

What's the future of rental clothing?

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One billion dollars.

That's how much Rent the Runway is now valued at after a whopping \$125 million investment in 2019. It's one of many rental-clothing services available today—some from major brands, others, like Rent the

Runway, not—that have hit the zeitgeist, zeroing in on an audience seeking either high-variety designer style in the workplace or merely for special occasions.

Here, to unspool the reasons for this trend and where it might be headed, Cait Lambertson, Wharton's Alberto I. Duran Professor of Marketing, touches on everything from social media influence on a collective need for variety and why women are seemingly the main players in this moment of sunlight for rentals.

What spurred the market interest in rental fashions in the first place? Rent the Runway goes back to 2009, but was this trend happening before then?

I think that what most people would say is there's a generational difference here, that particularly the millennial generation is less interested in ownership and more interested in access.

There are a few things that could explain the increased interest, though. In an age where you're constantly posting pictures of yourself, it's important to not have the same clothes on in every picture, right? In the case of special events, you know there will be a lot of photos taken, and the last thing you want is to be taken in the same dress in every photo. So, the rise of social media predated 2008 and 2009, but it was around this time people really started engaging in continual photo streams of their life.

But that's only part of it. I think many of us also became increasingly aware of the ecological consequences of fast fashion in the last few years. There were a lot of stories about the fact that we use about 40 percent of what's in our closets, which means either the rest of it will sit there unused or it will go to a landfill. If anyone embraced Marie Kondo,

they also saw the pile of stuff that no longer 'sparked joy." Every one of those items cost money and would have to find its way to the trash, somewhere. And I think that realization affects people across generations, because we all have a closet full of stuff we never wear.

It's interesting to hear arguments that it's a way for the fashion industry to also be more sustainable. When you go to the Rent the Runway site, for example, there's hardly a peep about it. There seems to be more to it than that.

I think Rent the Runway is geared more toward a special occasion, desire-for-variety response, because for most people it's a special occasions product. I personally happen to be a Rent the Runway subscriber. [Laughs] It doesn't matter if I'm doing a small talk somewhere or a meeting, someone is going to take some kind of picture.

For me, part of being a professional and building one's own brand is the ability to choose exactly the right thing for the right occasion. Given Rent the Runway's price point, that may be a larger part of their value proposition. The emphasis on environmental sustainability may be of less interest.

Does this imply the fast fashion model doesn't work anymore?

No. To some extent, I think we overplay this desire for access. To your point, there is reason to be skeptical about some of it. People still like to own things; we get a different kind of utility from ownership than we do from access. Ownership gives us a [sense of control](#), of identity, in a way that accessing something through Rent the Runway doesn't. For example,

if I access a high-end product through Trunk Club or Rent the Runway, I know that is not closely, permanently tied to my identity. It's an aspirational identity for me; it's who I would like to be; it's who I'd like to present myself as. But if I buy a product and take it home, it becomes integrated with who I am in a different way.

Owning things is also comforting, in the sense that we can give them to someone else if we want. Say you have younger siblings: Owning something is valuable beyond your own personal use—it may be a way to transfer value and wealth, or to share your experience with others.

And there is also entertainment value in going out to a store and buying things. Some people simply enjoy that process and it's not the same as getting the box in the mail. And so, I think what this would suggest is retailers have to develop an environment and an experience that has a value itself.

So, no, I don't think fast fashion will die. I just think ownership-based retail will have to adapt in ways that allow us to offer utility that is different than you can get by tapping on your app and getting a box in the mail.

I'm wondering if rental companies might at some point have their own showroom? Is that where we're headed?

In fact, there are Rent the Runway stores now. And I think that's smart for Rent the Runway as long as the costs are manageable. But we've also seen other online retailers do it successfully.

I don't have access to Rent the Runway data, but my sense is they have insights about different types of shoppers. The person who does this on

an ongoing monthly basis is quite different than the one doing it for a summer wedding. The one who does it all the time is one to not see much risk in it; they understand some things they like, some they don't, and that's OK. The person who has one event may find a lot of comfort in that in-person retail experience. They're able to serve two segments of consumer by offering them another outlet.

Why do you think no one is targeting men yet?

I have some research on that topic with a former doctoral student who is now at SUNY Albany, Aleksandra Kovacheva. In her dissertation, Aleksandra considers gender-based differences in interest in subscription boxes. A lot of these involve access-based products. What she finds is that men are not particularly interested in those kinds of experiences. Women see it as an exploratory experience: they can learn new things, find variety. But men prefer to have more control over the purchase.

Historically, what past research would say is that in general, men tend to prefer control over things. They'll want to manage a situation fully, consistent with more agentic norms. And when you own something, you have more control over it than when you have access.

The other thing I'd say on that in a lot of access-based systems, there's an interconnection between consumers. Psychologically, we'd expect women to be more comfortable within that interconnectivity, and perhaps see it as an asset rather than a liability. To trigger this, Rent the Runway allows consumers to upload pictures of themselves wearing clothing and to provide recommendations to one another. In a sense, when you access that piece of clothing, you become part of that group; you're connected with those people.

Of course, there are men and women who fall all along this continuum,

so those are generalizations. Still, if these are the patterns we're seeing, they make sense in the aggregate.

The *New York Times* posted about why men haven't been targeted yet. They spoke with some style-savvy men and some of these things you mention are reflected there—how women might have a culture of sharing clothing from a young age, and men wanting to take more control over their identity and not be part of a herd.

That's generally likely true, and consistent with the agentic-communal difference. However, there are some access-based systems that are more typically male-oriented. One of the first sharing systems that received a lot of publicity was a tool-sharing system. Men and women can both find this useful: You might buy a tool, use it once, and it sits in your garage for a long time. Consumers tend to be waste-averse regardless of gender—the ability to reduce the waste of utility is valuable. I think there could be situations where that aversion to waste overcomes anyone's agentic propensity.

Who do you think benefits from the rental model the most, from a consumer model? Who is the person most interested in this—in clothing?

Well, there are a couple different types of people. One psychographic difference that lots of people have studied is a need for variety. Some people are high-variety seekers. If you're a high-variety seeker, the happiness you get from something decreases as it becomes more familiar. If you've bought it, you just shove it to the back of the closet. These kinds of services satisfy that need for variety without requiring you to have an enormous storage capacity or tuck something away, out of sight.

People who constantly feel in the public eye or are on a regular basis may also benefit. High visibility can create a pressure that is difficult to handle psychologically. If you feel you're constantly being scrutinized, it can be uncomfortable and you feel you constantly need to meet a certain standard. And these clothes show up at your door pressed, dry cleaned, and they look perfect—like new. They make life easy. They simplify decision-making. You pick one of the four things you got this month and you feel satisfied.

And I think, too, there's an interesting question about affordability. Some of these systems give you a way to access things you couldn't afford to buy. For example, I'm not going to buy all these designer clothes but I can access them. There's an argument that this is for people who have financial constraints. But I have new research with another student, Jenny Guo, where we find people who acquire this way because of financial constraints actually aren't that happy about it, particularly if they're aware they have access because it's affordable. To them it's just a reminder they can't actually own these goods, they can only have them momentarily. And that makes people pretty unhappy.

So, I think we need to be careful about framing this as an affordability feature. It's not necessarily very affordable; in fact, it can get very expensive.

How far do you see this going now that major companies are stepping in with their own solutions? Ann Taylor, H&M, Urban Outfitters, lots of big stores are making a go of it.

Like any industry, it's going to have a life cycle, and it's going to continue to evolve. I think that there are questions about how far it can extend across demographic groups. There's data to suggest that while

certainly not universal, some generations still have a strong attachment to ownership. There are also segments across demographics who again find a great deal of identity in the things they own. I don't think that's ever going to go away.

I think the future of this industry, in some sense, is dependent on the psychological zeitgeist and economic conditions that take over in the next few generations. There's some evidence that the individuals who are perhaps in junior high or high school right now are actually swinging back a bit to a more traditional view of consumption and are perhaps looking more pragmatically at the market. This next generation may be very economically pragmatic in the choices they make. And for consumers like that, price sensitivity might go up, even for access-based consumption.

Anything you want to add?

I think one thing that is interesting to think about is the question of whether this is good for people. We've become almost enchanted with this idea, for lots of reasons: It's fun; it's exciting; it's new; and it certainly allows people to explore things they wouldn't otherwise try and meet needs they might not perhaps be able to meet easily.

But, if the norm becomes that one constantly needs variety, that can be somewhat psychologically unhealthy. The expectation a person can't wear the same thing twice is very demanding. The outfit of the day would be wonderful, but do we need 365 outfits? And if you begin to expect constant stimulation from novelty in one part of your life, are we then going to start expecting it in other parts of our lives? That stimulation takes up cognitive space. There may be parts of life that would benefit from some routine and stability.

And I wouldn't be terribly surprised if you started to see some kind of

backlash where people say, "You know what, I'm going to go with simplicity. I'm going to reject the idea I'm defined by what I wear. It doesn't matter if I wear the same thing every day because maybe you should pay attention to who I am, not what I wear on my back." People have an innate drive toward novelty, but that doesn't always mean it's the best thing for us.

Provided by University of Pennsylvania

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