

Natalie Massenet and Net-A-Porter



The traditional Net-A-Porter delivery box is meant to look “like a present” as Natalie Massenet describes it. Critics have called them “boring” and “lackluster”.

Luxury goods represent a life style that appeals to many and is attained by the lucky few. Increasingly as this generation embeds social media into its core DNA, the desire for luxury goods has become so vital to some and has come to represent a whole generation’s self worth. To other’s it is merely a form of expression and an appreciation for fine craftsmanship. Whatever the case may be, fashion is woven into every day life and as the Internet becomes more mobile, a lot of fashion providers have risen to meet the demand. Natalie Massenet understood that fashion is timeless, but there was little progression in the way people purchased goods. She saw a window of opportunity and decided to create Net-A-Porter. The name Net-A-Porter is a play on words of the original French phrase Pret-A-Porter, which translates to ready to wear, which is what the site delivers at high speed. The site offers ready to wear luxury items delivered within a few days. The success of the

company today can be largely attributed to her futuristic vision and her early employment of the web to make fashion more accessible. She is central to the company, and her ideas and innovation have been the driving force behind it from the beginning.

Background and Beginnings

Natalie Massenet was born in 1966 to a British Chanel Model and a journalist father from California, meaning that her fashion inclination was almost inborn. After graduating from the University of California with an English major, she moved to Tokyo for a year where she worked as a model. She spent some time as a fashion journalist at *Women's Wear Daily* in 1993, and then moved to the UK to work for the *Tatler*. She decided to freelance in 1998, and within the next two years, Net-A-Porter would materialize. Massenet was trying to source articles of clothing for a fashion piece and was having difficulty tracking down different pieces from different designers. She came up with the concept of an online fashion magazine with a “click to buy” feature, which made it easy for any one to locate the items they liked in the magazine, rather than having to comb through 100s of different physical and online stores. At the time she hadn't realized it, but she had created the next magazine that would be fit for the 21st century.

The idea was initially unappealing to both designers and consumers because they were so stuck in the way they were used to doing things. High end fashion up until that point was traditionally an experience. People who are looking for high end products are looking for a sales person to interact with and since they're paying top

dollar, they expect to be able to physically touch the object before they decide to purchase it. Designer brands felt that online sales would cheapen their brand, and up until that point many of them felt that it took away from their brand's prestige and name. Investors were also skeptical of the concept's success because of the absence of a physical store which is what these investors were accustomed to seeing. Raising funds was not an easy task, but Natalie persevered. She began operations out of her apartment in Chelsea in London and was able to raise 1.2 million pounds with the help of her then-husband French businessman Arnaud Massenet. She began with 15 employees all working out of her London apartment, and had stock piled all over the house. Net-A-Porter is known for its trademark black boxes, and at that point, operations were so small that those shipping boxes were stacked in the bathtub. Having spent some time in the fashion world benefitted Massenet with priceless connections and influential friends. Designers Anya Hindmarch and Tamara Mellon (founder of Jimmy Choo) were on board from the beginning because they believed in Massenet as a friend. Massenet went from one fashion house to the next pitching her idea and most of the time, to no avail. She stated, "there was a lot of desperate hand-wringing, tears and pleading with brands... You'd go through a pitch and say: 'and then you can click and buy it from pictures and it's delivered anywhere in the world.' And they'd listen and they'd nod and then afterwards they'd say: 'Just tell me one more thing: where is your store?'" To Natalie, it was clear that the absence of a physical retail store was the make it or break it point for a lot of these brands, but it was what Net-A Porter was all about. Getting many high end designers onboard was a challenge, but Massenet made a

breakthrough when designer Roland Mouret decided to distribute his first collection via the website in 2001. The company took off from that point forward as more and more designers decided that a new medium of distribution would help their brand rather than hurt them. The company had become profitable by 2004 and won the best fashion shop award at the British Fashion Awards. Many designers including Alexander Wang, Stella McCartney and Yves Saint Laurent have created capsule collections exclusively for the site. In 2009, Massenet launched *The Outnet* which essentially serves as an outlet for Net-A-Porter, and offers discounted items from past seasons. She later launched Mr. Porter in 2011, which is the menswear counterpart to Net-A-Porter. The site expanded to offer beauty products beginning in 2013. The company was purchased by Swiss designer goods holding company Richemont in 2010 and was valued at approximately \$533 million at the time. Massenet sold a majority share for 50 million pounds, but remained at Net-A Porter and was still the executive chairwoman and founder. Today, the site boasts inventory of over 550 brands and ships across 170 countries. Net a porter's long time rival Yoox operates a large marketplace for more discounted designer goods than net a porter does, but the competition was getting very heated. The long time rivals announced that they had decided to merge to create the Yoox Net-A-Porter group in March 2015 for which Massenet was set to be the executive chairwoman. Shortly after, In September 2015, Massenet announced her resignation stating, "it is the right time for me to move on and explore new ideas and opportunities. "

The evolution of shopping

Net-A-Porter isn't simply an e-commerce site, it was one of the first e-commerce sites to offer the service, inventory and standard that consumers have come to expect presently. The difference is that the company offered these things from day one, back in 2000. Starting an e-commerce site while the Internet bubble was bursting, especially with such expensive inventory was risky, but Massenet saw the potential for growth, and had perspective as to where the market would be headed in the future. The company's strategy from the beginning was to continue evolving because it was already ahead of its time. It was so ahead of its time that investors feared placing capital in a concept that was never executed on that scale previously. Brands were worried that being associated with an e-commerce site would cheapen what many of them had been working to build for years. The irony is that presently, designers from all over the globe covet even a small feature on the site and dream about having a few of their items to Net-A-Porter's wide inventory. It builds priceless credibility for a brand, giving both value and new customers. Net-A-Porter has remained true to what it started as amidst all the success: a digital magazine. The site offers the weekly *Edit* which features all aspects of luxury living, from the most popular coat to the best luxury retreat at the moment. Customers are able to click and buy items as they see them in the *Edit*, which is exactly what Massenet intended for the site. The company also offers a physical magazine titled *Porter*, and when Massenet was asked about the unusual move after focusing so much in digital, she explained that it was in the plan from the beginning and that there was always meant to be a print magazine, which they worked hard to

differentiate from their digital magazine the *Edit*. While the online magazine pushed products to consumers heavily, Porter is the complete opposite and strives to give fashion advice without pushing products from their specific site. Massenet has stated that the company has always focused on “commerce and content”, making it not just a retail company, but a media company as well and as a media company, they simply cannot ignore print. She added that digital media was merely the medium with the most opportunity during the company’s early days so they chose to play with that first. Net-A-Porter also have a mobile app, and launched its new social media shopping app *The Netset* in 2015. The app is a social platform in which a user can scroll through a live feed of recently liked items and shop through that feed. Users can also follow the profiles of fashion influencers (including Massenet herself), giving them a voyeuristic view into these women’s coveted closets, which they can also shop through the app. This was considered the company’s next strategic shift in order to remain relevant and to create a data goldmine on one of the most intriguing demographics in this day and age: the millennial. It is currently the only e-commerce site to offer a social platform as well. The company posted net sales of \$835 million in 2014 and is set to be even larger after their merger with Yoox.

The site sells luxury goods for the same price they are set at on all other luxuries e-tailers, which begs the question “Where does the profit come from?” The company actually does not make any profit from the sales on its site. What it does have is a positive cash flow and is currently valued at \$3.4 billion. For the 2012-2013 fiscal year, the company reported \$41.9 million, but the future looked

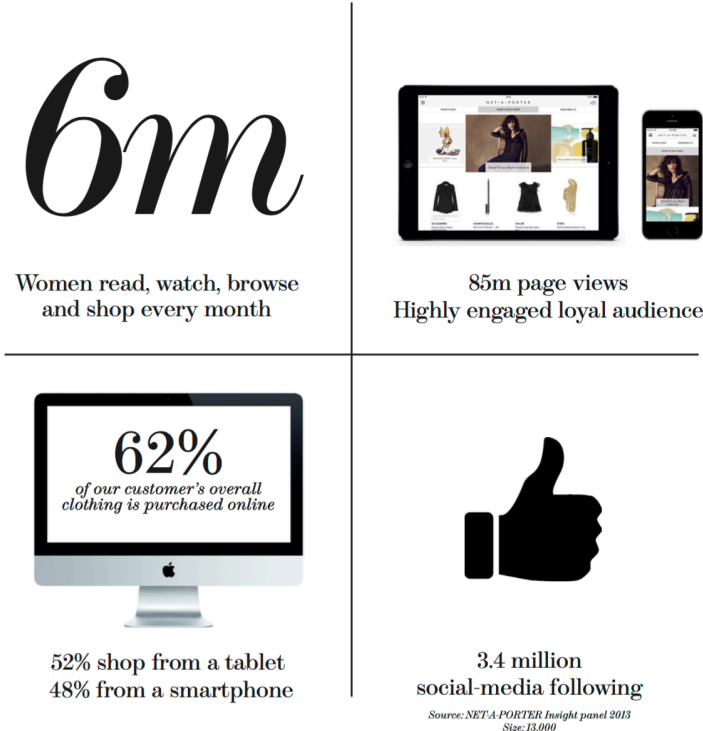
promising when they reported losses of \$3.1 million for the 2013-2014 fiscal year, and a 30 percent spike in sales in that same year.

Products and Customers

The site offers a wide range of luxury products including apparel, shoes, accessories and beauty from over 550 brands. Each time a new brand is added to their inventory, regular customers are notified via email, while new customers will be alerted to the fact that there is a new designer on the site once they have gotten to it. Presently Net-A-Porter does not offer its own brand, but stocks others. The company is well known for its quality and speed of customer service. All goods purchased from the site are carefully packaged and delivered to the customer in a sleek black box. In many cities including, London, New York, and Paris, Net a porter offers same day delivery by courier, in which a driver pulls up to a customer's house in a black car, fully dressed in a suit and delivers a parcel the way luxury items used to be delivered, merging the old with the new. The site's inventory has also expanded to offer more casual brands such as Madewell and J Crew as well as athletic wear brands including Nike, Addidas and Converse. The company was given the Elite Award from StellaService, thanks to its fulltime commitment to customer service. They have an email response support time of 12-24 hours and an impressive 45-second phone support response time. Their average delivery time is between 3-5 business days when using their free shipping and a returns processing of less than one week. They have ranked in the top 5 for best overall customer service. They also offer live chats for any questions, in which a dedicated style expert may answer any questions a consumer has on a specific item. The

combination of these things makes them the go to destination for luxury goods, although they may be priced similarly on other sites. Their site's ease of use draws new customers to them everyday.

Net-A-Porter operates across 9 social media platforms including Facebook, Instagram, Pinterest, Weibo, Vine, Tumblr, YouTube, Google+ and Twitter. Their audience's average age is 38 year old women, with an income of 170,000 pounds and up annually. Their audience spends an average of 22,000 pounds annually on fashion, and in line with the luxury life style, their audience goes on an average of 11 vacations a year. Their *Edit* conveniently features travel tips and suggested destinations to accommodate their audience's lifestyle.



The image above displays the impact Net-A-Porter has on the e-commerce space, and is included in their media kit, indicating that the company definitely does its research.

The 6 million women Net-A-Porter reaches monthly are scattered across continents and are divided by 26% in the USA, 17% in the UK, 3% in Canada, 2% in Ireland, 6% in France, 5% in Germany, 3% in Russia, 2% in China, 2% in Hong Kong and 6% in Australia. The Edit is currently published in English, French, German and Mandarin in order to appeal to their global audience.

The Use of New Media

Net-A-Porter has a clear understanding of their customer base's needs, which is why they expanded to mobile when they noticed that was where their customers were spending a lot of their time. The company started as an industry disruptor, so naturally it was early to the new media party from the beginning. It capitalized on something that had not been done before, and turned a hole in the market into opportunity. It is also considered by its founder to be a full-fledged media company. Their print magazine Porter is on stands for about 8 weeks at a time, and with that they try to create something that is lasting and timeless, but still indulge fully in fleeting moments through their social media pages. The company has bridged the gap between the old and the new and continues to strike a balance while still offering quality products and services. Global reach is a big part of the company's identity and they have described their consumers as "citizens of the world" and strive to offer brands that are globally sourced as well. Net-A-Porter did a good job of staying current and continued to expand based on what their customers wanted. They use new technology to make it easier than ever for a customer to make a transaction. The company has also taken the age long custom of luxury shopping

being leisurely and slow, and delivers products, fashion news, and updates at high speed. It has literally transformed luxury goods into “fast fashion” and has made them globally available. Perhaps the most timely and strategic move was into the social world. No other e-commerce site currently offers its own social media platform in which to share, like and buy products. Many of them offer the chance to share their products on other social media sites (Facebook mainly), but never on anything done in house. The Yoox merger is a giant step for both corporations, but only time will tell if the large entity as a whole will continue to swim as quickly or begin to slow down and sink.

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