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Header:

No “Skim”ming Corners

Sub header:

Few companies make it to the highest ranking of valuation, but a shape wear brand is making the magic happen.

When Kim Kardashian thought of a ‘unicorn’ growing up she more often than not probably thought back to childhood bedtime stories where utopia is achievable and glitter falls from the sky. And as an adult, dreaming of a “unicorn” only gets better. We are talking about Unicorn status, top tier valuation, more rare than a unicorn itself. (Hence the nickname.) As Skims magical label, Unicorn, scales itself yet again doubling it’s most recent valuation, it’s proving to be more than a mystical fad.

Labeled a Unicorn company in April 2021 at \$1.6 billion, reported first by Bloomberg in January 2022, Skims recently launched a Series B funding which in return doubled their original valuation bringing the brand to a total value of \$3.2 billion. That sounds a tad better than glitter falling from the sky. It’s now raining money with endless opportunities for the shape wear brand.

So how did a celebrity owed undergarment line grow to be a fashion giant in less than 3 years? Because a pretty face can’t grow a business by itself.

Founded in September 2019, originally named “Kimono” which almost instantly took on backlash for insensitive branding and accusations of cultural appropriation. The name was changed a month later to Skims. Behind the brand is co-founder Jens Grede who remains the chief operator of the brand, and is no stranger to celebrity founded business in the fashion industry. In fact, Grede has made his fortune helping people with a name find a niche for themselves.

Jens Grede, the Swedish California transplant, originally founded the denim brand Frame, which he still owns with his business partner Erik Tortensson in 2008. After a decade of strategic partnerships Grede and his wife, Emma, collaborated on a series of brands with celebrity partners and co-founders. The Grede’s masterfully rolled out Good America with Khloe Kardashian, Skims with Kim Kardashian, and Safely with Kris Jenner and Chrissy Teigen. ( Chrissy has since left the company).

Kim has shared through social media over the years her obsession with shape-wear, using it to tuck and reshape her body to look and fit into a garment they way she prefers to look. Almost like photo editing, but in person. I admit, I too am a fan of shape wear, but I could never get them to hug in the right areas. This was exactly Kims problem. She was cutting the shape wear to accentuate her body the way she envisioned. And there was the lightning bolt, her own shape wear line. With Grede ready to back her.

Skims had an advantage. The timing couldn't have been more perfect for the brand to launch. The start of the pandemic. In which some would say would be the worst timing of all, Skims production line up was set to turn every woman's daily zoom call look, into the coziest get up she ever wore. From loungewear sets to under garment essentials such as bras and underwear, there was something for everybody.

That is the magic. Not only does the Unicorn valuation of the brand bring forth its sparkle and uniqueness, but the magic of having a product for every body, every size, and even in every color tone. Inclusivity is what sets Skims apart from the rest. The brands tagline that flows all over the website is " Solutions For Every Body." Skims has sizes ranging from XXS-4X. And all product pieces available come in every size. Brands such as Victoria Secret offer larger sizes, but limit the options the higher the size, eliminated part of the customer pool.

In an interview with Business of Fashion, Co-Founder Jens Grede says "Skims is not a shape-wear brand, they are a solution-oriented company." They are solving the problem more women have on a daily basis, finding what fits.

Skims not only offers the array of sizes but they take it a step further with inclusivity at the helm of design, they offer a variety of color tones to match all ethnicities, and skin colors. Made from a combination of extra soft nylon and spandex, the stretch ribbed and cotton collections hug your body with ease. The brand also launched some limited edition pieces in a mash and silk, and also a Y2K inspired velour. Taking me back to my Paris Hilton in Juicy Couture days. I was fly.

So how do underwear and pajamas equate to a billion dollar brand? Execution. In 2021, sales grew 90% year over year which is about \$275 million. Sales are expected to grow to \$400 million by the end of this year.

Spending nearly half of their marketing budget on brand-building efforts, Skims takes their growth seriously. Edited, a retail intelligence program, breaks down the game changing efforts Skims does to succeed.

Skims doesn't have any physical retail locations so direct to consumer through their website is the main stream of sales. With the benefit of a social media era, the strategic social campaigns keep the hype alive. Skims sells a limited number of inventory to create the demand and allude to exclusivity. We all want what we cannot have, don't we?

When an item gets sold out, it typically is replenished or the category or item will expand into a new color way. And believe me when I say, on launch day, the top seller's sell out almost immediately. A good indicator for the sales volume of Skims is the sell out and replenishment rates. Edited shares that Skims sell out rate is 32% while their replenishment rate is 68%. This is incredibly high for the industry. To compare that to

scale, Savage x Fenty, Rhiannas body wear line has a sell out rate of 9% and a replenishment rate of 15%.

It hasn't just been having Kims booty and boobs pasted on every marketing add than has drawn the population into this cult-like-brand. Their strategic partnerships have set the tone for their continued future growth.

Skims hit it big when they announced their partnership with the World Olympics for the 2021 summer games in Tokyo. They provided the basic under garments for the athletes. And showcased again when they were asked back for the Winter Olympics of 2022 in Beijing. Skims stands next to the likes of Ralph Lauren who has designed the US Olympians welcome ceremony uniforms for years. It's a true honor.

Spreading their wings to the luxury sector, LVHM owned Italian luxury brand, Fendi, partnered with Skims in a limited collection that sold over \$3 million in the first 10 minted of its launch. Yet another sold out collection I was never able to get my hands on.

These strategic, yet valuable partnerships shows the reach that Skims has been able to get, and the trust in the brand from all sectors of the fashion industry. Skims has set itself into a versatile category, from shapewear, to undergarmets, to daily basics, all pieces are able to be worn under clothing or on its own for a flattering appeal all at an affordable price. Ranging from \$23 for panties, to \$86 for sleepwear, they keep their customers by maintaining achievable prices to the masses.

In this latest round of funding, co-founders Kim and Jens remained the majority stake holders, with Kim as the largest individual stakeholder. Given that the brand is still privately owned, Forbes estimated that Kim owns a 35% stake, which estimates to be about \$900 million.

The round money is to be allocated to the expansion of the brand in multiple areas such as International growth. Nordstrom is the US department store partner, where Selfridges in the UK and Galeries Lafayette in Paris are being tested to grow their market globally.

Another category about to give you that #hotgirlsummer vibe, swimwear. Kim's vision for sexy swimwear is proving to already be favorable with her mix and match tops and bottoms to create the perfect bikini look with the ability to reveal as little, or as much as you want. Available now on the Skims website. (<https://skims.com/collections/swim>)

It's no wonder the brand has grown exponentially in such a short period of time. I've been lounging in Kim K's Best Seller "Cozy Knit" collection all through pandemic, and came out wearing the "Fits Everybody Bandeau" under a blazer and headed back to the work force. There is a look for every body, for every day.

Keep an eye on this mystical brand. They just might reincarnate to a Decacorn ( a valuation label for \$10 billion) with the path they are on. And it's of no surprise, they don't "Skim" any corners.

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