

COMMERCE

Rent the Runway shakes up fashion industry with membership club

March 24, 2016



Rent the Runway Unlimited

By FORREST CARDAMENIS

Online service Rent the Runway is disrupting the fashion world with a subscription model providing consumers with exclusive brands anytime, anywhere.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

"Unlimited" grants subscribers access to a virtual closet stocked with designer wardrobe items for a flat monthly fee. The nationwide service threatens to disrupt the fashion industry and could either help or hurt brands, serving as a gateway or an obstacle to purchase.

"With Unlimited, we are putting the closet in the cloud and allowing women to experience and cycle through thousands of designer looks for their everyday work and weekend wear," Jennifer Hyman, CEO of **Rent the Runway**. "Your closet no longer has to be a graveyard for questionable purchases and bad trends. Unlimited provides the variety and quality that the modern woman's wardrobe requires, allowing her to have fun with fashion without the commitment of purchase."

In the cloud

After a successful test run, Unlimited is now available to women nationwide. It offers tops, skirts, dresses, blazers, outerwear, handbags, jewelry and more with a constantly changing selection. Hundreds of designers are available, including Rebecca Minkoff, Vivienne Westwood, Oscar de la Renta, Anya Hindmarch, Diane von Furstenberg and Versace.



Versace on Rent the Runway

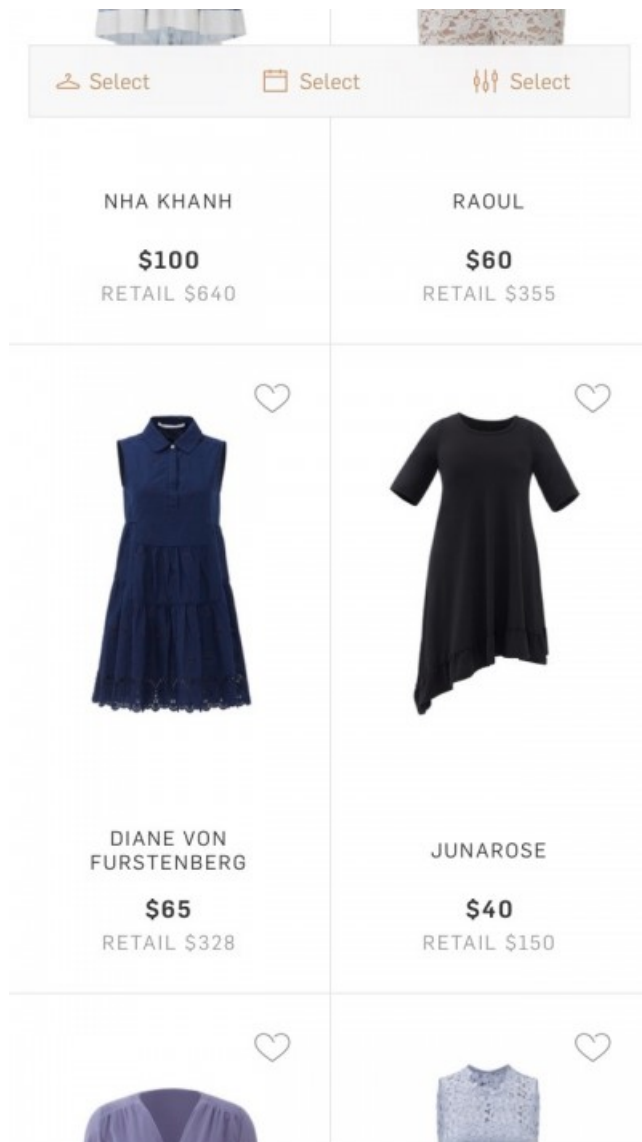
A subscription costs \$139 a month, including shipping, cleaning and insurance. Each client may have three items at a time and can keep them for as long as she wants. Orders can be picked up or returned via mail, or through one of

Rent the Runway's stores in New York, Washington, Chicago and Las Vegas.

In addition, if the client falls in love with an item, she can purchase it at a discounted price.

A new Rent the Runway mobile application highlights the Unlimited feature and allows users to mix and match items. A personalized home screen will display currently rented items, and users can search new items by style, color, body type or by curated edits, such as "Office Edit," "Weekend Edit" and "Night Out."

Unlimited will provide aspirational consumers with the opportunity to wear different brands, develop an affinity and then purchase from the brand directly in the future. On the other hand, the accessibility that the service provides for brands and the lower entry point could diminish the desirability and status of the brand.



Rent the Runway app

Either way, the service represents another step in the direction of an on-demand, service-oriented economy that many start-ups targeting youth markets have taken. Just as Airbnb is forcing hotels to find new ways to stand out and urbanization and services such as Uber have diminished purchase rates in the automotive sector, fashion will now have to find a way to respond to subscription models.

It is too soon to tell how big an impact Rent to Runway will have on brand revenue or status, but with the 21st century consumer economy defining itself in large part via the subscription model, retailers will need to be on the watch and carefully consider the pros and cons of opting in or remaining on the outside.

Disruption

The apparel industry is already negotiating the line between access and exclusivity in other ways, trying to bring in new consumers without sacrificing brand equity.

With the holiday shopping season behind them, luxury retailers rang in the new year with another tradition.

Fashion brands and retailers alike sought to move leftover inventory through sales promising discounts of up to 70

percent. Even though end-of-season sales have become an accepted practice across luxury retailers, it may not be the best practice ([see story](#)).

Many of the biggest name brands are not currently available through Unlimited, although as with ecommerce, the floodgates may open if it catches on with consumers. The same question recurs in other sectors, where some brands follow trends because of consumer demand while others see it as unfit for the brand and avoid the risk of long-term damage.

In the automotive industry, for instance, Italy's Maserati recently became the latest automaker to create an upscale SUV, but is such a vehicle viable for brands in the luxury tier?

The Maserati Levante, premiering at the ongoing 2016 Geneva Motor Show, is the brand's first SUV and follows the release of Bentley's Bentayga. Consumer desire for SUVs is growing and other brands have models in production, but the segment can present problems with positioning and image ([see story](#)).

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.