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Business

The Sunday Interview
Federico Marchetti

'At the end, we will have a new machine. A Ferrari...'

The boss of luxury fashion retailer Yoox tells *Armstrong* how he is integrating his bold £1.3bn takeover of Net-a-Porter

For a man who has made his millions from being light years ahead of the rest of the fashion crowd, it's only mildly surprising that Federico Marchetti has now set his sights on the moon.

The founder and boss of the world's largest online luxury fashion retailer, Yoox Net-a-Porter, whispers in his Milanese office that his next frontier involves "this idea...something practical, with astronauts and the moon. I can't say any more than that".

Back on planet earth, Marchetti takes care of the rest of his business from his glassy office in Navigli, Italy's version of east London's Shoreditch. Since an audacious merger in 2015 between Italian online fashion site Yoox and Britain's Net-a-Porter, Mr Porter, *The Outnet*, *Porter* magazine, Yoox, The Corner, and runs lucrative

'I always believed in a clarity of governance. The company needed just one boss'

online fashion stores for 40 luxury brands including Valentino, Alexander McQueen and Gucci.

Around 430 of Yoox's 4,000 employees are based at the former Milanese warehouse which has been converted into a minimalist sanctuary dedicated to the power of online retail. Large screens mounted on sparse, grey walls flash with real-time sales – a pair of Stella McCartney knickers one moment, a Prada tote the next. Upstairs, in Marchetti's otherwise gleamingly white office, hang theatrical, scarlet velvet curtains, inspired by his love of Fellini.

Marchetti, the son of a Fiat car manufacturer and telephone operator, counts film as a rival to his obsession with fashion. Before starting Yoox, the 47-year-old, who grew up by the seaside in Havenna, sent his CV to Paramount Pictures with the hope of becoming a film producer. Another youthful dream was to work at Disney in cartoons, he reveals. With childlike wonder, accentuated by deep dimples and twinkling beady eyes framed with dark, round spectacles, Marchetti boasts about ticking off another

childhood dream: the previous night, he was celebrating an exclusive partnership between Disney and Yoox. The deal means that items such as Storm Trooper-inspired moonboots or Markus Lupfer's Bambi sweatshirts will be available only through Yoox.

However, it is highly unlikely that Marchetti would be caught wearing anything resembling a Mickey Mouse outfit. The hoodies he was photographed in during the early stages of his online career have been replaced with a uniform of dark Hedi Slimane-designed Dior and Saint Laurent suits, teamed with a Steve Jobs-style black roll-neck. "I have around 100 of these," he says, prompting comparisons with Mark Zuckerberg's fastidious commitment to wearing the same grey T-shirt everyday. "There is a reason," he says. "We are too busy, we can't take 10 minutes to decide which shirt or which tie to wear. I also think polo-necks are rather elegant," he adds.

So precious is Marchetti's time that it has taken almost a year to be granted a one-hour audience with him, an admission that causes him to apologise profusely.

While his ambitions suggest he would prefer to spend being indulging new, bold strategies, at the moment he is consumed by the efforts of integrating his ambitious £1.3bn takeover of Net-a-Porter.

It is almost a year since the deal closed and last week Marchetti and 40 of his team were holed up in Pennyhill Park, Surrey, checking on the strategy. So have there been many skeletons in the closet? "I dreamed up this merger in 2009, so there have been no surprises because I started Yoox, and Net-a-Porter was like looking in the mirror," he says. "We were so complementary, but there was very little overlap between us."

Before the merger, Marchetti had described the duel between the online rivals as akin to the battle between Pepsi and Coke. "Now it does not matter which is which, we are one big company," he says with a dismissive flourish.

But while Net-a-Porter and its founder Natalie Massenet were household names in the UK – synonymous with gloss and glamour – Yoox and Marchetti were not.

Marchetti founded Yoox in Milan in



CV

◆ Age: 47

◆ Education: Economics and Commerce degree from Milan's Luigi Bocconi University; MBA from Columbia University

◆ Lives: Milan and Lake Como

◆ Family: Partner Kerry Olsen and one daughter

◆ Big break: Securing investment from Elserino Pini to help launch Yoox

2000 with the idea that he could convince high-end designers to sell their end-of-season wares for a discount online. He quit consultancy firm Bain, won over snobbish fashion designers, raised seed money from Italy's sole venture capitalist, and launched Yoox just months before Massenet launched Net-a-Porter.

Months later came the spectacular implosion of LVMH-backed online fashion retailer Boob.com, which became the poster child of the dotcom boom and bust. "Everyone was talking about Boob and I was just this tiny Italian guy," Marchetti recalls. The inauspicious timing didn't matter, nor did his decision to float Yoox on Borsa Italiana in 2009 – the only Italian company to brave a stock market listing during the nadir of the financial crisis that ravaged the country's economy.

"Our timing has been interesting all along the way," Marchetti concedes. "When we listed, all anyone was talking about was luxury flash sale site Gilt Groupe. Gilt, Gilt, Gilt, Gilt, Gilt," he says, rolling his eyes. "But then I saw that they were sold last year for not very much, \$250m."

The Italian is indulging in a little Schadenfreude, highlighting that his combined Yoox-Net-a-Porter is valued at over £2.2bn. "There's many short stories in our industry and I know we are building this company to last. I'm not a serial entrepreneur, I don't buy-sell or build-sell like in Silicon Valley. I'm a builder for the long term and I can only see myself at Yoox."

The online retailer's unusual name belies Marchetti's philosophical leanings. He claims they are a represent male and female chromosomes in DNA and the two are down to computing binary code.

Marchetti is similarly philosophical about the shock departure of Massenet, who abruptly quit a month before the Net-a-Porter takeover was completed. It later came to light that

the site's founder was in dispute with Net-a-Porter's former owner Richemont about the company's valuation. "Is it easier to do the integration without Natalie? I can't say, because she left before everything got started. But I always believed in a clarity of governance. The company needed just one boss, and if you are selling your stake you have less interest whereas if all of your financial interests are within the company then that is different." Massenet had sold the business to Richemont in 2010 in a deal that valued the London-based company at £350m.

"It was not a power struggle because it was defined that I would lead the company from the beginning. It was something between her and Richemont, and I negotiated with the owner – you don't negotiate with someone who doesn't own the company," he says, his eyes flashing with an intensity that momentarily sees his playfulness dissipate. "I understand the interest in Natalie, but I'm looking at the future. It's done."

Last week the enlarged company announced that sales jumped by 17pc last year to £1.8bn. In the fourth quarter, sales had been particularly boosted by a recovery in Britain's big spenders, who shrugged off Brexit worries and splashed out again. "We have faced Brexit, Trump and the Italian election and each time we have had a shock – boom," he says, his hand gesturing the fall of a cliff. "And then within the week, 10 days, our sales come back to where they were. Our luxury shoppers tend to be immune, they were worried for a bit and then thought, 'I'm going to buy Prada bag, who cares?'"

As well as a major push into the Middle East thanks to a joint-venture with Dubai-based tycoon Mohammed Alabbar, Yoox Net-a-Porter is focusing on "ELPs" – extremely important people. Marchetti refuses to disclose how much a customer must spend to

Federico Marchetti: It was defined that I would lead the company from the beginning

Facts

2000
Launched Yoox.com

2015
Announced takeover of Net-a-Porter

8.4m
Number of customer orders in 2016

£1.8bn
Sales in 2016

qualify for this elite status, but members have first sight of new items, tailored collections and personalised labels. "We need to deliver an amazing level of service from the sheikh to the Sicilian woman – that's what matters."

The retail boss shrugs off the threat from Amazon's recent foray into fashion, arguing that the US giant is focused on "apparel, not luxury" and swipes away comparisons with smaller rivals Farfetch and MatchesFashion.com. "We are so big it's not such a big problem if the competition is making £200m, we make £2bn."

In order to keep striding beyond its rivals, the company is constantly ramping up its investment in facilities, including a fully robotic, low-oxygen warehouse that will require the occasional human worker to undergo altitude training.

"At the moment, what's exciting me most is that I can see the light at the end of the tunnel of integration. I feel we can make it on budget, on time and at the end we will have a new machine, we will have a Ferrari."