

## Adapting to the Evolutions in the Market

An Interview with Kevin P. Ryan,  
Founder and Chief Executive Officer, Gilt Groupe

**EDITORS' NOTE** Kevin Ryan has launched several New York-based businesses, including Gilt Groupe, Business Insider, ShopWiki, and 10gen/MongoDB. He helped build DoubleClick from 1996 to 2005, first as President and later as CEO. Currently, Ryan serves on the board of Yale Corporation, Human Rights Watch, and INSEAD, and is a member of the Council on Foreign Relations. He holds a B.A. from Yale University and an M.B.A. from INSEAD.



Kevin P. Ryan

**COMPANY BRIEF** In 2007, Kevin Ryan along with a founding team created Gilt Groupe ([www.gilt.com](http://www.gilt.com)) as an invitation-only site for coveted women's apparel and accessories. Today, Gilt Groupe has millions of members and has added business lines for the home; children; men's apparel and gear (GiltMAN and Park & Bond); artisanal food and wines (Gilt Taste); vacation travel (Jetsetter); local services and experiences (Gilt City); and has launched the leading flash-sale site in Japan (Gilt Japan).

### Has the brand grown as you expected and how is it positioned in this challenging market?

The brand is positioned at the high end; we wanted to bring a sense of luxury and style to the market, but offer reasonable prices and discounts. It has been tough, but we have done well. Consumers are proud to buy from Gilt—they feel like they got great merchandise at great prices.

This caught consumers in a way that was greater than we could have hoped for. We watched the business grow in the beginning without advertising—people loved the product and were inviting their friends to join Gilt. When I tell people I started Gilt, their first words are, I love Gilt. That is validating.

### Is it clear that you can pay a higher price but get more value?

Absolutely. We have a very sophisticated customer so it's not that the cheapest product sells. Sometimes the more expensive item will sell better because people believe it's better quality or a better brand.

### Is your market more of a niche with higher end clientele or is it broader?

It's much broader because we have millions of people who are shopping on Gilt. We

have some buyers with a high price point because they are buying jewelry for their wives and other people are looking for deals, so there is a variety, but it's going to be higher end and someone who cares about aesthetic.

Gilt shoppers are knowledgeable about brands so they appreciate the difference between Gilt and another site.

### Did you see the opportunity early on to broaden the product offering?

I saw some of the opportunity from the beginning and some I didn't see until a year or two in when I realized the brand had become so strong that I could take it into areas that no one had gone before—no one else sells travel, though I wasn't anticipating selling that or restaurants; I was planning on selling men's, women's, home, and kids. It will continue to broaden.

### How critical has it been to grow a leadership team with great experience?

For five years, I spent a large percentage of my time recruiting; I interview on average at least one person every single day because that's the most important job I have. Gilt has grown as it has because we have great people.

From early on, I attracted people with great experience, which I needed because when you grow from zero to 1,000 employees in a little over four years and everything has to be created from scratch, you have to move quickly. We're reorganizing all the time, so there is dislocation constantly, and that's not easy to manage. Gilt continued to execute aesthetically and financially well during that time period.

### Is it tough to keep up with the changes in technology?

It changes all the time, which makes it interesting and fun, and attracts great people, but we have many competitors that compete with us in one thing, so we need to keep up across the board.

When we started Gilt, we didn't know that the platforms were going to evolve as well as they have. Four and a half years ago, there was no mobile shopping. When we started, there was no iPhone, Twitter or Pinterest, and Facebook was not important.

The key to all businesses is adapting to the evolutions in the market and using them to your advantage.

### Have those developments helped you build a stronger base with international clientele?

Last month, something like 30 percent of our international shopping was done on mobile; so that's people in Hong Kong or Russia who are buying off an iPhone or iPad.

### How do you lead in after-sales service and how important is maintaining that customer relationship?

We have to give better customer service than most people are used to because it's part of the overall luxury experience.

For us, customer service is a fantastic way to enter the company and genuinely understand the customer, and I hope one day the person who comes in as CEO will have started in customer support.

### As companies grow, how tough is it to maintain an entrepreneurial culture, and how critical is it to not lose that?

On the one hand, you want to keep the best aspects of an entrepreneurial culture, which is moving quickly, taking risks, and being decisive.

You also need to adapt your entrepreneurial culture so it's more data-oriented and slightly more cautious, because if we made a mistake five years ago, it would cost us \$5,000 in sales—if we made that same mistake today, it might cost us \$1 million in sales.

So it does mean you should be more careful about rolling out something new that might slow you down, but it's the right decision.

### Has your success in starting companies been more about luck or skill?

If you can do it many times, it's no longer luck, but there is always some risk. I try to think in terms of trends. If you spot a trend too early, then it doesn't matter. However, if everyone is talking about a trend, it's too late.

When I started Gilt, there were no flash-sales companies in the U.S. so it wasn't a trend. We knew people would like it but we were only going to find out after I launched the company.

My business partner and I always work on listing 50 trends we think are happening right now and then decide how we can take advantage of any of them. Sometimes it's too late and sometimes you realize that even though the trend itself was three years ago, you can sub-divide the trend. You have to choose the right moments when the market can support that. ●