

Q&A

## Virgil James blends engineered luxury, timeless style in direct retail push

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*Virgil James is a Los Angeles-based leather accessories brand. Image credit: Virgil James*

By JEN KING

When Virgil James was getting off the ground, its founder did not set out to build a luxury leather goods brand per se, but when developing its accessories the thought of compromising on quality and design was out of the question.

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Virgil James is a line of leather accessories, ranging in price from \$995 to \$2,995, all made in the United States in limited quantities of 300 bags per style and sold via direct sales to maintain its uncompromising authenticity and reflect its artisanal spirit. To market, Virgil James relies on influencer outreach and ambassador programs to introduce its one-of-a-kind products to consumers likely appreciative of its timeless style blended with Kaizen, the Japanese philosophy of continuous improvement.

"I didn't purposefully set out to build a luxury' bag, per se," said Jay McGoodwin, founder of **Virgil James**, Solana Beach, CA "However, it's very difficult for me to compromise on quality. Okay, maybe impossible. And I wanted to create something that was purposefully designed to meet my needs.

"The combination of uncompromising quality and thoughtful design essentially defines the term engineered luxury," he said. "The philosophy starts with the goal to engineer a superior solution for a defined functional need, based on intended use and a visual design aesthetic and then continues with an uncompromising approach to quality, with the best possible craftsmanship and materials.

"While developing the Virgil James bags, I never had a budget in mind, for fear that it would limit the achievement of true engineered luxury."



*Jay McGoodwin, founder of Virgil James*

In this Q&A, Mr. McGoodwin talks about his inspirations for Virgil James, the philosophy of engineered luxury,<sup>1</sup> the brand's marketing approach and the challenges faced by a new luxury label along with startups looking to enter a crowded market.

Here is the dialogue:

What inspired the launch of Virgil James?

Over the years in roles as an investor, advisor, board member, and entrepreneur I've worked with a lot of start-ups.

There's a considerable amount of creativity required in the process of successfully growing companies and I was at a point where I was looking for a new creative challenge. I wanted to leverage my past experiences but learn something entirely new.

I'd always been intrigued by exceptional quality and design that offered a superior solution. As a lifelong traveler, I was also interested in making a travel bag that satisfied my standards for quality and utility, and reflected my personal sense of style.

I'd spent enough on countless bags to know what I didn't want. I figured, I could do better. So, I started with the idea of making a carry-on bag that reflected what I valued crazy-good quality, timeless style and everyday usability.

If it was good, I thought others might like it, too.

My quest to create a superior bag quickly morphed into something much larger, with the encouragement of lots of folks along the way. A business was born, so be careful what you wish for.

Can you explain Virgil James' engineered luxury philosophy?

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*Virgil James' clutch. Image credit: Virgil James*

Why did the brand decide on a direct-to-consumer retail model?

In grad school, I had a professor who was a luminary in the field of retail sales and marketing. Among other things, he influenced the transition of retail from Main Street to the shopping mall, in all of its various permutations.

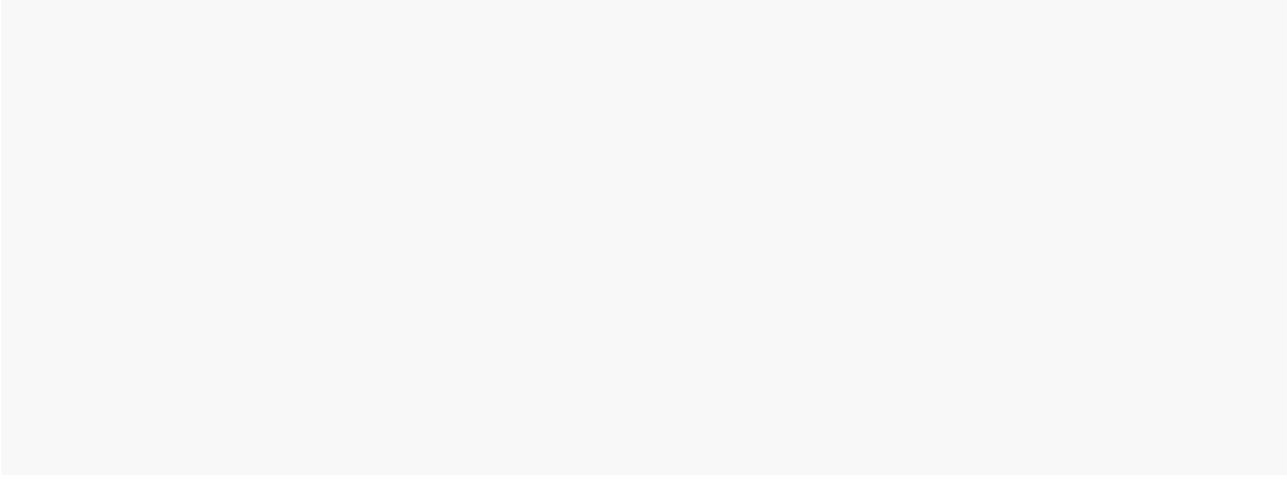
He viewed the changes as part of an ever-changing landscape driven by consumer lifestyles. The trend of direct to consumer was a natural progression in his mind, given the massive growth and adoption of technology, something that seems to be confirmed each year.

With this in mind, we decided more than five years ago to focus on a direct model for a couple of reasons.

First, we believe barriers to the purchase of luxury goods online or through a direct sales force are rapidly disappearing for retailers who adequately address questions of delivery, product guarantees, service and returns. This is something we think we do well.

Second, we can keep our product pricing more attractive with a direct to consumer sales model. Without the retail mark-up, our goods are lower priced than they might otherwise be. And, as a new brand, we knew that we would have to be priced competitively to succeed in the crowded world of luxury accessories.

Everyone knows that high product quality, especially handmade quality, simply costs more.



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#limitededition #handcrafted #handmade #virgiljamesstyle#VirgilJamesWoman

A post shared by Virgil James (@virgiljamesofficial) on Nov 25, 2017 at 7:01am PST

Does Virgil James plan to promote the Made in USA moniker as brands from Italy, France and the United Kingdom often do?

Well, we are definitely not going to hide it. Ironically, the association might be a bigger plus overseas, where U.S. quality is often accepted as superior, than domestically.

That said, our customers value extremely high quality wherever it might be made. We think the biggest advantage of 'Made in USA' is that we are close to our manufacturing partner.

I meet weekly with them and we both have the same goal of continuous improvement, and uncompromising quality. So, Made in America is something we're proud of, but it's not the sole basis for a marketing campaign.

It does contribute, however, to quality that is off the charts' good.

Can you share more about Virgil James' manufacturing partner?

We make all of our products in the Los Angeles area. It took us almost two years to get our partner to work with us, and then another year before they trusted that we were in business for the long term.

Our mutual loyalty is incredibly strong because we realize they are the best, and they believe in our design approach, commitment, and business experience.

So, like protecting the golden goose, none of their customers will share info about them. They do what they do so well that any incentive to share or promote their services is weirdly limited.

The best comment I recently received was in Italy where a master craftsman looked at our bag and immediately proclaimed it one of the best he had ever seen, surely made in Italy.

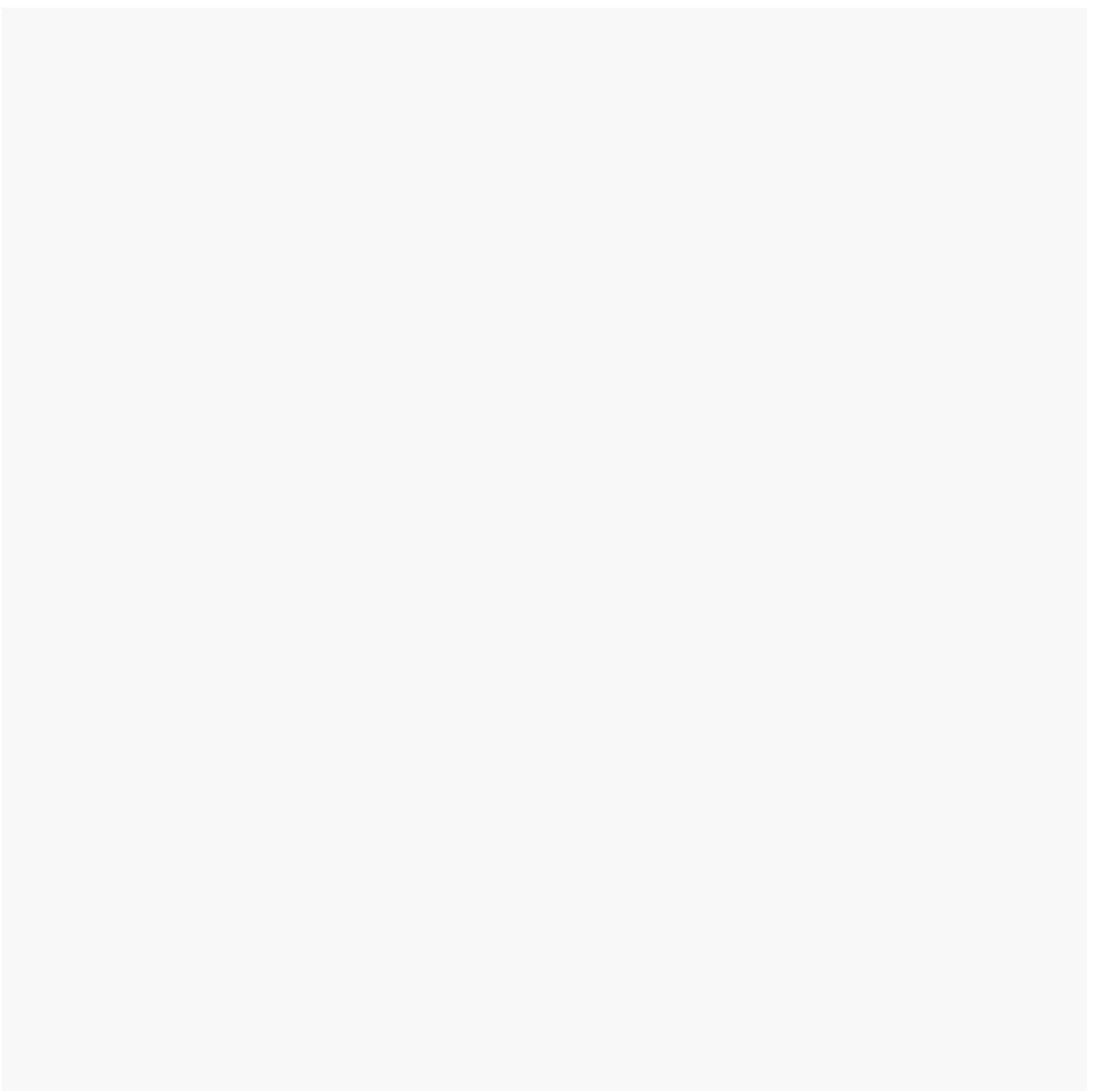
Our partners are both artisans and engineers.

How does Virgil James' personal ambassador marketing strategy work?

The idea is to give people who interface with our prospective customers, in person or online, an opportunity to monetize' these relationships through the represented sale of Virgil James products.

Fashion bloggers, retail salespeople, professional stylists and, yes, influencers receive a generous portion of the sale proceeds facilitating the sale of Virgil James products. In the absence of retail stores, our ambassadors can provide an opportunity for touch, and smell, opportunities.

They also can extend our reach online and, by association, develop their own luxury persona. We process the sale, provide the support and generally make the experience something you'd expect from an uncompromising luxury brand.



Our sublime handcrafted bronze hardware. . . . . #design #craft #handcrafted #handmade #metal #metal #metalhardware #metalaccessories #fashionaccessories #production #laboroflove #shiny #bags #purse #baglover #luxurybag #carryall #newcollection #style #chic #luxury #luxurious #fashion #fashionable #fashionista #fashionpost #inspiredliving #limitededition

A post shared by Virgil James (@virgiljamesofficial) on Nov 16, 2017 at 7:05am PST

Why is peer-to-peer influencer marketing effective for a new brand?

Think of high school, as painful as that might be.

There were always a few kids who seemed to define what was cool and, God knows, there was a lot of trial and error going on! With age, personal styles develop but everyone is still influenced by what they see, and who they see it on.

Bottom line, influencers have always been effective at introducing new styles and brands. Some of us are leaders, most of us are followers. Now, with social media trumping, no pun intended, so much traditional marketing, the big influencers are taking advantage of this and rapidly monetizing' their status.

What are the challenges Virgil James has faced as a new luxury brand?

Where do we begin?! [Laughs] Coming from the world of finance, I'm very familiar with a section in many documents exhaustively disclosing the risks associated with a business venture.

Frankly, the better question might be, what were you thinking?! Early on, our biggest challenge was making a product that represented our vision and expectations. This took 3+ years.

We had to invent some components, adapt assembly processes, and search the world for some materials. And, in some cases, make nearly a dozen prototypes. After that, it was the standard stuff.

Any successful brand depends on qualified customers to be aware of their products, find the product characteristics compelling and the product value attractive.

Now, the biggest challenge for Virgil James is product recognition, or what we call exposure, by prospective customers who value what we offer and can afford to buy it. Whether our bags are sold in a retail store or online, the process simply takes a lot of hard work and time.

As I've told many companies, one of the most important keys to success is a long-term perspective and staying power.



*Virgil James' weekender. Image credit: Virgil James*

What advice could you give for a new luxury brand trying to get established in a crowded market?

Maybe, learn how to code? By definition, crowded markets are difficult, highly competitive environments.

Successful companies have to differentiate, for example, with lower prices, better service, better product quality, different features, etc. to prevail.

So, my first piece of advice is to identify the characteristics of differentiation, and then do them' very, very well.

Second, identify your target customer and guide sales and marketing efforts to gain exposure with this customer. Recognition by the wrong audience doesn't help.

Third, make sure you can operate with minimal, if any, revenue for an extended time period while the brand develops recognition.

Finally, have a plan and keep at it. As in the world of venture capital, the vast majority of winners are not the overnight success stories you're led to believe.

It's going to take considerable effort, key associations and events, which later seem fateful, and lots of patience. Plus, a lot more money than you expected!

Where do you hope to see Virgil James in 5 years?

We're building this company for the long-term, measured in decades or longer.

Virgil James was started with a singular goal, which expanded as we saw what could be accomplished. We're driven by the creative nature of what we make. Our products are intended for a like-minded audience who appreciate our obsession with quality, function and the difficult nature of timeless style.

Our artistic canvas just happens to be accessories. As a business, this is a timeless opportunity.

Five years from now, we'll be still learning how to make even better examples of engineered luxury.

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