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Italic banks on brandless goods to disrupt luxury

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Italic is building a bridge between producers and consumers. Image courtesy of Italic

By SARAH JONES

A new startup is taking a different approach towards affordable luxury by allowing consumers to buy directly from manufacturers, removing the markup tied to brands and retailers.

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Los Angeles-based Italic, launched this month, aims to provide consumers with more value for their money while also giving producers who work with brands such as Frette and Gucci a greater share of profit. Leaning on the trend toward logoless luxury along with frugality, Italic seeks to disrupt the traditional supply chain.

"Both to a value conscious or incredibly smart customer who likes great quality but doesn't like paying a premium for a logo or essentially becoming a walking billboard, I think to that type of audience [Italic is] a really powerful value proposition," said Jeremy Cai, founder and CEO of **Italic**, Los Angeles.

Direct from the source

Mr. Cai sees Italic as differentiated from direct-to-consumer businesses, since the increasingly popular model typically still includes branding and retail costs.

Italic also has less overhead than a retailer would. This includes a lack of inventory, meaning that the company does not have to flip merchandise to meet financial targets.

The result is handbags that sell for \$250 on Italic but might retail for \$1,400 if sold by a luxury brand.

Each of the manufacturers that Italic works with are vetted for attributes such as craftsmanship, quality control, working conditions and sustainability. The company has visited about 200 plants this year, investigating potential collaborators.



Italic works with factories that have partnered with luxury brands such as Prada. Image courtesy of Italic

Categories available at launch include handbags, eyewear, bedding and leather jackets.

While Italic's producers have worked with luxury labels including Prada and Burberry, the startup is focused on creating products that are differentiated from what is in the market already. Because of this, Italic sees itself as an alternative to knockoffs or dupes, allowing consumers to have a guilt-free luxury look for less.

Expanding the non-branded approach, Italic also aims to have styles that are diverse, so that they do not appear to be made by the same creative team.

When the manufacturers have in-house design teams, Italic will work with them to design goods. Meanwhile, for those that do not have the staff in place, Italic contracts designers.

Ahead of its launch, Italic opened an invite-only storefront and marketed on social media. As of its debut in November, Italic had a waiting list of 100,000.

Consumers pay a monthly membership fee of \$10, which allows them to buy up to two items from the platform each month.



Cashmere scarves from a factory that has worked with Burberry, which retail for \$95

For the manufacturers, Italic allows them to sell to a range of clients while also making higher margins.

Before its official launch to the public, Italic received a \$13 million investment from firms including Comcast Ventures, Global Founders Capital, Index Ventures and Ludlow Ventures.

Minus the middleman

As digital culture and rising costs of production have disrupted the ways fashion houses sell products, more brands have begun to consolidate by marketing directly to consumers, rather than relying on traditional advertising and commerce.

See-now, buy-now and other strategies that move brands away from the traditional structure of fashion commerce are growing in popularity, according to a report from Fashionbi titled "[Direct to Consumer \(D2C\) Business Model](#)."

Brands are adopting advertising and commercial models that rely on a direct relationship between the consumer and the brand ([see story](#)).

Membership-based beauty service Beauty Pie shows that luxury can be more about a state of mind than about the cost of a product.

Speaking at FT's Business of Luxury Summit in 2017, Beauty Pie founder and beauty entrepreneur Marcia Kilgore spoke about the service's business model as well as how it relates to traditional ideas of luxury as needing to be expensive to satisfy a luxury buyer's desire. Ms. Kilgore was dismissive of that notion, stating that luxury is about how you feel and not about how much you pay ([see story](#)).

Italic started in luxury partly because of the high markup on merchandise, but Mr. Cai sees the potential for the company to expand in other categories in the future. The company has an activewear expansion in the works for yoga mats and leggings, and it is also launching more beauty and home furnishings collections in the near future.

"The goal is to essentially when a customer wants something or desires something, to be able to have an option for them that is extremely good quality and good pricing," Mr. Cai said.

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