The Netflix For Designer Clothes, Rent The Runway Raises $20M From Vogue-Publisher Condé Nast And Kleiner Perkins

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Rent The Runway, (http://www.renttherunway.com/) a Netflix for designer clothes, accessories and jewelry, has raised $20 million in funding led by Condé Nast Publications, with all existing investors participating in the fundraising round including Bain Capital Ventures, Highland Capital Partners and Kleiner Perkins Caufield & Byers. To date, Rent the Runway had raised more than $51 million in venture capital.

Rent The Runway allows women to rent designer clothes and accessories at a marked down price. Once you pick a design on the site that you'd like to wear, you can schedule a delivery date. Rent The Runway will send two sizes, to ensure that you receive a dress that fits. Rentals on the site run from $50 to $200 for a four night loan, or 10% of the retail price.

An investment from Condé Nast, who is the publisher behind Vogue, Lucky, Glamour and other fashion magazines, is a big deal for the fashion startup. The investment is not only a financial deal, but also represents a meaningful product partnership.

"We are excited about diversifying our portfolio through an association with Rent the Runway which allows our readers a new way to access luxury brands and we look forward to creating unique consumer-centric programs with them," said Bob Sauerberg, president of Condé Nast, who will join Rent the Runway's Board of Directors.

Condé Nast has also made investments in Flite, Moda Operandi, Unified, Visible Measures and Trigger Media, and recently acquired Ziplist.

Rent the Runway has over 3 million members and 170 designer brands, and recently introduced the first-ever online social shopping platform – Our Runway – which allows women to shop based on user-generated photos of real women with their similar body type, rather than the typical model image.

As we reported a few weeks ago (http://techcrunch.com/2012/10/21/rent-the-runway-turns-customers-into-models-with-new-search-feature/) , the new search feature allows women to shop based on user-generated photos of real women with similar body types. The flagship feature of the launch is a Find Women Like Me tool, which allows women to enter their height, bust size, dress size and age, in order to view thousands of diverse women with comparable shapes in dresses available for rent.

The search feature takes up to 4 data points (dress size, age, height and bust size) and buckets these characteristics into a vector that maps to one of 864 “canonical types,” down from over 100,000 possible unique combinations. The startup says it matches most precisely to dress size, which Rent The Runway believes is the most important characteristic in similarity.

The feature also allows members to comment on a customer’s photo, asking questions about the fit or style of a dress, or to simply compliment the look.

Jennifer Hyman, CEO and co-founder of Rent the Runway, says the that new financing will enable more technology to be added to Rent The Runway’s platform. “We want to disrupt and revolutionize the retail industry and the backbone of this is technology,” she explains to us in an interview. She says that across many verticals including textbooks (Chegg), movies and TV shows (Netflix), apartments (Airbnb); there has been a shift towards a rental model for consumers.

As for Condé Nast, Hyman says that Rent The Runway provides broader access to the aspirational luxury fashion that the publishing house promotes via its flagship titles. “This is a partnership beyond just being an investor. We will be integrating with their organization to take advantage of marketing and sales prowess they have, and help create brand awareness for Rent The Runway.”

An investment from Condé Nast (as well as previous investors) is certainly a validation that the model is working. I, for one, am all for making designer clothes more accessible to the masses.

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