How Technology Is Disrupting Fashion

By

Kendall Herbst
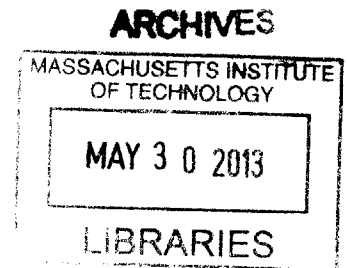
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**Submitted to MIT Sloan School of Management
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requirements for the Degree of Master of Business Administration.**

ABSTRACT

This thesis analyzes how the fashion industry has begun to leverage technology to increase branding, improve products, drive sales and experiment with new business models. Overall, the fashion industry has been slow to embrace technology, but in the past ten years that pattern has changed. Fashion/tech startups emerge daily, undercutting monopolies and influencing the way people shop and connect to brands. Meanwhile, established retailers are in search of ways to connect to the digital customer and looking for new, innovative partnerships. However, both startups and established companies have had mixed results in incorporating technology.

After examining what tactics has been successful and what paths has failed, the recommendation for retail executives is to use technology to facilitate customer needs vs. attempt to create them. When there is a consumer-based "pull" effect, the resulting fashion product tends to resonate with shoppers. However, when brands or entrepreneurs attempt to inject or "push" technology into fashion simply because the capability is there now, the product fails to gain early traction.

Thesis Supervisor: Howard Anderson
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I. Introduction

Retail as we know it stands on a cliff. Mobile, social, viral apps and online services are taking revenue away from traditional brick-and-mortar stores. Teen bloggers have displaced 60-year-old department store executives in the front row of fashion shows. Compared to nimble startups, large brands and stores have been slower to connect to with customers. But, of course, not every startup has got the right solution either. Women scour product reviews online before they make a purchase. They upload photos of themselves for crowd sourced opinions before stepping out of their homes. You can even try on glasses virtually from the comfort of your couch before putting down money to purchase. Still, there is a social tradition of physically going shopping that many women still enjoy. To be able to touch and try on an item – particularly an expensive luxury piece – has not been pushed to the wayside. But will that be enough to keep stores relevant in the next ten years?

As online retail giants like Amazon venture towards opening brick-and-mortar stores, the answer doesn't seem to be as simple as digital vs. physical. Instead, the solution lies in how brands and stores are utilizing the combination of online and offline to their advantage, including mobile technology. As such, this thesis will be an exploration of not only how technology is disrupting traditional business models and but also how fashion companies can attain incredible growth and user acquisition and loyalty because of the advantages technology now provides. In other words, what useful behavior is happening now in this industry that could not have come about before this new technology?

II.1: How New Startup Models Are Influencing the Way Women Interact With Fashion

In the very crowded intersection of fashion and technology, interesting startups are popping up almost every day with varying degrees of success. In 2012, I spoke to Rent the Runway Co-Founder Jennifer Hyman and she observed, "There are so many startups right now that apply technology to fashion because now they can. I care more about the ones that use technology to solve a problem." On one end of the entrepreneurial spectrum, there are wildly successful websites like Pinterest which experience hockey stick growth and show a user's real intent to purchase. On the other side rests a barrage of smaller startups that are struggling to insert themselves in the everyday lives of women. The focus of this section is threefold: to analyze what tactics have been successful for each company thus far, uncover obstacles that they still need to overcome and provide a recommendation for how the company leaders can surmount the critical problems.

Before launching into the analysis, I will first outline the research methodology. Tracing the influence of technology into fashion could lead one down an endless black hole, so for the purposes of this section the investigation is confined to innovation within the last three years. After gauging the overall landscape, I chose to spotlight four companies that highlight significant trends and challenges in the industry. In researching this topic, I went beyond reading news articles and also reached out to two kinds women to get their perspective. First, I conducted a 100-person poll. I limited the age range of the participants to 18-30-year-old women. They all currently live in America, although some were not born here. Many of these startups are only functional in America, so this seemed like a reasonable constraint. Moreover, I interviewed (in person or on the phone) shop clerks from the following store locations intentionally selected to represent a diverse geography and consumer base:

- Edon Manor: 391 Greenwich St., NY, NY
- H&M: 3000 East 1st Ave., Denver, CO

- Therapy: 250 Castro St., Mountain View, CA

II.II: Stylitics

Background:

The company was founded by Rohan Deuskar and Zach Davis. In April 2011, Stylitics won the Wharton Business Plan competition. This was a huge victory, producing $30K in prize money and countless press hits. The vision of Stylitics is to be a double-sided platform for fashion analytics. One one side, Stylitics allows users to upload their closet online; users to upload photos of their clothing. These photos can either be searched for online or taken individually by the user. On the other side, the company sells user data about what people are wearing and liking to interested brands and retailers.
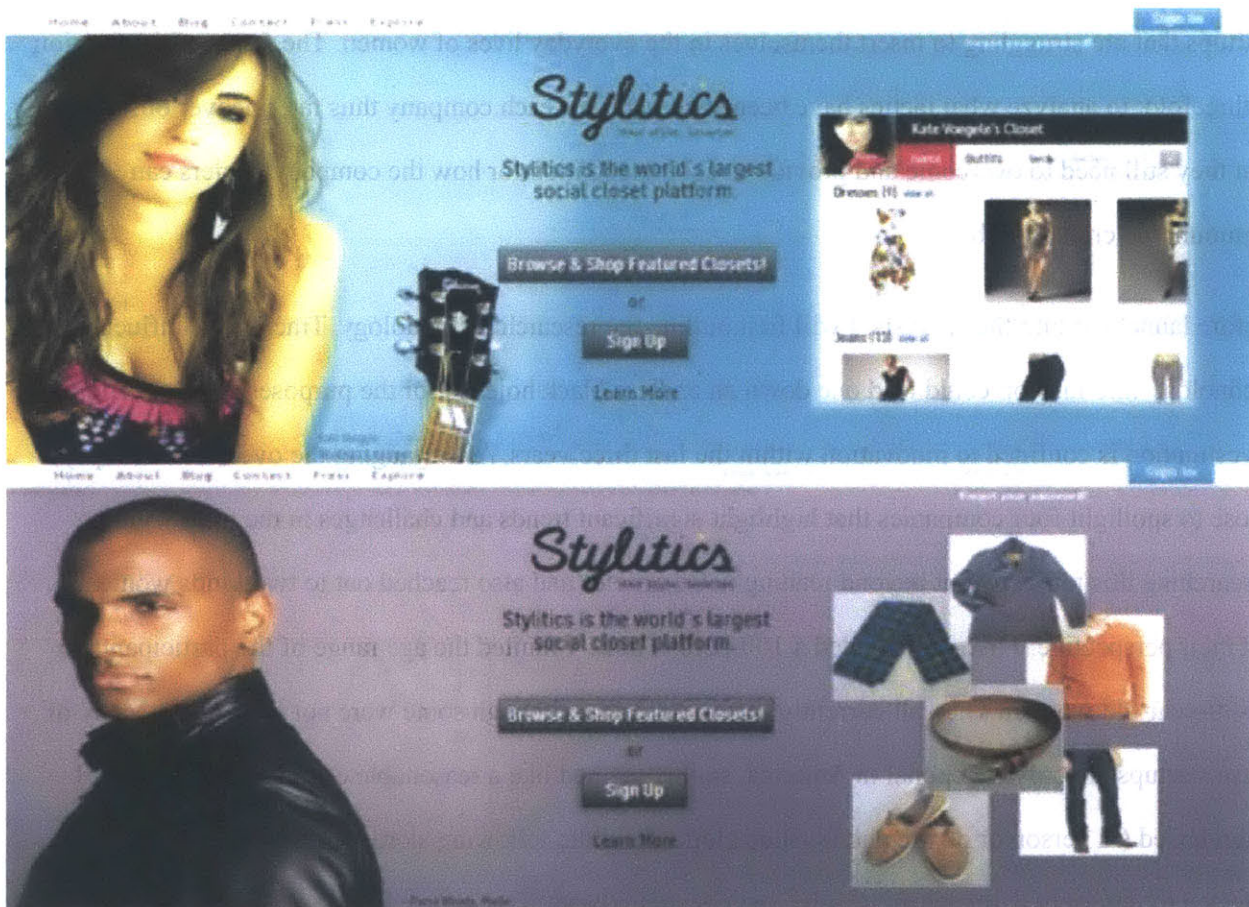

Figure 1: The Stylitics unisex homepage.

Areas of Success:

Stylitics has chosen a very attractive industry. The digital closet space is rich in both potential user value as well as user data and day-to-day relationships that brands and retailers would covet. "Stylitics takes the consumer's passion for fashion and translates that into real time data. It's like having a real time focus group at your fingertips," explained an SVP at Li & Fung.[1] There are early signs of success in this vein. The company has sold data reports to VANS as well as creative agencies (for roughly $2K per report).

Furthermore, Stylitics has attracted a varied user base. Different people find different aspects of Stylitics useful. The international user base can be broken into two major categories: fashion-conscious people and organization-conscious people. The fashion-centric crowd finds value in seeing their closet online to plan outfits and show off their taste. Whereas, those who care mostly about being organized like having all their items laid out and sorted easily in front of them.

Biggest Obstacle:

From the beginning, Stylitics has experienced an active user acquisition problem. In a focus group of 10 women, I asked: Would you like to see your closet online? 100% of the women replied affirmatively. But when I showed them the Stylitics dashboard, the enthusiasm declined. "When you hear the words 'digital closet,' it's so fun to sign up for," says Allison, 24 of Los Angeles, CA, "but then you find out how much effort you have to put in. It doesn't seem worth it." Clearly, Stylitics is positioned in a space that women find initially compelling: online closets. However, the founders need to refine their idea to make it less manually exhausting for the user.

Stylitics executives are certainly aware of this issue and are trying different ways to align its incentives with those of its users. As of now, Stylitics tries to entice users with a personal metrics dashboard, tracking how many times you've worn denim or a specific shirt or color in the past month. Also, they have attempted to gamify their system. They launched a badge program in summer 2012 to make uploading items and checking in outfits more appealing. Examples of badges include the hipster badge or

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[1] "Elevator Pitch: Stylitics," Business of Fashion, May, 12, 2012. http://www.businessoffashion.com/2012/05/elevator-pitch-stylitics.html

the neon badge, if you've frequently checked in an outfit featuring plaid or a bright color, respectively. Plus, Stylitics launched an iPhone App in summer 2012 to make taking photos of your closet simpler.

Despite these recent efforts, this startup has seen a huge gap between total signups vs. the active number of users. As of late summer 2012, Stylitics had just over 12,000 members who were signed up but only around 2,500 of those were active members. Stylitics defines an active member as someone who has uploaded four items or more into their digital closet.

A LOOK AT THE DATA
ITEMS ANALYZED FROM THE STYLITICS MASTER CLOSET

3,325 SKIRTS 5,510 PANTS 4,885 OUTERWEAR 6,231 SWEATERS 5,607 JEANS

6,410 DRESSES 3,064 TANKS 13,385 SHIRTS

10,384 SHOES 4,114 JEWELRY 2,361 BAGS

We analyzed 2,000 of our most active female users.

We examined over 70,000 wardrobe items.

These women have 26 items in their digital closets on average.

They regularly update their style profile and check in complete outfits.

They come from all over the world NYC, Shanghai, San Francisco, Hong Kong, Rio de Janeiro and more representing a vivid snapshot of what girls and women are currently wearing, shopping for and coveting.

Figure 2: A Look Inside Stylitics from the 2012
Stylitics/CFDA Report

This issue is so critical because Stylitics depends on a significant amount of user generated content (UGC) for its business model. From uploading your entire wardrobe to logging in your outfits on a daily basis as well as filling out a robust profile page detailing your style icons and most stylish places. The

UGC model is a fantastically scalable one – Instagram and Polyvore prove that. However, UCG models hinge upon users being incentivized to generate content. Examples of such incentives are to make their photos look more professional or to easily create a beautifully collaged sets of items you love. If the company can't attain statistically significant data, it's hard to tell what value Stylitics could offer. Plus, most major retailers are not lacking for data. In a conversation with Shopbop International Marketing executive Steph So, "I have so much data. We are swimming in data."

Recommendation:

To resolve the engaged user issue, Stylitics needs to more closely identify who its target customer is so that they can direct their marketing efforts in a more focused strategy. At the moment, Stylitics aims to serve men and women, all age groups and income levels and geographic locations. But the founders need to re-examine: What kind of person will get the most value out of Stylitics, and therefore, be the most active user? Without a very specific beachhead market in mind, Stylitics is fracturing its marketing budget ineffectively and not finding their key user base.

II. III: Snapette

Background:

Snapette has positioned itself at the intersection of digital and tangible. In an interview with co-founder Sarah Paiji, she explained that her start began when Doug McClure of 500 Startups reached out to her over Twitter. After completing the accelerator program, she dropped out of HBS and launched an app that promotes local, in-store shopping. "So many people were talking about e-commerce, but when you look at the numbers, people are really still going into the stores to buy. That's where the majority of shopping takes place." Snapette asks users to take photos of special items they see while window shopping or browsing in stores. Snapette is not merely a discovery tool; it drives intent to purchase too. Users can search items in shops near them; stores accumulate new customers and can easily broadcast their new merchandise.

Areas of Success:

The communal feel of Snapette is not be underestimated; it creates the addictive sensation of being a tastemaker. While shopping on the app, you can show your favor for an item with the click of a button, giving it a "snap." Jessica, a 24-year-old Snapette user living in Brooklyn, NY, explained, "It's really fun to start seeing your favorite pair of shoes or bag get all this attention. It makes you feel like you have great taste." An older user finds a slightly different kind of value: "Most of my friends aren't really into fashion. It's kind of a guilty pleasure of mine. This is a nice, easy outlet for me to engage in a hobby I enjoy," explains Karen, 33, of San Francisco, CA.

Figure 3: A Few Examples of Snapette "Snaps"

Recently, Snapette also began to include images from retailers directly. Shop clerks photograph new merchandise to broadcast to local shoppers instantly. Paiji explained that this fast, direct channel offers stores a way to build a stronger relationship with existing customers as well as attract new shoppers who have never popped into the store before. However, including images directly from retailers is not without its downsides. "Before it was this cool community of people with great eyes sharing what they see on the street. Now, it feels like [Snapette] is trying to sell me stuff," observed a longtime Snapette user, Jennifer of Brooklyn, NY. Undoubtedly, this tactic will turn off some users. However, it is wise for Snapette to not attempt to be all things to all potential customers and instead focus on the many who are interested in seeing photos from stores directly.

Biggest Obstacle:

When you travel, your location automatically updates so that you can shop wherever you are. This feature should make for a very fluid user experience; however, it currently spotlights Snapette's biggest issue: its lack of distribution. One of Paiji's main goals is to expand the areas featured on the app. There are countless shop-able items shown in New York (where Snapette is based), but users come up empty is less populated areas. "I would love to use Snapette, but the nearest store they give me is 37.5 miles away in San Francisco. I'm not going to head there on my lunch break," says Macy Grindal, 28, of Mountain View, CA. Indeed, scaling is so critical for Snapette, but this element is also one of its biggest weaknesses. Snapette is a platform that benefits tremendously from network effects, from seeing lots of new and beautiful images pop up in your area. Conversely, if there are not many, if any, images in your city, you won't extract any value from the app and could spread negative word-of-mouth attention to other potential users. "I tried logging in once, but there weren't any items in my neighborhood. I haven't opened it since. I mean do people in New York City need shopping help?," asserted Jennifer, 23, of Greenwood Village, CO.

A second challenge for Snapette is driving sales. Snapette charges brands (or aims to eventually charge them) to access its platform directly. Stores will only pay for this service if they see an uptick in sales as a result. While Paiji would not reveal the sales revenue Snapette has driven to date, I did interview some store clerks whose boutiques were featured on the app as well as some Snapette users. For example, I spoke to one shop clerk (who asked to remain anonymous) at Edon Manor, a downtown NYC boutique specializing in luxury handbags and shoes. The store has over 65,723 Snapette followers, but has that following impacted sales? "I haven't seen a major change honestly. I think a lot of people who use Snapette aren't really our main customer. Our main customer is the older but still very fashionable woman – sometimes a tourist – who can afford $900 shoes. I doubt that woman is giving out 'snaps' on an app. But maybe I'm wrong!," the sales woman explained.

Recommendation:

To resolve the lack of distribution, the Snapette team needs to focus their efforts on incentivizing shoppers at least across the USA to download the app. They could run a promotion along the lines of a monetary reward for the first person who uploads 100 items in each city. Then they should be aggressive with local press and fashion blogs to raise the general awareness. Snapette needs to prove that it can drive revenue in stores in order to survive. I would focus on highlighting store merchandise that is within my users' average budget. It's certainly voyeuristically fun to flip through expensive shoes, but if the Snapette user is shopping at Old Navy, that's the appropriate tier for store partnerships, not Edon Manor.

II.IV: Wanelo

Background:

Born in Siberia, serial entrepreneur Deena Varshavskaya founded Wanelo in 2010 as a shop-able Pinterest. Much like Pinterest, a user can follow people or brands he or she is interested in. A user can also upload new items via a url link, adding to the mix of over 1.3M products in the database.[2] Everything on the site is open to purchase. A fellow fashion entrepreneur, who wished to remain unnamed, explained, "Deena was just floating with Wanelo for a long time. It was not going well. Then suddenly...boom. Everything changed. My guess it that it was easier for her to raise money than most people because she had started a company before. She had more runway to wait it out, to keep going. Most startups CEO's would not have been able to do that and would have gone under. The grass is always greener, but being able to say you've built a company before seems like a huge advantage to doing it again."

Areas of Success:

In contrast to Stylitics, Wanelo makes it very simple for users to create and interact with content. As evidence, there are over 1.3M products in the system, garners 1.3M visitors a month (twice that of

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[2] "Wanelo Raises $2M...But Is Distilling Pinterest to Products the Right Idea?" TechCrunch, June 8, 2012. http://techcrunch.com/2012/06/08/wanelo-raises-2m-but-is-distilling-pinterest-to-products-the-right-idea/

competitor websites The Fancy and Svpply) and has been downloaded over 1.5M times from the App Store.[3]

When I spoke to an H&M representative, she mention how effortless the Wanelo experience was: "Everyone from a teenage girl at the mall to a soccer mom can understand this. It's just shopping, nothing else. As a retail manager, I love it and I hope it grows even bigger and makes moving our merchandise easier." If Wanelo does become the wave of the future, it could threaten the in-store shopping experience, putting this retail manager out of work. "I don't see it as a threat to the offline shopping experience. People always want to go to the store. Shopping with friends is part of our culture. In my lifetime, that won't change." Indeed, many tech companies ask more of their users than their users have time for. Wanelo wisely allows their users to browse what they like and nothing else; the Wanelo focus is narrow and concentrated.

Biggest Obstacle:

Despite it being a pure shopping platform, Wanelo struggles with finding a substantial way to make money. "The startup doesn't have a revenue model in place yet but believes the product-centered experience is inherently monetizable."[4] Unlike Amazon, Etsy or Ebay, users can upload items they wish to share for free. It makes it easier and cheaper for sellers to sell, but Wanelo does not skim any money off the top. This is perhaps an effective tactic initially, but once you offer a service for free it will be tricky to end up charging for it after the fact. How will Wanelo earn revenue? The lowest hanging fruit would be to attempt affiliate sales, but that method is only substantially effective at a very high scale. At the end of the day, the question remains: how will Wanelo make its millions and become the billion dollar company its venture capital investors aim for?

Recommendation:

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3 "Wanelo: Social Commerce Is Big With Young Shoppers" NYTimes Bits Blog, January 24, 2013. (http://bits.blogs.nytimes.com/2013/01/24/a-look-at-wanelo-a-social-commerce-site-for-younger-shoppers/)

4 "Investors Spend $2M on Wanelo, a Social Store that Looks a Lot like Pinterest," VentureBeat, June 6, 2012. (http://venturebeat.com/2012/06/06/wanelo-funding/#vqUOuGw4MJjl7xIa.99)

Wanelo should partner with brands to feature their merchandise before other channels get it. The brands would pay Wanelo anywhere from a few thousand dollars to $100K per season depending on the size of the brand and its breadth of inventory. Given that there are at least four fashion seasons per year, this tactic could become a consistently renewable revenue model for the company. Many brands want to be in front of the sizeable traffic Wanelo pulls in, so focusing on partnership's should now be the first priority. They've proven the idea can scale – at least to a certain degree. Now they have to prove it can make money.

II.V: Pinterest

Background:

Pinterest was initially created by two people: Ben Silbermann, a former consultant and Google employee, and Paul Sciarra, who has since moved on to become an Entrepreneur in Residence at Pinterest investor Andreessen Horowitz. They pair knew each other from Yale. In 2011, Evan Sharp joined as the third and final co-founder. "'We launched in March [2010]. By June we had a few thousand users. These days, expectations are very high. Instagram hit 1 million users in three weeks. Some games hit 2 million users in two months. So the growth felt really slow by comparison,'" noted Ben Silbermann.[5] Though Pinterest launched in 2010, its real hockey stick growth occurred a year later. Nowadays, the website gets around 25 million unique visitors per month and most of these users (80%) are women aged 25-54 years old.[6]
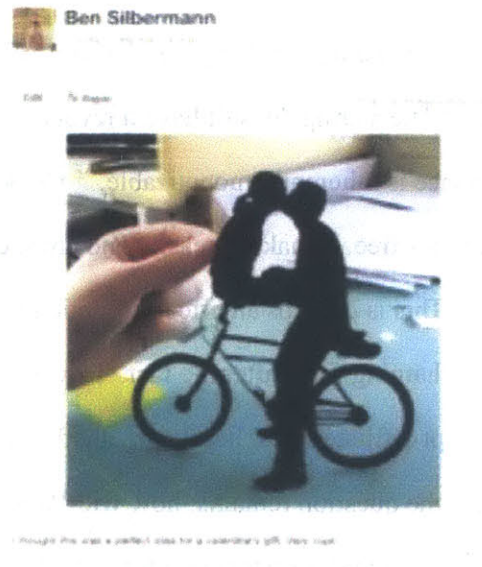

Figure 4: The very first pin.

[5] "Ben Silbermann, Pinterest Founder and CEO, Talks Criticism, Fears" Huffington Post, November 27, 2012. (http://www.huffingtonpost.com/2012/11/27/ben-silbermann-pinterest_n_2173143.html)

[6] "Why Facebook Needs to Be Deathly Scared of Pinterest,"Forbes, October 25, 2012. (http://www.forbes.com/sites/ericjackson/2012/10/25/why-facebook-needs-to-be-scared-of-pinterest/)
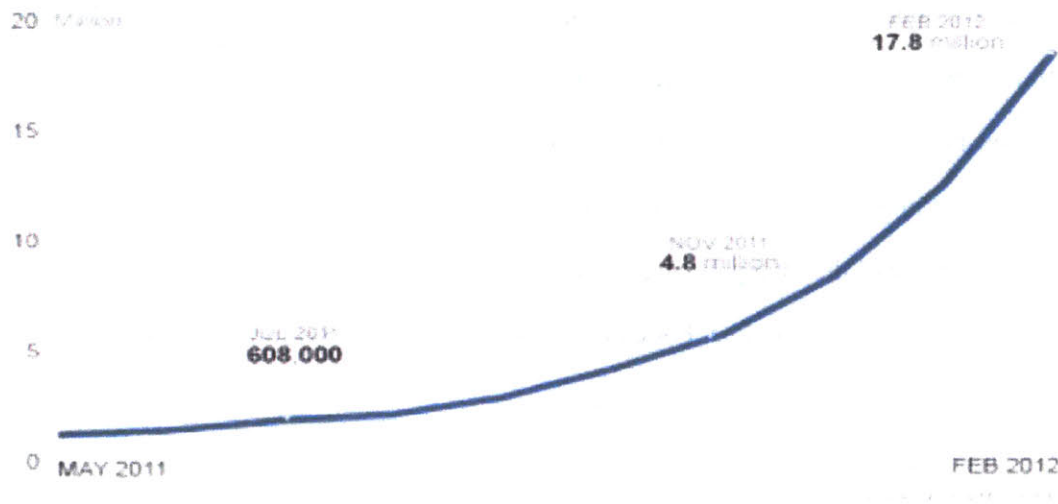
PINTEREST.COM U.S. UNIQUE VISITORS

Figure 5: Pinterest User Growth.

Nowadays, every brand from Ralph Lauren to Tory Burch to Zara as well as top fashion bloggers and startups have their own Pin boards. It has become as omnipresent as Twitter or even Facebook for a visual industry to express and connect to interested parties. Plus, in some ways, Pinterest has become a more successful shopping machine than other social platforms.19

LOOKING AT SHOPIFY STORES SPECIFICALLY...

75 ORDERS

THE NUMBER OF ORDERS GENERATED FROM PINS HAS QUADRUPLED AND THEN SOME IN THE LAST SIX MONTHS
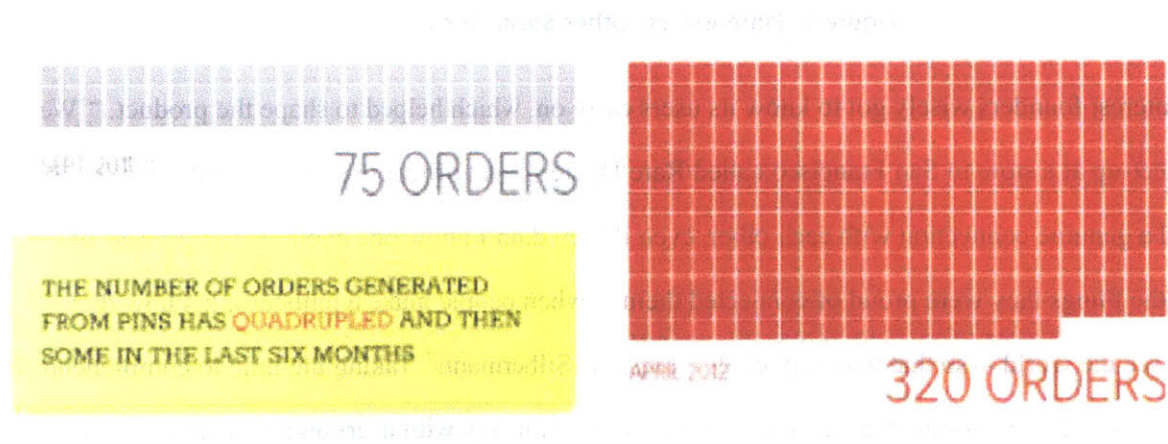
320 ORDERS

Figure 6 : Pinterest Driving Purchases.

Areas of Success:

Pinterest has become an excellent, sprawling platform to unite potential buyers with products. Unlike many of its competitors, Pinterest has an easily understood and effective revenue model: affiliate sales. In early 2012, Pinterest poached Tim Kendall, Facebook's Director of Monetization. Now the website uses the service Skimlinks to earn money whenever a user clicks over from a pin to the original source. Pinterest also earns a percentage of the total purchase, if the user decides to buy. The amount of commission per purchase varies across retailers. For example, according to the Skimlinks website, Zappos offers 12%, Saks Fifth Avenue offers 7%, Macy's offers 5%.

Figure 7: Pinterest Vs. Other Social Sites

Plus, Pinterest founders wisely got to know its users early on, which helped to shape the product. "'We had a meet-up at a store in San Francisco called **Rare Device**. A lot of real users came, and it was clear they had a genuine connection with each other, even if they didn't know one another. The process of sharing the things they were proud of connected them -- when people make a pinboard, it's how they literally see the world -- so that was very cool,'" explains Silbermann[7]. Taking the time to comprehend if the dogs would eat the dogfood, as it were, signaled a real intimacy with users and a positive sign for future growth.

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[7] "Ben Silbermann, Pinterest Founder and CEO, Talks Criticism, Fears" Huffington Post, November 27, 2012. (http://www.huffingtonpost.com/2012/11/27/ben-silbermann-pinterest_n_2173143.html)

Biggest Obstacle:

First, Pinterest experienced some poor public relations last year when word leaked out that it had implemented the affiliate sales model. "'Is Pinterest receiving revenue from tracking user-generated pins? Yes, but there is nothing negative about it,' Skimlinks CEO Alicia Navarro. 'Affiliated networks help companies monetize their sites and there's nothing illegal or wrong about it. It's common, effective and smart. It should be celebrated.'"[8] Eventually, Pinterest may open up other revenue channels. It is unlikely that executives will too heavy handed in their approach, however. "'In the best products, the monetization of the product doesn't feel like a tax on what you're there to do. I think there's an opportunity to do that, but it will take a little time to build. We're obviously not just gonna splash banner ads all over," Silbermann forecasted[9]. For the moment, its $1.5B valuation signal that it's certainly on the right path.[10]Indeed, as the Pinterest audience grows the company builds out a team to look at making money, it's likely that this issue will be easily overcome. Affiliate sales -- at this scales -- can be very powerful.

Secondly, Pinterest has created an effortless experience for its users to participate and upload content that the authenticity of the website has been compromised. "'Like any online service that becomes popular, spammers are interested in what we're doing — they want eyeballs and Pinterest has a lot of them,'" said Jon Jenkins, the head of Pinterest's engineering team.[11] Spammers pin images and when an interested party would click on the image, the user would be instantly re-directed to an unrelated website. Pinterest has recently focused on expelling the spammers but it is likely to remain – at least to some degree – a lingering problem.

Pinterest Poll Results:

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[8] "Pinterest Partners: Yes, They're Making Money From Your Pins," Mashable, February 8, 2012. (http://mashable.com/2012/02/08/pinterest-affiliated-links/)

[9] "Ben Silbermann, Pinterest Founder and CEO, Talks Criticism, Fears" Huffington Post, November 27, 2012. (http://www.huffingtonpost.com/2012/11/27/ben-silbermann-pinterest_n_2173143.html)

[10] "By The Numbers: Exactly How Pinterest Produces Business Results," SproutSocial.com, July 19, 2012. (http://sproutsocial.com/insights/2012/07/pinterest-revenue/)

[11] "Pinterest Cracks Down on Spam Accounts," Mashable, December 6, 2012. (http://mashable.com/2012/12/06/pinterest-spam-accounts/)

Below are the aggregate results of a 100-woman poll. The women questioned were living in the United States and spread evenly around the country (33 in the North East, 33 in the South and 34 in the West). Their ages range from 18 to 52, and their professional backgrounds and income levels are very diverse. The aim of the poll is to determine how far-reaching and mainstream the impact of Pinterest has become.

Question	Yes (%)	No (%)
Have you heard of Pinterest?	81	19
If you have heard of Pinterest, have you ever personally used the website?	44	56
If you have used Pinterest, have you ever bought an item you have seen on the website?	5.5	94.5

Beyond the numbers, it's also relevant to introduce some qualitative data to the analysis. I asked; if you have not made a purchase, please explain:

- "I use it more for inspiration than for buying things."

- "I got a few suggestions for my wedding invitations off it, but I went with a different company in the end."

- "I get cool DIY ideas like how to braid my hair or arrange flowers – no need to buy anything!"

- "I haven't seen anything on there that I like enough. Maybe I follow the wrong people."
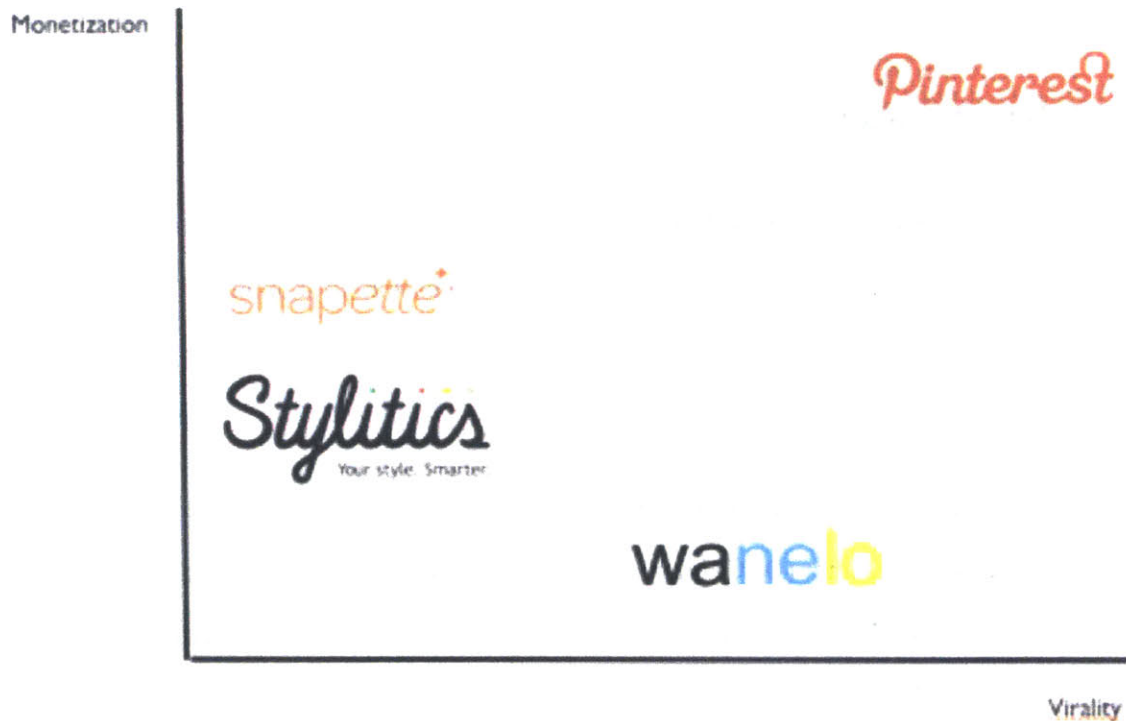
Figure 8: Viral Vs. Monetization Comparison

In conclusion, through the lens of these four companies, a couple paramount takeaways can be drawn in terms of the relationship between fashion and technology. For one, many startups in the fashion/tech space launch without a fully mapped out revenue model. Many founders believe that connecting women to shopping means that revenue will come easily. What these founders don't realize is that instead of their users wallets, they are actually competition for their users time. Furthermore, unless the incentives of the user align with the goal of the company, these startups falter. Where startups have stumbled highlights where their revenue models diverge from a user's point of value. While connecting women to merchandise they love in a plausible way to turn a profit, it makes sense to take time to evaluate where the most sensible revenue stream is for your company and its users. After all, not startup founders can't bank on Pinterest-esque growth. Moreover, three sweeping trends emerged in the general landscape that impact how modern American women shop: social curation, personalization and user generated content.

These patterns also are influencing larger, established companies and will be explored further in the next section.

Section III.I: Introduction to Online Shopping vs. Offline Shopping

Traditionally, a retailer opened a physical store and then launched a website, but nowadays that sequence is being turned on its head. As consumers become more and more accustom to shopping online, brands that are starting online are moving into stores and while physical shops are spending more time and care into their web platform.

There are several reasons why the online shopping market's biggest trend lately is the direct-to-consumer model. These new direct-to-consumer (DTC) brands that have been built online, are sold directly to the customer and have no retail middleman. ""There is no doubt that there is a trend toward direct selling," said James Dion, founder of Dionco, a Chicago retail consultancy. "And it's been aided by the Internet, which has given that smaller brand the ability to go direct to the consumer.""[12] A few common themes emerge from these stories -- the most prominent of which is looking to shop at a moderate budget without sacrificing quality. Bolstered by the low cost of online stores, entrepreneurs have come in and undercut monopolies or stagnant industries to offer well-made merchandise at a fraction of the usual price to the customer. However, as these brands evolve it is interesting to see many revert to old retail methods too.

III.II: Emerging Direct-To-Consumer Brands Experiment Offline

If you've ever shopped for eye glasses and had a bit of sticker shock when you flipped over the price tag, you're likely to become a Warby Parker customer. A pioneer in the DTC space, Warby Parker is going after Luxottica, a $20B company that makes designer sunglasses. 500M people wear its products; 65M pairs were sold in 2011 alone.[13] Luxottica makes sunglasses for nearly every top brand including Chanel,

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[12] "Clothing Companies Try to Find A More Direct Path to Customers," The New York Times, March 6, 2013. http://www.nytimes.com/2013/03/07/business/smallbusiness/clothing-companies-try-to-sell-directly-to-consumers.html?pagewanted=all&_r=0

[13] "Warby Parker Wants to Destroy A $20B Company That Charges Customers Insane Prices," Business Insider, December 23, 2012. http://www.businessinsider.com/this-startup-wants-to-destroy-a-20-billion-company-that-rips-off-its-customers-2012-12?op=1

Ralph Lauren and Prada and it owns Oliver Peoples and the Sunglass Hut. Instead of selling glasses for $300, Warby Parker sells the frames for $95. There is also a social mission to the company. For every pair a customer purchases, the company donates a pair of glasses to a person in need.

Being internet based gave the company a certain amount of financial freedom initially. "We invested in only three things the first year: to start our first collection, our website, and PR," explains co-founder Neil Blumenthal.[14] After launching the fashion brand in GQ and Vogue magazine, the company hit its first year sales target in just three weeks and collected a 20,000 person wait list, Blumenthal mentioned in a INFLUX Conference talk in 2012.

For new brands at home try-ons are becoming a key part to selling merchandise. For example, Warby Parker launched the Home Try On Program which sends a user five frames to be tried on in the comfort of his or her home. When the shopper decides which frame he or she would like, they send the glasses back and Warby Parker returns the desired pair with the proper lens prescription. This strategy represents a new way of merging online and offline shopping, an element that has been at the core of the brand since inception. It is a also an tactic that Stella & Dot, a DTC jewelry brand has adopted rigorously. Another brand encouraging shopping from the home is the jewelry company Stella & Dot, founded by Jessica Herrin. A modern-day Mary Kay-esque business, Stella & Dot employees women to host shopping parties and sell merchandise directly to their friends and community. Beyond these trunk show shopping parties, each stylist also uses technology to sell product. The company helps each stylist develop a personal website and leverage social media to spread the word. The business model is working. Herrin expects to see $1B in sales by 2015 and now employees over 20,000 sales people across the United States, Canada and parts of Europe.[15] Since launching in 2004, Stella & Dot proves that the DTC model can succeed by taking an old sales strategy and reinventing it for modern times.

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[14] "The Three Things Warby Parker Did Right To Launch A Successful Lifestyle Brand" TechCrunch, May 7, 2013. http://techcrunch.com/2013/05/07/the-three-things-warby-parker-did-to-launch-a-successful-lifestyle-brand/

[15] "Stella & Dot's CEO On The Brink of Making a Billion," More Magazine, 2012. http://www.more.com/dot-jewelry-ceo-jessica-herrin

Though Warby Parker seems to provide a successful roadmap for other DTC startups, it is unclear how easily one can apply this strategy to verticals beyond optics. After all, there are already plenty of DTC brands in the apparel space: J.Crew, H&M, Abercrombie & Fitch, and Zara spring to mind. Thus, most DTC brands are not trying to undercut a massive monopoly like Luxottica and the economics get a bit less favorable. The basics-making company out of San Francisco, Everlane, for example, explains on its website that it makes $6.75 for every $15 shirt, putting their COGS at 45%. J.Crew, in contrast, has a 60% COGS, including distribution and warehouse costs. Plus, marketing a new brand online comes with its own financial tradeoffs. While Joanne Medvitz, the co-founder of Pop Outerwear, first tried going direct to consumer but failed to earn much traction. Then she pivoted to going into stores and "loses 10 to 20 percentage points of her margin when she sells wholesale, she thinks she makes it up in other ways. Some of her customer acquisition costs — Google AdWords and the like — shift to the boutiques, and when the boutiques do not have a certain style or product, the customers often buy from the Pop Outerwear Web site."[16] In this light, the economics of the DTC business soon become less desirable.

To go direct to consumer, cultivating the right image from the start is essential as brands are forsaking the built-in reach of stores. "You only have one shot to launch a fashion brand," explained Blumenthal in an INFLUX Conference talk in 2012. In the optics vertical or elsewhere in fashion, mastering the brand perception is one common and critical component from the early days.

To open a store or to not open a store? This question is at the core of many DTC brand strategies. Is it worth giving up the flexibility and affordability of online selling and taking the plunge with an expensive physical store? Though online shopping is gathering clear momentum, the majority of fashion shopping still takes place in physical stores. One of Facebook's founders, Andrew McCollum, "I'm a big fan of Trunk Club, though there's something special about going into the store to try on the stuff and see how it looks and feels." Bonobos, Everlane, BaubleBar, and Warby Parker have all experimented with opening a physical store. In 2012, Bonobos, a menswear brand known for vibrant colors and great fits, opened a

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[16] "Clothing Companies Try to Find A More Direct Path to Customers," The New York Times, March 6, 2013. http://www.nytimes.com/2013/03/07/business/smallbusiness/clothing-companies-try-to-sell-directly-to-consumers.html?pagewanted=all&_r=0

store, a bit of a shocking turn of events given the company's clear and pure favor of e-commerce. Andy Dunn, the founder of Bonobos, explains, "I was pretty puritanical about e-commerce only," but "the cost of marketing a Web site and the cost of free shipping both ways was approximating a store expense."[17] However, Bonobos did not launch a shop in the traditional way -- going for pricey real estate in a trendy, tourist-filled part of Manhattan. Instead, they built the store right under the Bonobos office and called it a "Guideshop." Executives also cut costs on store managers by having the retail space be by appointment only. Through this tactic, only one or two salespeople are needed on the floor at any given time. In contrast, other stores of comparable sizes have often six or seven people supporting customers. The appointment only strategy cuts out a huge amount of workforce inefficiency, as salespeople only need to be at the store when there are active customers present. Making an appointment weeds out a lot of the browsers and self-selects for people more interested in purchasing. Warby Parker has long been toying with a physical retail space -- from its own showroom space in NYC to shop-in-shop temporary boutiques. But in 2013 -- just three years after the brand's debut, the company opened its first retail store in NYC, taking its online commerce offline. In June 2012, RentTheRunway.com also opened a showroom in their office for women to come in, meet a stylist and try on the evening dresses. "It's a concept now that we're looking to expand around the country," noted co-founder Jennifer Hyman explained in an interview with FawnTV.

Other brands are testing the physical store format by opening up temporary retail shops. In Summer 2012, Everlane opened a pop-up shop in downtown NYC. "Quality is so important for Everlane. When people can touch the t-shirts and feel how great they are, they buy them. Having a pop-up shop lets us introduce the brand to a lot of people and it establishes a trust in our product so they can re-order again and again online." Jeff Micklos, an early Everlane engineer. BaubleBar, a jewelry brand based in NYC, launched a pop-up shop in Summer 2012, and was a huge hit; in the first two days they sold out all the inventory that they had planned for the week. Overall, DTC brands can break into traditional retail successful; however, thy need not replicate the brick-and-mortar strategies of the past. Instead, these startup founders need to

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[17] "Once Proudly Web Only, Shopping Sites Hang Out Real Shingles" The New York Times, December 18, 2012. http://www.nytimes.com/2012/12/19/business/shopping-sites-open-brick-and-mortar-stores.html?_r=0

question conventional paths and improve upon them to stand apart and survive against the better known, established brands.

III.III: Retail Giants Innovate Offline

An example of this less than traditional path is the Bonobos deal with Nordstrom. To date, Bonobos is the largest clothing brand launched on the Internet in America.[18] Nordstrom executives noticed how well the brand had connected to users via email marketing and through online sales. Last year, Nordstrom led a $16.4M investment, along with Accel Partners and Lightspeed Venture Partners, for Bonobos and also signed a deal to sell Bonobos clothing in its stores. Dunn explained, "We understand there are people who still want to touch and feel clothing before they purchase. We realized we needed help expanding beyond our web-only roots. Nordstrom is the leader in retail customer service and they are incredibly innovative."[19] Through this deal, Bonobos leveraged Nordstrom's built-in foot traffic in its 231 stores without having to foot the operating expenses. On the flip side, Nordstrom gets to align itself with a popular brand that -- beyond the hype -- is selling strongly. Established players and startups can grow together -- and mutually profit from such support.

Amazon is another retail mammoth that is in pursuit of retail innovation. After disclosing $21B during the 2012 holiday season, there is no question of Amazon's place in the global online shopping experience.[20] However, the company is interested in experimenting in the offline world now as well. Industry speculation has it that this move is inspired by Apple's success; "Analysts said the move may be inspired by the success of Apple Inc, which has hundreds of its own glitzy stores to show off iPhones, iPads and

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[18] "Nordstrom Leads $16.4 Million Investment In Bonobos, Now Available In Stores," Forbes, April 12, 2012. http://www.forbes.com/sites/kellyclay/2012/04/12/nordstrom-invests-16-4-million-in-bonobos-now-available-in-stores/

[19] "Nordstrom Leads $16.4 Million Investment In Bonobos, Now Available In Stores," Forbes, April 12, 2012. http://www.forbes.com/sites/kellyclay/2012/04/12/nordstrom-invests-16-4-million-in-bonobos-now-available-in-stores/

[20] "Amazon's Record $21B Christmas Sales Push Shares To New High," The Guardian, January 29, 2013. http://www.guardian.co.uk/technology/2013/jan/30/amazon-christmas-record-sales-profits

other gadgets and accessories."[21] In part, the comparison to Apple stems from the merchandising choices. Amazon will be selling its tech products including the Kindle Fire. Intuitively, these are expensive items and it makes sense that a consumer would want to try them out before investing in a purchase. Perhaps it is just the solution to boost the sagging Kindle sales. The Kindle Fire's market share recently dropped to just 3.7% (compared to Apple's iPad which maintained 39.6% in the same quarter).[22] However, going offline could also potential hit Amazon is a crucial spot: returns. "Wal-Mart Stores, the world's largest traditional retailer, generates a return on invested capital, or ROIC, of 19 percent...Amazon's ROIC is typically about 35 percent, according to [Cowen & Co. analyst Jim] Friedland."[23]

III.IV: Mobile's Place In Online Vs. Offline Shopping

One paramount area to consider in the analysis between online and offline shopping is mobile. As mobile rises, it seems to carve a niche between online and offline shopping. One theory is that the mobile technology will cause the distinction between online and offline to disappear to the consumer. As more and more people shop on their mobile phones or from a tablet, online shopping has become less anchored to a desktop experience. One can browse an online dashboard and then head straight to the store to look at the item. Mobile has the potential to combine local and personalized shopping trends. "As consumers grow accustomed to a highly personalized, geotargeted, and immediate mobile shopping experience, [CSA head of retail marketing and strategy for eBay Veronica] Katz sees the e-commerce experience evolving. "Some stores will become showrooms that keep only a small amount of inventory. You'll scan a display item with your mobile device, see the assortment of sizes and colors available, and place your order for pickup or home delivery.""[24] As a result of this predicted behavior, industry experts expect retailers to "stay more or less flat in TV advertising, reduce spend in traditional media, and shift funds to

[21] "Amazon Retail Stores To Reportedly Open in Seattle, Washington," The Huffington Post, February 6, 2012. http://www.huffingtonpost.com/2012/02/06/amazon-retail-stores-seattle_n_1258032.html

[22] "Amazon's Kindle Fire Dips Back Below 4% Market Share," GeekWire, May 2, 2013. http://www.geekwire.com/2013/amazons-kindle-fire-dips-4-market-share/

[23] "Amazon Retail Stores To Reportedly Open in Seattle, Washington," The Huffington Post, February 6, 2012. http://www.huffingtonpost.com/2012/02/06/amazon-retail-stores-seattle_n_1258032.html

[24] "Mobile Trends in Retail," PayPal, 2012. https://www.paypal.com/webapps/mpp/ent-mobile-shopper

digital media, particularly mobile promotions."[25]   With the rise of smart phone, mobile technology allows

brands and shops to target customers in a very action-focused, effective way.

Shop millions of products wherever you go

- Browse, search, get product details, and read reviews on millions of products available from Amazon.com and other merchants
- Take advantage of 1-Click ordering, Prime member support, Subscribe & Save, Wish Lists, order tracking, and more
- Compare prices and check availability instantly by scanning a barcode, snapping a picture, or typing your search
- Get instant access to Gold Box Deals—including Deal of the Day and Lightning Deals
- Buy with confidence, knowing that all transactions are securely processed
- Download the latest version for iPhone
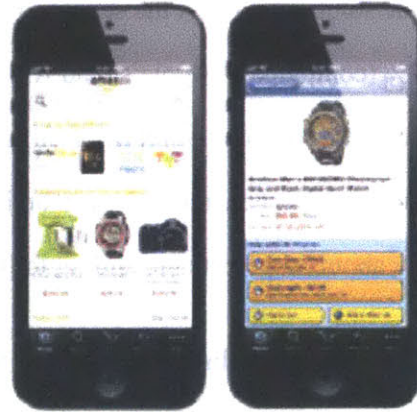
Figure 9: Amazon's Mobile Shopping App for iPhone

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[25] "Offline vs. Online Shopping Boundaries Disappear for the Consumer," McKinsey & Company, January 2013, http://cmsoforum.mckinsey.com/article/online-vs-offline-shopping-boundaries-disappear-for-the-consumer.

Section IV.I: How Established Fashion Brands Have Utilized Technology

Just as early-stage startups have been nimbly innovating exiting ways to use technology, larger and established brands have also been experimenting with ways to leverage technology for increased brand awareness and ultimately sales.

However, this innovation among established players has been slow to come. "Go to the sites of the most innovative labels — Prada and Balenciaga, to name two — and you find almost no appreciation for the potential of digital technology. No special films that might illuminate the creative process, no animation, no design gestures that are consistent with the contemporary spirit of these brands. Instead, what you chiefly get is a video of the last collection, some still images from an advertising campaign and, in Prada's case, an update about its art-world projects."[26] Indeed, luxury brands in particular had been slow to embrace the digital media, not to mention social media. Nowadays, though, that has changed as executives have noticed the success of brands who gone aggressively online.

To talk of luxury fashion in the digital space is to talk of Burberry. Founded in 1856, British label Burberry has jumped to the front of the pack in terms of incorporating technological innovation into its luxury brand. "The Regent Street outlet is [designer Christopher Bailey's] vision of where the physical and the digital meet, with interactive mirrors that sense movement and will show you 360-degree views of your chosen garment or how it was styled on the catwalk."[27] Forecasting the importance of an online presence, Burberry now allocates at least forty percent of its marking budget to digital media.[28] "In 2009, fashion house Burberry was feeling the pressure of the economic downturn, even though its financials had been strong over the past decade. Revenue growth dropped from 18 and 15 per cent in the previous two years to seven per cent that year, excluding the impact of foreign exchange rates, while operating profit

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[26] "Why So Stodgy, Prada.com" The New York Times, December 30, 2009. http://www.nytimes.com/2009/12/31/fashion/31NOTEBOOK.html?_r=0

[27] "Digging Trenchcoats: What Makes Burberry Our Boldest Brand?" The Independent, February 23, 2013. http://www.independent.co.uk/life-style/fashion/features/digging-trenchcoats-what-makes-burberry-our-boldest-brand-8504034.html

[28] "Why So Stodgy, Prada.com" The New York Times, December 30, 2009. http://www.nytimes.com/2009/12/31/fashion/31NOTEBOOK.html?_r=0

margin shrank from about 15 per cent to 9.8 per cent. In this harsh retail environment, Burberry recognized the potential value of the digital media. In March 2009, with 175 million users on Facebook and 600,000 more joining it each day, Burberry began allocating marketing and public relations spend and dedicated personnel to pursue tech-age marketing."[29]
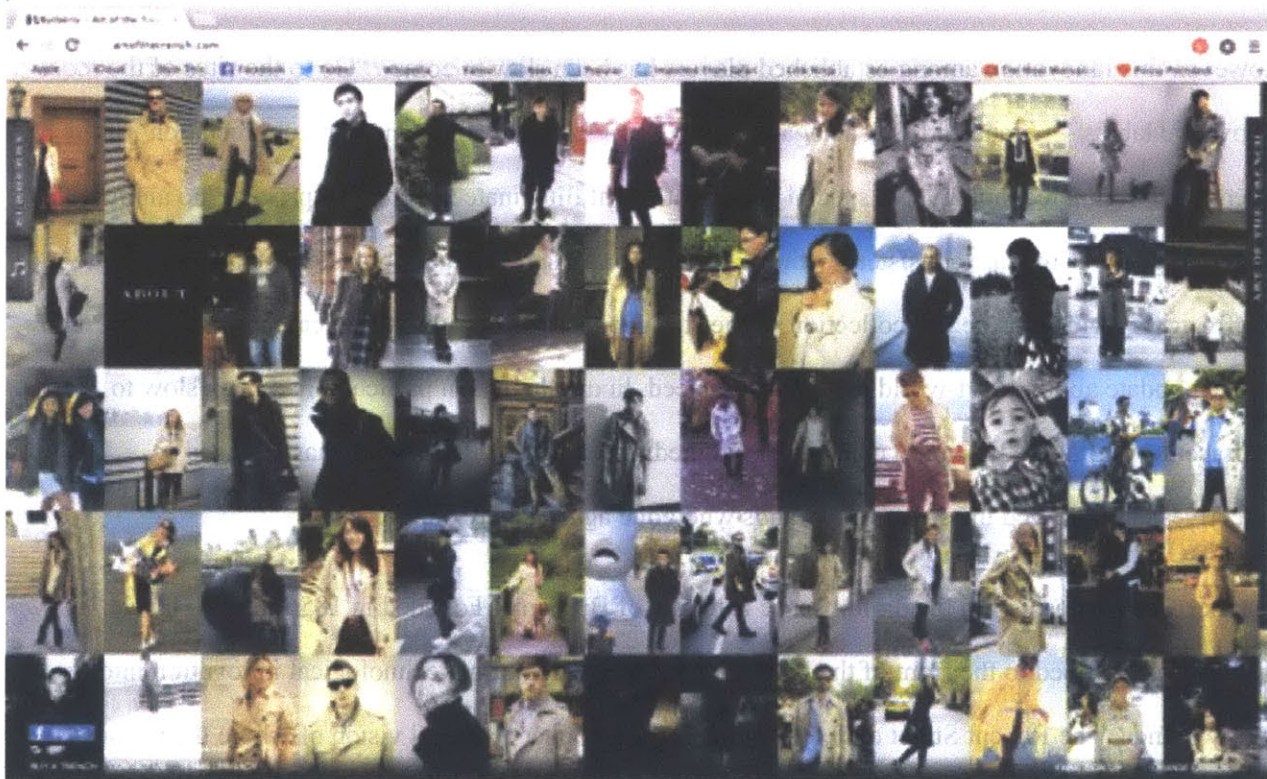

Figure 10: Burberry's Art of the Trench Web Site

Many brands are launching their offshoot websites to foster branding. One of Burberry's most notable technological feats is The Art of the Trench, a street style website heavily spotlighting trench coats. In a Vogue TV talk, Burberry CEO Angela Ahrendts explained that the average viewer spends over five minutes on the constantly updating, global portfolio of images. So far, there have been over 3.7 million images viewed Of course, a viewer can click over to purchase the trench coat (which range from $995 to

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[29] "Entrenched in the Digital World," BusinessToday.com, February 3, 2013. http://businesstoday.intoday.in/story/ burberry-social-media-initiative/1/191422.html

over $4,000); however, even without driving purchases this website allows users to creatively interact with the brand -- fostering greater intimacy -- while also spreading the iconic branding of Burberry's outerwear. This website is an excellent example of Burberry leveraging technology to enable both short and long-term gains for the company. Jimmy Choo, another luxury label, soon tried to imitate Burberry's success by launching their own heavily branded street style website Choo247.com. Tiffany & Co launched What Makes True Love which features love stories and photos from real life couples and allows users to create love notes to send to special people in their lives. The common thread among all of these websites is that while they do not directly push product, they create atmospheres that inspire purchasing and they also allow users to interact directly with the brand. Luxury labels used to be positioned as exclusive, but now in these digital worlds everyone is welcome to participate.

ModCloth is another really interesting brand that has used technology to drive sales.

(Since it launched in 2002, it does not neatly fall into the category of established brand or startup but it essential to analyze ModCloth nonetheless as one of Fast Company's top 50 innovative companies of 2013.[30]) One of the brand's savviest online features is the Be the Buyer program which asks the ModCloth community to be a virtual fashion buyer and vote for which pieces they would like to see produce. The brand gets to determine the demand for the item before they buy it as well as offer feedback to the maker. For instance, shoppers offer critiques like, "It's way too simple for a price like that" or "I prefer the vertical stripes to the horizontal stripes." The maker can make changes to the item and ModCloth can re-test the item until the most effective iteration is found.

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[30] "World's Most Innovative Companies," Fast Company, 2013. http://www.fastcompany.com/section/most-innovative-companies-2013

Figure 11: ModCloth's Be The Buyer Program

IV.II: Fashion Magazines Attempt To Go Online

Fashion magazine brands are also attempting to innovate online. Overall, the fashion print magazine industry is in trouble. These magazines are expensive to print and distribute and are being disrupted by blogs which update on a daily, if not hourly, basis. Major titles like Marie Claire, Glamour and Harper's Bazaar are down 21.5%, 17.5% and 14.3% respectively in sales in 2011.[31] It's true of the newspaper

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[31] "Fashion Magazines Sales Are Down, Except for Vogue," Huffington Post, August 11, 2011. http://www.huffingtonpost.com/2011/08/11/fashion-magazine-sales-vogue_n_924158.html#s326980&title=Down_143_percent

business too. "Newspaper Association of America advertising statistics show $798 million in print losses for the first half of 2012 compared to the same period a year ago. That is only slightly offset by a $32 million gain in digital. The ratio of losses to gains is 25 to 1."[32] Nonetheless, fashion executives contend that online advertising represent the industry's future and remain optimistic about how lucrative it can become. ""Digital platforms are increasingly attractive to advertisers who demand accountability and want compelling, innovative programs that make consumers pay attention," InStyle Publisher Connie Anne Phillips explained."[33]

One such innovative program magazines are developing is allowing users to directly shop editorial content online. "Like W, Marie Claire will begin to utilize image recognition technology this fall, which will enable readers to shop the pages of the magazine and access other bonus content via their mobile phones."[34] However, by giving away editorial content for free online, magazines will give up significant subscription revenue. Rates for a one-year subscription run about $20 and purchasing off the newsstand for a year is closer to $50. With millions per title bought every month, this is a serious amount of revenue that will be difficult to replicate online.

Lucky magazine, a shopping publication owned by Conde Nast, recognized the power of fashion bloggers. Lucky magazine debuted in 2000; one of Conde Nast's youngest magazines, it is also one of the more successful to transition online. For example, recently it launched The Lucky Community -- a digital platform for user generated content featuring street style outfits. ""Top-down only takes you so far," said Brandon Holley, editor in chief of Lucky, to AdWeek. As an editor, she said, "You can only do so much. This allows for much bigger growth.""[35] While this move might seem a banal enough strategy to

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[32] "Newspapers Get $1 in New Digital Ad Revenue for Every $25 in Print Ad Revenue Lost," Poynter, September 10, 2012. http://www.poynter.org/latest-news/business-news/the-biz-blog/187577/newspapers-print-ad-losses-are-larger-than-digital-ad-gains-by-a-ratio-of-25-to-1/

[33] "How the Fashion Magazine Industry Plans to Profit from Digital This Fall," Mashable. July 20, 2010. http://mashable.com/2010/07/20/fashion-mags-digital-fall/

[34] "How the Fashion Magazine Industry Plans to Profit from Digital This Fall," Mashable. July 20, 2010. http://mashable.com/2010/07/20/fashion-mags-digital-fall/

[35] "Inside Lucky Mag's New Blogger Community," IFB.com, August 2, 2012. http://heartifb.com/2012/08/02/inside-lucky-mags-new-blogger-community/

generate page views and attention, it actually has larger implications for the magazine world as a whole. Giving bloggers a prominent channel to share their thoughts on new trends and clothing competes with the point of view of the magazine editors.

Figure 12: The Lucky Community

The spotlight shift from industry veterans like magazine editors to up-and-coming bloggers is palpable yet uncertain in the long-tun. For years, there has been a slow shift in the front rows of runway shows -- the most visible seats for the brand's most press-worthy moments each season. Fashion bloggers are now being signed to major talent agencies like CAA and inking lucrative deals with big brands. They are writing books and co-hosting events. In many respects, they are the face of fashion to young people today, not the middle aged editor in Manolo Blahniks. They post timely reviews of runway shows and often draw more reader comments than established fashion critics on credible news sites. Plus, they are a part of a huge street style moment. "The fuss around the shows now seems as important as what goes on inside

the carefully guarded tents.... There is a genuine difference between the stylish and the showoffs — and that is the current dilemma. If fashion is for everyone, is it fashion? The answer goes far beyond the collections and relates to the speed of fast fashion. There is no longer a time gap between when a small segment of fashion-conscious people pick up a trend and when it is all over the sidewalks....Fashion has to some extent become mob rule," notes esteemed fashion critic Suzy Menkes.[36]

IV.III. How Much Is a Fashion Show Worth?

Fashion shows are expensive to produce, last only a couple minutes, and traditionally shape a designer brand for future months. A standard fashion show costs around $50,000 to produce, and the cost goes up significantly if the designer wants to bring in a well-known stylist or book famous models.[37] As fashion shows become more and more of a circus, to borrow Suzy Menkes's term, how important having a show is in the era of all things digital becomes even more uncertain. Traditionally, fashion shows were far less frequent. Now, to keep up with the insatiable demand of all things new, there are 2 major ready-to-wear collections (spring and fall), two couture seasons, Resort and Pre-Fall. "'Resort' ... is the collection that lands in stores around November to fill the gap between autumn/winter (which arrives in store in September), and spring/summer (in store February). Originally targeted at wealthy customers jetting off to warmer climes in winter (hence 'cruise'), the collection would historically be full of light summer clothing and swimwear. Although you'll still find summery pieces in the collections more traditional labels such as Christian Dior and Ralph Lauren, most resort ranges have evolved to simply offer customers fresh ways to part with their cash, whilst giving a taster of what's to come for the following season. Similarly, 'pre-fall' bridges the gap between the spring/summer and autumn/winter shows, hitting stores in May."[38] The goal is for new merchandise to be constantly hitting store floors to boost sales.

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[36] "The Circus of Fashion," T Magazine, February 10, 2013. http://tmagazine.blogs.nytimes.com/2013/02/10/the-circus-of-fashion/

[37] "Backstage Costs of Fashion Week," Forbes, August 31, 2007. http://www.forbes.com/2007/08/30/style-fashion-backstage-forbeslife-cx_hp_0831fashionpak.html

[38] "What Are The Pre-Fall And Resort/Cruise Collections," The Telegraph, December 16, 2010. http://fashion.telegraph.co.uk/news-features/TMG8207498/What-are-the-pre-fall-and-resortcruise-collections.html
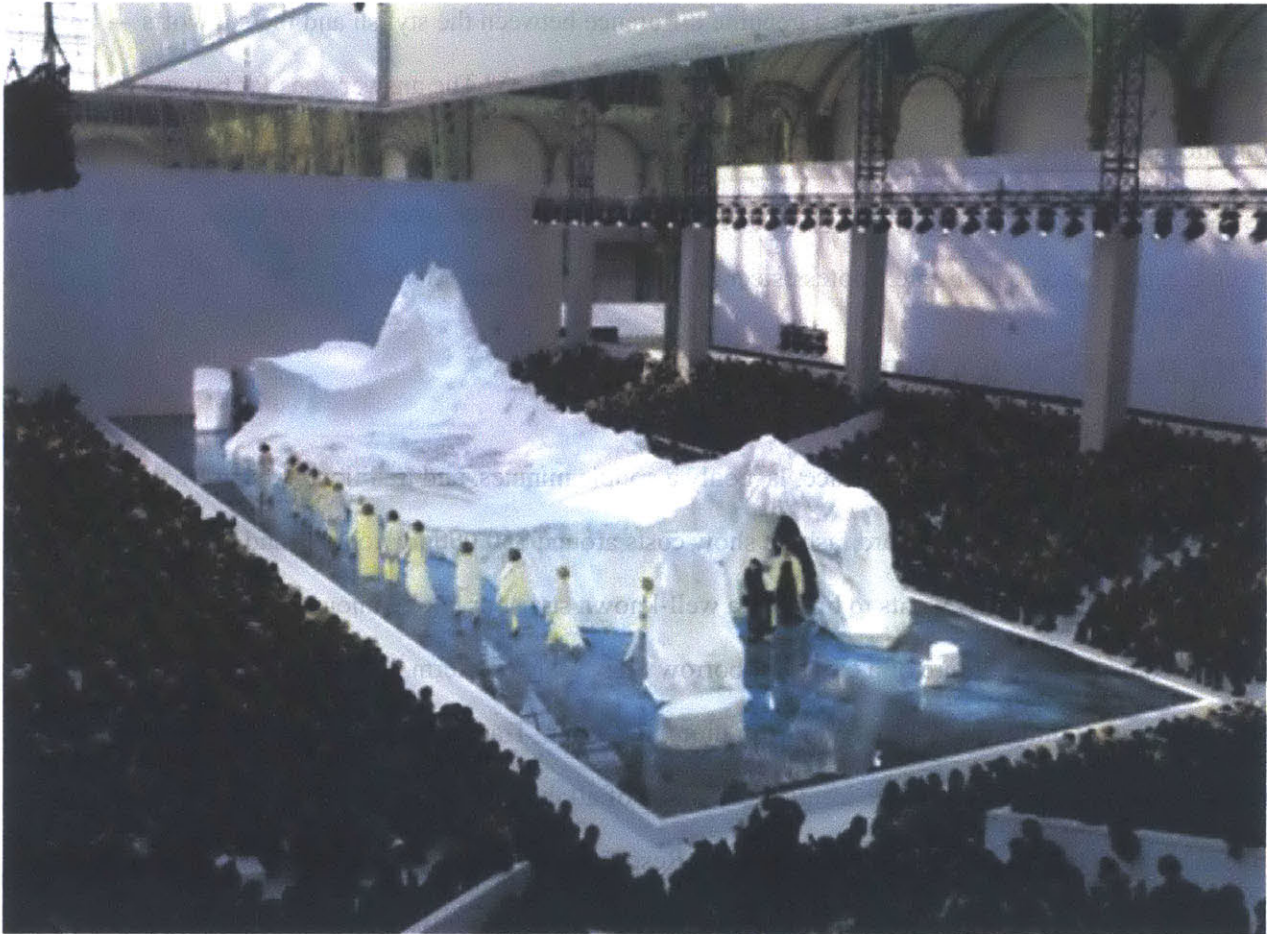
Figure 13: The Chanel Iceberg Fashion Show

With several brands doing six collections per year -- not to speak of menswear shows -- flying in

celebrities, courting the press and attempting to out-do oneself seems not only exhausting every two

months but also quite likely to be ineffective. Brands should leverage the use of technology to make

these show experiences more intimate, more cost efficient. The rise of the free video app Vine hints at

how an editor can disperse real-time video quality footage of a show to her co-workers as well as her fans.

Why bring six people from the same publication to a show when one will suffice? After all, the other

option is to try to keep going bigger and crazier. For example, Chanel flew in a 265 ton iceberg from

Sweden to France for its Fall 2010 ready-to-wear show.[39] While professional photos of the outlandish

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[39] "The Chanel Iceberg Was Actually Made of Snice," New York magazine, March 10, 2010. http://nymag.com/thecut/2010/03/the_chanel_show_was_as_spendy.html

displays use to still feel fresh and exciting months later in magazines, now fashion blogs -- with their daily updates -- undercut the news and publish photos instantly. Consequently, the power of this brand statement from each fashion show event has diminished. Brands can continue to outspend one another or they can re-focus on how fashion shows have changed. They used to constitute half a year's worth of marketing messaging; now it's barely a month before the buzz runs dry. Instead, invite editors and powerful bloggers to see the clothing first-hand in a simple presentation format. Meanwhile, focus on the digital presentation of each collection because that's how the 99% will consume the brand.

Section V. Conclusion

It has become evident that the fashion/tech world is in an exciting time and some companies are handling these changes better than others. Startups like Warby Parker, RentTheRunway and Bonobos have emerged to fundamentally shift today's retail market. They were started with the specific needs of a clear customer in mind and leveraged technology to provide a quicker, cheaper solution. In contrast, other startups have yet to prove their real value to a consumer, instead attempting to push technology into a space it had not previously been. These startup founders need to reassess what their consumer wants and use technology to fulfill that need rather than try to generate a new one, especially if the initial plans are not gaining viral traction. Listen to the customer and then quickly build what they are asking for. On the other end of the spectrum, established brands are slowly embracing technology. Partnering with innovative new brands has been a great step forward. Meanwhile, the fashion magazine industry rests at an axis of confusion. Do they bolster the democratic fashion blogger world to attain page views or stick with the top-down editor viewpoint? As print declines and advertising dollars shift online and to mobile, it's a question that needs to be answered quickly. Initially slow to adopt technology, fashion is making up for lost time both from a bottom-up and a top-down flow. For either ends of the spectrum, the firm conclusion of this thesis is to use technology in organic, useful ways where there is clear, easy to attain value for the consumer.

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[8] "Pinterest Partners: Yes, They're Making Money From Your Pins," Mashable, February 8, 2012. http://mashable.com/2012/02/08/pinterest-affiliated-links/

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