

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FEDERICO MARCHETTI WAS A BRIGHT-EYED 29-YEAR-OLD WITH AN MBA FROM COLUMBIA UNIVERSITY IN NEW YORK WHEN HE CONJURED UP THE ENTREPRENEURIAL IDEA IN 1999 OF CREATING THE ONLINE HIGH-FASHION RETAIL COMPANY, THE YOOX GROUP. THE FOLLOWING YEAR, HE LAUNCHED WWW.YOOX.COM, SELLING MULTI-BRAND FASHION AND LATER ON DESIGN, AND LAUNCHED WWW.THECORNER.COM, FEATURING SELECTIVE, AVANT-GARDE BRANDS. IN 2008, THE GROUP ALSO POWERS ONLINE STORES FOR 20 LEADING BRANDS, INCLUDING MARNI, EMPORIO ARMANI, DIESEL, VALENTINO, COSTUME NATIONAL, MOSCHINO, DOLCE&GABBANA, ROBERTO CAVALLI AND JIL SANDER. OPERATING AT THE FOREFRONT OF THE E-COMMERCE REVOLUTION, THE YOOX GROUP DELIVERS TO 67 COUNTRIES AND MADE NET REVENUES OF 96.6 MILLION DURING THE FIRST SIX MONTHS OF 2010, UP BY 41.1 PERCENT FROM 68.3 MILLION FOR THE SAME PERIOD IN 2009.

ANNA SANSOM SPOKE TO FEDERICO MARCHETTI ABOUT HIS PASSION FOR FASHION, HIS FEARLESS AMBITION, WHY MORE PEOPLE ARE BUYING HIGH FASHION ONLINE, AND THE LESSONS THAT ONLINE AND PHYSICAL RETAIL OUTLETS CAN LEARN FROM EACH OTHER.

FOR THE WHOLE WORLD AND IT CAN BE AS BIG AND AS BEAUTIFUL AS YOU WANT, WHEREAS IF YOU OPEN 200 STORES IN MILAN YOU LOSE YOUR EXCLUSIVITY.

I ALSO NEEDED TO FIND SOME MONEY FROM VENTURE CAPITALISTS BECAUSE I'D LEFT COLUMBIA UNIVERSITY COMPLETELY BROKE. I COULDN'T ASK MY PARENTS FOR SOME MONEY BECAUSE THEY'RE NORMAL EMPLOYEES, NOTHING RELATED TO FASHION OR ENTREPRENEURS.

AS: You launched yoox.com in 2000, the year when the fashion retail website boo.com went bust.

FM: In terms of timing, I've always been very lucky. I established the company on 21 March 2000 and boo.com went bust at the beginning of April. If I'd founded Yoox three months later, I don't think that it would exist. All the venture capitalists and the financiers I had been to see in late 1999 and early 2000 closed their doors to Internet entrepreneurs after boo.com's bankruptcy. I felt that I was going through a gate that was about to close. But I wasn't afraid of anything. I always believed in building a company in a casual, hands-on way, not hiring big consultants. Probably boo.com exaggerated a little bit or were too early for certain technological things. They used Flash that was pretty slow at that time and not accessible to everybody. They might have invested too much in communication and senior people. If they were launching boo.com now, it would probably be successful. But 10 years ago, they were thinking a little bit too big and were less practical and down-to-earth than us.

AS: Back then, few people believed that high fashion e-commerce had a future. Why did you think differently?

FM: I had a very clear, long-term vision about where I wanted to bring Yoox. So I couldn't really care too much about boo.com or what the media were saying. On the first page of my business plan that I drafted in November '99, I wrote the sentence that is still on the first page of any of our presentations today: 'Yoox Group: the Global Internet Retailing Partner for the Leading Fashion Brands.' We opened offices in Europe in 2000, in the US in 2003, in Japan in 2005, and early next year we're opening a logistics centre in Shanghai. We probably make 20-25 percent of our business in Italy. The rest is based in Europe, led by the UK, France and Germany, and the US and Japan.

AS: Where did the name Yoox come from?

FM: I wanted something short that would be a brand in itself instead of something like highfashion.com. The y and x are the chromosomes of men and women, and the o is like zero - the DNA of the binary



code that is the basis of the Internet. For the last 10 years at Yoox, we've been trying to convey the message that technology is not cold but warm and human and can appeal to customers more than a white catalogue, which is what most of the American giants do.

AS: What reactions did you get when you launched yoox.com?

FM: We launched yoox.com on 20 June 2000, three months after the inception of the company. For those three months we didn't go to sleep! It's quite funny to think that we established the company on the first day of spring and launched yoox.com on the first day of summer in a very seasonal business, hehehe. The first reactions were positive from all over Europe with sales from the Netherlands, Italy, the UK and Germany, not just northern Italy. We were getting global press and I thought: 'Wow, so maybe we can really make it big.' It's a very innovative format that's funky, underground, arty and edgy mixing established and emerging designers, end-of-season and discounted prices along with full-price design, vintage fashion, art books, and a web magazine called The New Yooxer. I thought it would appeal to sophisticated customers interested in mixing and matching different things, like buying a Chanel bag and going to Zara to buy a shirt. For the last 10 years, there's been an image on yoox.com's home page that changes every month and that has appeared in different galleries and museums, like the Triennale Design Museum in Milan. The message is 'feel free to dress however you want.'

AS: Yoox powers 20 mono-brand stores for leading fashion companies. How did you convince them to become your retailing partner?

FM: At the beginning, I was selling a dream. I was a young guy going around and explaining all these philosophies that technology can be beautiful, talking about exclusivity and accessibility, and developing the Internet in the right way. I was very convinced that it was going to happen so it wasn't difficult for me to convince somebody else. The first ones to sign up were Armani, which is incredible because it shows that innovation has nothing to do with age, Renzo Rosso, the owner of Diesel, and Marni.

AS: What exactly is your responsibility?

FM: The brands do the creative aspect of the store and everything else, we do it: web design, logistics, marketing, invoicing, supply chain, Google search and so on. It means they can sleep tranquil at night thinking that the service to the final customer will be perfect! The mono-brand business is our fastest growing segment and represented around one fourth of the total business in the last quarter. And I expect in the near future for it to be one third of the business. We're continuing to open six or seven mono-brand websites every year and in the fall we're going to open another batch and some of them will be very, very powerful.

AS: What inspired you to launch thecorner.com and how is it complementary to yoox.com?

FM: yoox.com and thecorner.com are two completely, completely different formats. thecorner.com is for fashion connoisseurs and has a narrow selection of brands with limited distribution. The format is made up of mini stores that designers can customise by putting up a fashion show, a shoot or an interview. There's an editorial voice like "The Angle by..." The latest one was by Vanessa Friedman of The Financial Times, who put different things that she wanted. We also make a fashion film once a year with the best visionary artists; the first one was with Nick Knight and the second one, which we're launching on 10 October is with Hedi Slimane. Under the name "Styling Around the World", we also collaborate with famous stylists who go across the different mini stores and pick the best things at the start of the season to create exclusive photo shoots. The first edition was with Tsuyoshi Noguchi, probably the most famous fashion stylist in Japan, the second one was Nicola Formichetti, then we collaborated with i-D magazine on a shoot in Los Angeles - the 10 images debuted on thecorner.com and in the June 2010 issue of i-D Magazine.

AS: What do you think are the main reasons for the shift in consumer behaviour over the last decade with increasingly more people buying high fashion online? Is it due to decreased fear about designer e-commerce combined with online flexibility versus less time to visit physical stores?



FM: Kind of. This is one of the key questions for the future. It's something that I've been thinking about for the last 10 years. One of the reasons, obviously, is that e-commerce penetration is increasing. Many more people have broadband, so the experience is better. Secondly, the quality of the presentation of high-end products has improved a lot. Flash is everywhere and you can use different technologies to promote your brand and your product. Now you can get very, very good online stores and websites, and customers can see beauty on the Internet that they didn't see before. Ten years ago, the physical shops were definitely much more beautiful than online shops and offered a better experience. In the next couple of years, we are probably reaching a level of comparability between the two. The reason is also because physical shops take much more time, money and investment to renovate. You need to hire new architects and to stop selling in one location for three months. On the Internet, you can evolve and change your online shop practically every season with new features, products, services and inventions.

AS: So how do you see things evolving in the future?

FM: It's likely to happen that the Internet shops will be very, very beautiful and very, very appealing while the physical shops will be slower to adapting and changing customers. It will be a bit more difficult for the niche brands, for sure. Whereas 10 years ago we were trying to replicate the physical shops into the Internet shops, in five to 10 years I think the physical shops will be importing some of the innovations from the Internet. Like the concept of being open 24/7. It will be important to keep consistency across the Internet and the physical shops, and this will probably be the challenge for the fashion brands in the future. Because if they have a beautiful, incredible website they should also have a beautiful, incredible store. But the beauty of this is that we have a lot to learn from each other.

AS: What factors do you think are important for a satisfying retail online experience?

FM: What I can add to what I've said already is that service, warmth, technology and beauty don't count if the service is not at the top. Shipping, packaging and customer care should be at the same level

as the products and presentation, and need to be perfect like brain surgery. This is probably the main reason for Yoox's success and why we shipped over 1.2 million orders across the world last year, almost 99 percent on time even during Christmas.

AS: What do you think of net-a-porter.com?

FM: They don't have the mono brand part but apart from this we're definitely competitors. I'm glad that we're a bit bigger but we're also very different from each other. They took an approach that is very clever; very beautiful, which is like an editorialised product. We took a completely different approach; we don't want to push something like the 20 looks of the next season. Our philosophy is to give customers the pleasure of discovering what they want. Frankly, I'm not distressed about competition. I'm sure there are fantastic net-a-porter customers that never shop at Yoox and we have customers that never shop there. We can grow in the future, so a long life to net-a-porter!

AS: What impact did the recession have on your business?

FM: Very simple answer: zero. Because of the mega trend of e-commerce and how fast the Internet is growing, I think everything else is marginal.

AS: What's your biggest challenge for the future?

FM: It's probably continuing to motivate and to recruit the best people in the industry. So far, I've been very lucky because most of the management team has been with me for 10 years, so there's an accumulated know-how of around 100 years altogether. It's important for us to motivate them and recruit new talents all the time.

**"I WAS COMING UP WITH IDEAS ALL THE TIME
BUT I WAS REALLY WAITING FOR
THE ONE THAT WOULD
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