

Online Clothing Rental - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

Market Report | 2024-02-17 | 130 pages | Mordor Intelligence

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Report description:

The Online Clothing Rental Market size is estimated at USD 1.77 billion in 2024, and is expected to reach USD 2.47 billion by 2029, growing at a CAGR of 6.79% during the forecast period (2024-2029).

Key Highlights

- Consumers are increasingly spending on clothing activities due to their increasing disposable incomes, which is a significant factor fueling the growth of the online clothing rental market. The growing demand for costly designer dresses, in confluence with evolving fashion trends, is expected to fuel the growth of the market in the coming years. Additionally, many clothing rental companies have started using subscription-based services online. These services help reach a broader customer base, thus stabilizing their market.
- The global online clothing market is characterized by the women segment owning a prominent share in factors such as frequent presence across social and corporate events, follow-ups with international designer labels, and active engagement on social media platforms. The market is likely to witness significant growth in the formal dress code segment rental as consumers are more prone to purchase casual wear in volume while keeping a pair or two of formals in the wardrobe. Additionally, consumers across the market are willing to rent their wedding dress products instead of buying expensive wedding outfits. Due to increasing demand, players are introducing expensive wedding collections in their rental portfolios. In April 2023, Wedding Wingman company offered men's wedding outfits in the United States. The products are disclosed on the Men's Wearhouse company websites.
- Moreover, more celebrities in the limelight promote rental clothing across the market, encouraging consumers to rent apparel products. Additionally, online rental services play a crucial role in attracting consumers as they prefer to use online websites over physical outlets to access an exclusive and wide range of options on different platforms and compare the rental price from platform to platform instantly. Companies operating in the market focus on offering competitive pricing to attract consumers. The

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market concentration is low, and players are expected to provide products that encompass local designer labels who develop products that are unique in each way.

Online Clothing Rental Market Trends

Adoption of Subscription-based Services

- The online clothing rental marketing landscape has undergone significant changes post-pandemic, gravitating toward subscription-based services. Through these subscriptions, customers can rent numerous pieces of clothing simultaneously for an unlimited period in exchange for monthly fees.
- The rise of monthly and quarterly subscription services is a growing trend in the online clothing rental industry, wherein retailers provide subscribers with rented clothing on a monthly or quarterly basis through online platforms. These services are instrumental in helping companies reach a broader customer base, save time in acquiring new customers, and generate recurring revenue.
- Rent the Runway stands as the most popular and one of the oldest companies in this business, historically known for formal wear but now offering a wide range of apparel for any occasion. Other firms offering subscription packages include Gwynnie Bee, New York & Company Closet, Tuileries, Nova Octo, Nuuly, Armoire, Vince Unfold, and Vivrelle. New companies are entering the market to meet the rising demand for these services.
- Moreover, these companies offer both monthly and annual subscription fees to interested customers. To attract subscribers, players in this market offer early access, exclusive offers, loyalty discounts, and other benefits. For instance, in November 2022, Fashion Forward Box, operating in the United States, offered free memberships for a limited time before implementing a subscription fee. This giveaway coincided with the launch of its rental clothing business in the United States.

North America is the Fastest-growing Market

- The North American region is fast emerging as a growing market for online clothing rentals. In the region, millennials are increasingly renting out items against owning them. In the United States, clothing rentals fall behind other categories, such as cars, furniture, and electronics, but online clothing rentals are fast catching up.
- In a study published in Sustainability in August 2021, a survey conducted in the United States showed that GenZ adults are increasingly inclined towards renting rather than owning clothes - which can be attributed to the fact that they focus on usage rather than ownership as part of their consumption habits. Moreover, luxury brands offer a variety of apparel at premium prices, with more consumers preferring to rent the clothes over purchasing owing to the cost; rental service providers are offering exclusive collections on their platforms to attract consumers.
- Companies and retailers are also responding to the challenge and the opportunity that online clothing rentals pose. For instance, CaaStle operates rental services for its Gwynnie Bee brand and third-party retailers, including Express, American Eagle Outfitters Inc., and Ascena Retail Group Inc.'s Ann Taylor. It charges a flat fee per active subscriber to provide all aspects of the offer, from logistics to laundry.
- Furthermore, brands have been achieving more customers and increasing their customer base by educating consumers about cleaning procedures and sustainable practices during shipping while also addressing their concerns about hygiene and the quality of products. For instance, Banana Republic of Gap Inc. offers an online women's apparel subscription service in the United States. The monthly subscription, "Style Passport," costs around USD 85 a month, under which women can rent three different pieces from the brand at a time.

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The online clothing rental market is fragmented, combining established retailers and start-ups. While selected retailers are looking for a better way of managing their inventory through rentals, start-ups are looking for business expansion by offering multi-brand product mixes. Some key players active in the market are Urban Outfitters, Inc., GlamCorner Pty Ltd, Rent the Runway, and Gwynnie Bee. New York & Company, Inc.. To obtain a competitive edge, brands differentiate their product quality and packaging. The companies are focusing on making their products sustainable and environment-friendly.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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