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YNAP deal to 'future-proof' Richemont

By Jill Geoghegan

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Luxury brand house Richemont's bid to buy Yoox Net-a-Porter Group will strengthen its position, boost its "online prowess", and safeguard its future in an increasingly online market, industry observers say.

The Swiss group, which owns brands such as Chloé, Alfred Dunhill and Lancel, announced its intention to launch a voluntary public tender offer to acquire the 50% remaining ordinary shares in YNAP that it does not already own for €38 per share, valuing the etail group at €5.3bn.

Sources told Drapers that following the deal it will be "business as usual" at YNAP, which will continue to be managed as a separate company, while Richemont will benefit from YNAP's strong position in the digital market.

"YNAP are the experts in digital and the power sits with them," said one brand source. "From Richemont's point of view it strengthens its position and future-proofs the business by bringing onboard YNAP's digital prowess. YNAP has great brand equity, arguably more than Richemont as it stands. They know the business well and they see opportunity for their brands."

Anusha Couttigane, senior fashion analyst at Kantar Consulting, agreed: "A few years ago there was a reluctance for hard luxury brands to be sold online – that is not the case any more. No one can afford to be offline: they need the reach and the relevance. The deal will bring digital power and an enormous portfolio of hard luxury brands under one roof. It's a sign of the luxury world catching up to online, particularly in the west. In China and emerging markets, luxury brands tend to go straight to online."

One source familiar with the situation said Richemont has been slow to the online market and is now trying to catch up: "Previously Richemont was adamant it didn't want to sell online. However, a lot of the old management has moved out of the business and the new generation [in charge] recognises it has to sell online to be successful. It was increasingly selling its brands through Net-a Porter, so the management is trying to bring those sales and profits in-house."

YNAP designs and manages websites for other luxury brand houses, one source said they may be concerned by the deal: "It may make others – like LVMH or Kering – less comfortable about selling their products through a website that is wholly owned by Richemont," he added.

Luca Solca, sector head of luxury goods at BNP Paribas, agreed that brands will accelerate their plans to be independent following the move and may launch their own online platforms: “I think Kering buying back its joint venture with YNAP (Elite) is just a matter of time,” he added.

Caroline Pill, vice president of global executive search at recruitment firm Kirk Palmer Associates, said some restructuring was likely to happen as a result of the acquisition: “Some people might want to ’retire’ as they are set to do very well from the transaction,” she observed, adding that YNAP CEO Federico Marchetti was likely to remain for the time being, as his departure would cause too much disruption in the short term.