

RETAIL

Rent the Runway hits subscriber record, sales up 100pc

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As resale and rental business models gain traction, shoppers are heading to Rent the Runway. Image credit: Rent the Runway

By LUXURY DAILY NEWS SERVICE

Online fashion rental platform Rent the Runway is seeing strong momentum as it reached \$67.1 million in revenue for the first quarter ending April 30, 2022, a 100 percent increase year-over-year.

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The company also reported having 134,998 active subscribers by the end of the quarter an 82 percent increase from 74,018 in the first quarter of 2021. As a result of driving strong subscriber engagement, 28 percent of Rent the Runway subscribers added one or more paid additional items to their subscription program.

"Our strong performance is evidence of our firm position in the broader experience economy, which has enabled us to make significant progress on our path to profitability and achieve record ending active subscribers in the first quarter of 2022," said Jennifer Hyman, cofounder/CEO of [Rent the Runway](#), in a statement.

"Rent the Runway has never been more relevant than it is today," she said. "Whether our customers are traveling, dining out, attending events, heading back to the office or simply hanging out with friends, they are turning to our platform for a more affordable, convenient and sustainable way to express their joy and infuse fashion variety into virtually every use case in their lives."

Rental on the rise

Rent the Runway also continued to drive growth in exclusive designs, with non-wholesale product acquisition on track to represent approximately 60 percent of product acquisition in 2022.

In Q1, the company launched six new exclusive design collections and one new designer, Osman. It is currently on track to launch four new designers in the second quarter, including Esteban Cortezar, Busayo, Jonathan Saunders and Pamela Love.

To strengthen its customer and subscriber experience, Rent the Runway expanded at-home pickup services to more than 20 markets covering more than 33 percent of its subscriber base and is on track to increase that to more than 50 percent by the end of the year.



Subscription plans for Rent the Runway start at \$69 per month. Image credit: Rent the Runway

Continued to expand upon automation and productivity initiatives in our fulfillment centers, leveraging RFID technology to roll out Digital Issue Tagging software to drive greater efficiency in our quality control process and generate data to enhance garment longevity.

Looking forward, Rent the Runway expects second quarter revenue to reach \$72-74 million with an adjusted EBITDA of \$4 million.

For the year, the company expects to bring in revenues of \$295-305 million.

A combination of value-driven practices and technological innovation has led to a surge of platforms and services dedicated to supporting brands and consumers looking to embrace the secondhand luxury market, either through rental or resale models.

The fashion resale market is one of the fastest-growing sectors in the retail industry and is expected to reach \$44 billion by 2029 twice that of fast fashion.

During a session at Luxury Briefing and the British School of Fashion's Technology in Luxury 2021 virtual conference last year, retail industry professionals agreed there has been a seismic shift in the luxury space in regards to rental and resale, and expect secondhand offerings will become a necessity.

With this in mind, there are ample opportunities for brands and consumers to achieve a circular fashion economy within the luxury market ([see story](#)).