Rent the Runway (2011, rev. 2012; HBS)

- *Full Name of the Case:* Rent the Runway
- *Teaching Note(s) Available?* Yes
- Case is available through Harvard Business Publishing (product #: 812077-PDF-ENG)

Rent the Runway (RTR) is an American company founded in 2009 that introduced an online subscription rental business model for higher-end women's clothing items such as dresses. In 2019, the company was reportedly valued at $1bn; to date, it has raised about $340m in venture capital funding.

The case focuses on RTR's initial years, from 2008/2009 to the successful launch of its service. It explains the iterative, observation-based process by which the business model innovation was created and introduced. For example, it describes in detail how the two founders cold-called a leading fashion designer to see if she would be interested in their idea. This conversation, as well as feedback from conversations with several other designers, led to fundamental changes in the original model.

The case also describes how the founders prototyped their new business model to gauge demand and get feedback from customers. It thus lends itself well to discussions of the importance of empathetic stakeholder interviews and market trials, which are at the heart of the design approach to business model innovation development explained in **Chapter 6** of the book. Secondary use cases would be for **Chapter 7** (lean startup, minimum viable business model), and for **Chapter 8** (value proposition and "storyline" for designers and end-customers).

Besides explaining the process behind a striking business model innovation in the high-end fashion industry, the case could serve as an inspiration, especially for female students interested in entrepreneurship and innovation. The two female co-founders of Rent the Runway faced many setbacks, but they were able to grow the startup into a valuable company with 5 million subscribers by paying keen attention to stakeholders' input from day one and pivoting their business model when necessary.