Yoox Revenues Rise, Plans More Virtual Stores

By Andrew Roberts

MILAN — As if more proof were needed of the Internet's importance to the fashion industry, online retailer Yoox Group reported a 48 percent rise in 2008 revenues, and plans eight new virtual stores for leading labels this year, along with consultancy services.

"You can't do much better than that," Yoox founder and chief executive officer Federico Marchetti said in an interview at the company's offices here. "And there's no sign of a slowdown so far this year. January and February are growing at a similar pace, and we anticipate that 2009 should be like 2008."

Yoox generated revenues of 101 million euros, or $149 million at average exchange, driven by growth in Europe and the U.S. Marchetti declined to give profit figures ahead of a shareholder meeting next month but said earnings before interest, taxes, depreciation and amortization had doubled.

"The Internet seems immune to the recession, and we are helping many superbrands to successfully exploit this new world," Marchetti said, adding that Yoox shipped 1.7 million items to customers in 53 countries last year.

Marchetti declined to break down Yoox's turnover by business area, saying only that the majority of revenues came from the group's online multibrand stores Yoox.com and Thecorner.com, which had double-digit growth.

According to Bain & Co., global online sales of luxury goods should post a material increase in 2008 despite the slowdown in consumer spending. Online luxury spiked 65 percent in 2007 to 1.5 billion euros, or $2.06 billion at average exchange.

Yoox develops and runs e-commerce sites for brands such as Emporio Armani, Diesel, Marni and Valentino. After launching seven monobrand online stores last year, Marchetti said Yoox plans to partner with eight more fashion brands this year. The first two, bally.com and moschino.com launched this month.

"Yoox.com opened the door to the online world for many fashion brands. Now they want their own stores," Marchetti said, adding Yoox also planned to partner design companies with their online stores.

Marchetti cited a 300 percent increase in Yoox revenues from third-party e-tailing in 2008 and said he expected it to represent one-third of group turnover in three years.

He added that the fashion industry's growing interest in the Web had led Yoox to establish two divisions: Yoox Agency, which offers Web marketing services, and Yoox Design, specializing in interactive design and digital experience. Marchetti said these services aimed to drive traffic to online fashion boutiques and help deliver the luxury experience.

"The store shopping experience will always be there, but that doesn't mean there isn't room online and that the [virtual] experience has to be ugly," he said. "Luxury comes in different formats."

Marchetti ruled out heavy discounting. "For us the answer to the recession is quality, not price," he said.

However Marchetti underlined that form and content were nothing without service, such as next-day delivery, sophisticated packaging and a free returns service. "Without it, the castle comes down," he said, adding that during the Christmas period 99.1 percent of customer orders arrived on time.

Marchetti said Yoox still planned to list and had penciled in November this year or May 2010 as possible windows but that it was not a priority, particularly in the current economic climate.

Michael Wallace Named Adam Label President

By Julee Kaplan

ADAM LIPPES, FOUNDER AND CHIEF EXECUTIVE officer of the Adam contemporary sportswear label, has named Michael Wallace as president.

Wallace joins the firm from Lilly Pulitzer, where he held various posts over the last seven years. Most recently, he was vice president and general manager in charge of the brand's wholesale operations.

At Adam, Wallace oversees all wholesale, retail and online sales as well as international expansion and production.

Wallace replaces Claudia Cividino, who left the company about one month ago after two years as president. Lippes said that Cividino left to pursue other interests.

"We really needed someone to come in here and bring the company to the next level," Lippes said. "Michael has had great success building Lilly's business so I think he will be exactly what we need. He's really smart and really understands how to build a fashion business."

Wallace reports to Lippes.

The Adam collection is sold at Lippes' freestanding stores in Manhattan and in Buffalo, N.Y., where the designer turned a temporary space into a permanent one, since sales were "better than expected" during the holiday season. Adam is also sold on shopadam.com and in 250 high-end specialty stores worldwide, including Bergdorf Goodman, Neiman Marcus, Intermix and Lane Crawford.