**Hip Eyewear: Warby Parker’s New Spectacles**

By [Susan Berfield](http://www.businessweek.com/authors/2389-susan-berfield) June 30, 2011

On a warm afternoon in downtown Manhattan, Dave Gilboa is trying on glasses, and it isn’t going well. At one shop, none of the frames the saleswoman suggests look remotely good on him. “Every time I go into an optical shop, I think: When are these places going to go out of business? It’s a terrible shopping experience,” says Gilboa.

Gilboa and his shopping companion that day, Neil Blumenthal, aren’t disinterested observers: They are co-chief executives and co-founders of Warby Parker, a 17-month-old company that sells eyewear online. Customers test the startup’s retro-style glasses, which go for $95, including prescription lenses, through a mail-order, try-it-at-home program. The frames, and the business model, have attracted a devoted following among young, trendy professionals. “Sometimes if something’s cheap, it’s dumb,” says entrepreneur and designer Andy Spade. “Warby Parker has done it intelligently.” The startup’s success—Warby Parker has sold more than 50,000 pairs of glasses, says it’s profitable, and raised $1.5 million from investors in May—is inspiring competition from more established retailers.

Hip though its frames may be, Warby Parker was started at a bastion of business conservatism, the University of Pennsylvania’s Wharton School. In the fall of 2008, Blumenthal and Gilboa, both then 28, were in the first year of its MBA program, kicking around ideas with classmates Andrew Hunt and Jeffrey Raider. They wondered why glasses—uncomplicated, easily broken, and mass-produced—often cost as much as an iPhone. Blumenthal, who before B-school worked at a nonprofit that gives glasses to people in developing countries, believed he knew why: “The optical industry is an oligopoly. A few companies are making outrageous margins and screwing you and me.”

A quick primer, then, on the $16 billion optical industry: Luxottica ([LUX](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=LUX)), based in Milan, is one of the heavyweights in question. It owns LensCrafters, Pearle Vision, Sunglass Hut, and the optical shops in Target ([TGT](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=TGT)) and Sears ([SHLD](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=SHLD)); it owns Ray-Ban, Oakley, and Oliver Peoples; it manufactures, under license, eyewear for more than 20 top brands, including Chanel, Burberry, Prada, and Stella McCartney. “They’ve created the illusion of choice,” says Gilboa. And inadvertently they’ve created an opening for an indie anti-brand brand such as Warby Parker. Luxottica declined to comment.

By early spring of 2009 the four founders had a look in mind. They call it modern vintage, a bold, often boxy style that was already popular in hipster neighborhoods. It took them months to christen the new business, however. They found the names Warby and Parker in some unpublished writings of Jack Kerouac that the New York Public Library discovered that summer. Meanwhile, they’d started designing and testing frames on fellow students. They eventually came up with 27 styles and now have 50. “It’s great to start a business in business school,” says Gilboa. “We had 820 classmates who were our target consumer category, who came from all over the world.”

Warby Parker uses the same materials and the same Chinese factories as Luxottica. It can sell its glasses for less because it doesn’t have to pay licensing fees, which can be as much as 15 percent of the $100 wholesale cost of a pair of glasses. Warby Parker doesn’t have to deal with retailers, either, whose markups can double or triple prices, it says. And at least for now, the founders are content with lower margins.

Since graduating in 2010, Gilboa and Blumenthal have been running the company from a Manhattan office so small that many staffers squeeze around a single conference table. The other two founders sit on Warby’s board of directors. Over the past several months the company’s staff has nearly tripled in size, to 40 employees, and they are about to move to a more comfortable setup in SoHo. Blumenthal, cheery and earnest, doesn’t need glasses but wears Warby’s Huxley frames on occasion. He’s in charge of design, communications, and customer service. Gilboa used to sport $500 frames from Prada; now he wears the Japhy, a design described on the site as being for the “contemporary intellectual.” He oversees operations.

As they were putting together their company, the founders came up with a business model they figured would appeal to the habits and ethics of their hipster customers. Warby’s free home try-on program lets people test five frames at a time. On its website, Warby Parker offers a way to upload photos and “try on” frames virtually. Creating such individualized shopping experiences on a large scale is the next big thing online, says Gene Munster, a senior research analyst at Piper Jaffray ([PJC](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=PJC)): “It’s e-commerce 2.0.” Warby also has a social mission. For every pair of glasses it sells, it helps someone in need buy a pair—though not one of Warby’s creations. “The glasses are stylish here, but in most parts of the world people would be ridiculed for wearing them,” Gilboa says.

At Wharton, the founders began a “brand ambassador” program to get the attention of Penn’s undergraduate population. It continues in Warby’s post-collegiate life. The company’s 75 unpaid promoters now include a buyer at Macy’s ([M](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=M)), the maitre d’ at Eleven Madison Park, and the chef behind the Dante Fried Chicken food truck in Los Angeles. They get a free pair of glasses and a discount code to share with friends. Blumenthal says he’s looking for “people who don’t take themselves too seriously but take world issues seriously.” In choosing ambassadors, he finds the answer to one question, in particular, telling: What was the last costume you wore? (For Blumenthal, it was as *Jersey Shore*’s Snooki, for a Halloween office party.)

Competitors have begun eyeing Warby Parker’s corner of the market. In June the discount fashion site Bluefly ([BFLY](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=BFLY)) introduced Eyefly, which sells custom, vintage-looking glasses for $99. Says Blumenthal: “They blatantly stole our business model, our aesthetic, our checkout process, even one of our photographs.” He says Warby is preparing to sue for copyright infringement regarding the photograph. Melissa Payner, the CEO of Bluefly, told *Bloomberg Businessweek* the photo was intended only as a placeholder, put there by a vendor helping to build the site, and was quickly taken down. “We are in the company of great competition and see significant opportunity for more players,” she says.

Warby Parker is already moving in a new direction. Recently, the founders decided that Warby Parker needs a place for people to browse and mingle in the real world. They currently have a small, appointment-only showroom, but will soon open a 2,500-square-foot store in SoHo. “We want to be the first fashion brand that got its start online,” says Blumenthal.

***The bottom line:*** *Warby Parker, a startup founded by four Wharton grads, has sold 50,000 eyeglasses and is opening its first brick-and-mortar store this year.*

http://www.businessweek.com/magazine/hip-eyewear-warby-parkers-new-spectacles-07012011.html