

APPAREL AND ACCESSORIES

Pride of ownership has given way to pride of access: Rent the Runway CEO

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Rent the Runway's CEO explained the company's vision for a "living closet." Image credit: Rent the Runway

By SARAH JONES

NEW YORK Consumers are becoming less interested in acquisition and more interested in access, as trends ranging from urbanization to a Marie Kondo mentality make shoppers more mindful about their consumption, according to the CEO of Rent the Runway.

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During a panel at Bloomberg's The Year Ahead: Luxury conference on Nov. 21, speakers discussed how the fashion business can go about "Achieving Meaningful Sustainability in Luxury." From new business models and value-driven production to cross-sector collaboration, fashion players are ramping up their efforts in response to consumer demand, seeking to make fashion less wasteful and more responsible.

"I've just seen a dramatic shift in values among my 12 million young female customers," said Jennifer Hyman, cofounder/CEO of [Rent the Runway](#). "And I think that the change we're going to see over the next two years as it relates to sustainability across all of consumer products is going to outpace what we saw over the last 25."

New fashion models

Moderator Emily Chasan, sustainable finance editor at Bloomberg News, kicked off the discussion by sharing the fact that 97 percent of fashion is constructed out of new materials. About 75 to 80 percent of garments will end up in landfills.

Ms. Hyman noted that the closet is "inefficient," with 80 percent of items worn three times or less. Consumers also buy about 68 garments per year, as they seek out variety.

When Rent the Runway began about a decade ago, it was intended as a means to create a "living closet" that could adapt depending on what the woman needed. This could mean different sizes as her body changed, different styles for varied office environments and clothing that reflects seasonal temperature shifts.



Rent the Runway's New York flagship. Image credit: Rent the Runway

While Rent the Runway was an early adopter of the sharing economy, in recent years new startups and traditional retail have also gotten into the lending business. For instance, Bloomingdale's introduced a subscription service MyList, while Lord & Taylor was acquired by rental platform LeTote ([see story](#)).

"The world of fashion, which is a \$2.4 trillion industry, rests upon a myth," Ms. Hyman said. "It does not work unless it can convince you as the consumer to continuously buy more and more and more things that you do not need.

"Pride of ownership is dead, and the new luxury is the pride of access," she said.

Cashmere label [Naadam's](#) cofounder and CEO Matt Scanlan says the company stumbled upon sustainability as it sought to follow its values. When the brand first started, he also shied away from introducing it as a sustainable label.



Naadam sources its cashmere from Mongolia. Image credit: Naadam

For instance, through working to preserve and support herders in the Gobi Desert, the brand has prevented issues of animal cruelty. In the area where goats are raised, there is no electricity to power shears, so these individuals instead use traditional hand combing techniques that are gentler.

Mr. Scanlan noted that one of his biggest annoyances is the fact that sustainability does not have a blanket definition, which leaves it up to brands to set their own guidelines. He feels strongly that brands should be transparent, suggesting that companies share both what they are doing right and what they could improve on with customers.

To be able to make a difference and give back, companies need to partly make business decisions on finances as

well as ethics.

"We make certain sacrifices as a business to uphold our value system, but part of our value system is that we need to make money," Mr. Scanlan said.

Working together

While individual companies can make a dent in the environmental impact of fashion, it will take cooperation to make significant change, according to [Fair Fashion Center](#) founder Cara Smyth.

The Fair Fashion Center focuses on engaging the people who are overseeing companies' profitability, including CEOs running multi-billion-dollar organizations.

While luxury labels are among the fashion industry's frontrunners in sustainability, these companies are facing challenges to achieve additional progress and impact.

A 2018 report from the Boston Consulting Group and the Global Fashion Agenda found that luxury brands improved their sustainability performance in the previous year. Despite improvements in the overall fashion industry's sustainability, the report notes that there is still room for improvement.

While sustainability makes sense for people and the planet, it can also have an impact on businesses' bottom lines. The report finds that if sustainability activities are put in place, brands can raise their EBIT by 1 to 2 percentage points by 2030 ([see story](#)).

Collaboration will be the key towards making a significant impact.

A coalition of 32 fashion companies are joining forces to tackle environmental issues such as climate change, biodiversity restoration and ocean protection, seeking to scale up their individual efforts with common objectives.

Led by luxury group Kering, under the mandate of France's President Emmanuel Macron, the Fashion Pact launched during the G7 meeting in August. While each of the pact participants has their own environmental initiatives, the project aims to leverage strength in numbers to enact change through the private sector ([see story](#)).

In addition to changes within the fashion business, Ms. Smyth believes individuals in other sectors also need to get involved. For instance, collaborations with those in the financial or advertising fields could have a larger impact.

"Brands are recognizing that unless they're working collaboratively together and identifying the operating efficiencies that lead to more profitable businesses, none of the whole system is actually going to change," Ms. Smyth said.