

Mr Luxury.com

The most powerful man of online shopping is called Federico Marchetti. We embarked on a visit in Milan where YOOX.COM is directed.

One of the major power centres of fashion is an inconspicuous building in Milan's Navigli neighbourhood: the headquarters of the YOOX Group. In order to reach the boss, you have to pass through several open-plan offices in an industrial chic style. Even Federico Marchetti sits in an open-plan room; only the community here is a bit smaller. There are about ten desks, arranged around his. A glass box in the middle of the room is the only place in the company where you can discuss things unheard. Marchetti is optically the intellectual type: dark glasses, dark hair, orange pullover, tweed trousers tucked into his boots. This total look is most likely all by Dries van Noten, of whom he is a big fan. This kind of understatement fits the 43-year-old, who unlike most figures of fashion appears to be rather "unhysterical." He seems to be more a Milanese art director than a financial strategist - a picture that he wants to maintain: "I'm more a fashion than an Internet person. Actually, I am the link between the customer and the network, I ask myself: "what would I like?" Federico Marchetti, son of a Fiat logistician and a call centre employee: the current puppet masters of fashion.

The online market is now the most competitive area in the luxury business - and the gently and calmly acting Marchetti controls a large part of it. In 1999 he founded his company YOOX in Bologna as a last-season bargain paradise, an online outlet, where you can find discounted designer goods from the previous season. Today, you can find much more - from vintage pieces to children's fashion, interior design and Damien Hirst pieces. 200 employees in Milan - graphic artists, IT specialists, marketing strategists and fashion editors - populate a large part of the virtual luxury shopping mall that is open to everyone around the clock. To YOOX.COM also belongs the chic offshoot THECORNER.COM, which offers the latest collections. Furthermore there is SHOESCRIBE.COM, a page dedicated to women's shoes. And, more importantly, Marchetti also controls the online presence of several luxury labels, with whom he has formed partnerships - the biggest names in fashion, from Dolce & Gabbana to Valentino. Thus, the businessman covers everything from the emerging labels up to the 20,000 euro dress. And he knows who clicks which piece from where in the world. This is a knowledge with which one cannot only sell fashion, but form it. A great part of designer fashion that is sold around the world comes from the logistics centre in Bologna. For fashionistas, this huge luxury camp would be a good place to die; for Marchetti it is a brilliant move: he does not even need to look for last season items for YOOX.COM. What was not sold on Marni & co already hangs in the right place to be offered reduced to YOOX.COM.

YOOX is listed, and Federico Marchetti owns 20 percent. The rest is shared mainly between Americans and British - the Italians understand more of insurance than of Internet, he says. But, they understand a lot of fashion, therefore Italy is the best location. In the last years we met Federico Marchetti now and then at fashion shows or even in early summer 2006 in Tokyo. At that time he accompanied the always suntanned Giorgio Armani to a store-opening to convince him to sell his items in the future on the Internet. He calls it "educational work". And it was difficult. Fashion is perhaps the most beautiful, but surely the most control-addicted business. Labels live for keeping their image completely in their hands.

The door to door work was worth it. It took a couple of years. At the very beginning, when YOOX was a start-up and had just two investors, Marchetti had to employ the wife of his financial backer. And finally he had to fire her. "Today, here nobody works through connections," he says. "I'm glad to wake up every morning as an independent person. For that I have done everything: to be my own boss."

Marchetti has contributed to the fact that today it is quite normal for many people to enter the model name of the most coveted shoe on Google, because size 38 is already sold out on Maximilian Street, but not yet in an online shop in Dubai. Or perhaps because inconspicuous packages can be much more discretely smuggled in front of the fiancé than Prada bags. More and more fashionistas experience life since the invention of the iPad as a complete window-shopping tour: on the sofa or in the office - the stores are always open. Many fill their virtual shopping cart with sweaters and skirts that they will never buy. Just like that, because it just feels good. About 35 percent of sales are now made through orders over tablets.

People who have not that much to do with fashion have no idea of just how many hundreds of thousands of packages with dresses are sent every day around the world. Virtual shopping is - for a large part of the population - as natural as once Saturday afternoon shopping in the city was. But the one who provides them the favourite piece to their houses, Federico Marchetti, they do not know. He likes it like that: "It is better to remain invisible." 0

The YOOX chief had predicted this development, even at the point when fashion labels were still happy in their foreclosed boutique cosmos. "I saw a movie in my head - and I just needed to shoot it." So he explains. The outlet concept was the most pragmatic introduction to the industry - and the fashion people probably needed it, without knowing it. Even in the most conceited houses everybody woke up and they no longer doubted the future of online. The Internet has entered fashion with a very special symbiosis - "The electronics industry for example uses the Internet as a pure sales channel," said Marchetti. "Fashion fills it with content. And actually there are only two worlds that can really touch people emotionally: Hollywood and fashion." Today customers actually experience the universe of a brand much more intensely on the Internet than in the store.

It is more perfect and emotional than the real stores, where clothes hang lifelessly on a hanger - where you have yet to overcome the arrogant shop assistant. YOOX.COM is far more playful than the Chanel boutique. Marchetti himself has come up with the idea for the Christmas campaign: different videos show artists and society members such as Fiat heir Lapo Elkann during a very typically Italian dinner where star chefs reveal their recipes. And you can also buy what Marchetti likes beyond fashion - ceramic, which he discovered in Sicily - or cooking aprons. On one hand, online commerce with designer labels is a business that can be completely analysed - because no click and no unopened newsletter of the customer remains hidden. On the other hand, the customer still remains unpredictable because in fashion it is all about instinct, feeling and daily mood. There are many factors which cannot be converted into any algorithm.

What YOOX offers to its users is a nimbly user surface - hidden behind it - the essence: a network similar to a jellyfish of sales and voice channels and dozens of payment systems in which amateurs can simply lose themselves. In the traditional fashion houses there are many amateurs, Marchetti says: "The craft of fashion is to make beautiful bags and beautiful events. Our business is online retail." Over the next three years at YOOX, 100 million euro will be invested in development of new technologies. "A lot of money also for a big label," says Marchetti. He grew up in Ravenna, Italy, and during his studies in Milan and New York, he became interested in fashion. Except for a consulting job, the young Marchetti had indeed no experience. But he was not a nerd; it was easy for him to speak the language of fashion people. "If I would have been Mark Zuckerberg, I probably would not have made it." And probably also another pioneer of the business model helped this situation: Natalie Massenet. As fashion magazines started ten years ago to deal timidly with the issue of online shopping, she was the excuse. The British fashion editor founded the portal net-a-porter.com in 2000: an online magazine whose content could be purchased. To buy luxury without touching it? Just a few believed in this concept at this time. But Massenet sold net-a-porter.com six years later to the luxury group Richemont - for \$500 million. She is still the face of the company, the first e-commerce star of fashion, and a handful of other online stores like mytheresa.com or stylebop.com have imitated her success. But unlike Massenet, Marchetti prefers to pull the strings rather than remain in the background. During these months, a recent sale of net-a-porter.com - with the name YOOX in speculation - is often heard. The Wall Street Journal wrote about a merger of the two online giants. Marchetti doesn't want to comment on this subject, but in reality it is more likely that it will be an acquisition. Marchetti adding the most famous of all virtual boutiques to his Internet Empire would be a logical scenario. As one of the most powerful, he says he did not feel so: only those who believe they have achieved everything feel powerful. "And actually, I 'm just doing what my parents used to do: customer service and logistics." You can also say it that way.

Federico Marchetti wears a really nice jacket. Logical: he is one of the best customers of his shopping websites.