Business

How Ssense Lost Its Cool

Mismanagement, retail upheaval, and a failed bet on Gen Z have left the luxury site on a lifeline

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The Walrus

"I WOULDN'T PUT ANY MONEY on [Ssense] being around over the next ten years as it is," Jules (not his real name), a sales agent who works with fashion brands on the site, said when I spoke to him about the company in January. "I don't think it's sustainable right now."

His prediction came as something of a surprise: for over a decade, the Canadian multi-brand e-tailer was a fashion mainstay, infamous for an ironic and meme-centric advertising tone used to court Gen Z consumers who spend their lives online. Whereas sites like Holt Renfrew and Net-a-Porter tend to place their models against Parisian streets and plush interiors, Ssense sold its designer wares with a sense of humour, prone to online phrases like "chill sesh" and "soft boy."

If luxury retail traditionally concentrated on older consumers who have more disposable income, Ssense built its business courting the kids. According to their website, approximately 80 percent of their customers are between eighteen and forty. It's a strategy that worked—in 2021, the company was valued at around $4.1 billion and gained minority investment from Sequoia Capital—until it didn't.

At the end of August, it was revealed that Ssense was preparing to file for bankruptcy protection after a creditor moved to sell the company without its consent, triggering what the firm described as an "immediate liquidity crisis." By September, the company was granted a reprieve—the Superior Court of Quebec ruled Ssense could maintain operations while it restructures. This provides some hope for the company—meaning they are able to consider investment opportunities to ensure the future of the site. "We now have the time, resources and structure in place to begin the process of rebuilding a stronger Ssense," said chief executive officer and founder Rami Atallah in a statement.

While the impact of US president Donald Trump's tariffs was a factor in Ssense's struggles, people are also spending less. Ssense isn't alone in feeling this change. The backdrop is a wider post-pandemic slowdown for luxury after the online shopping boom collapsed. It's seen other retailers like London-based Matches folding. Sales in the fashion and leather goods division of luxury goods conglomerate LVMH fell 9 percent in the second quarter of 2025 and—according to *Vogue Business*—50 million consumers reduced their spending on luxury items last year.

Jules, it turned out, predicted correctly, but was off by about nine years. Four years on from that $4.1 billion valuation, how did the cool kid of e-commerce, once admired by its competitors for disrupting the category, fall so far?

SSENSE WAS FOUNDED in Montreal by the Atallah brothers in 2003 as a family business. Rami, Firas, and Bassel Atallah grew up in Syria before moving to Canada when they were teenagers. They now serve as chief executive officer, chief financial officer, and chief operating officer respectively, but in the early days of Ssense, the trio—who were all in their early twenties at the time—were responsible for everything: they photographed the products for the site, and Firas sent orders from the post office. "This is a story about immigrants with zero experience or knowledge about fashion, having to learn everything from scratch," Rami said in a rare interview with the *New York Times*.

After their parents mortgaged their house to invest in Ssense, the Atallahs first opened a physical store to gain a reputation in the industry, as Bassel told *Elle* Canada in 2017. The Ssense website launched in 2006, after the trio had graduated university. Rami studied computer engineering at Polytechnique Montréal, and building the nascent Ssense site was his graduate thesis. If a typical path into the fashion industry would be to study design or retail, it's the "tech first, fashion second" approach that set Ssense apart. In that *New York Times* interview, Rami called the team "expert outsiders," with writer Nathan Taylor Pemberton reporting that current and former staff members say the company "resembles a tech firm more than a purveyor of cool clothing, where each decision must be bolstered by numbers."

The tech-first model, combined with the ability to spot up-and-coming brands before competitors did, shortly proved successful. According to one interview with Firas, by 2010, Ssense had 1 million visitors to the site per month. In 2016, the *Globe and Mail* declared they were "the Montreal company shaking up luxury fashion, one pair of $860 sweatpants at a time." Atallah told the paper that Ssense had an 82 percent compound annual sales growth since it began, with 10 million monthly visitors expected by the end of the year. Two years later, that figure had reached 13 million monthly visitors, and Ssense had a five-storey store in Montreal eight times larger than its original one. And then, in 2021, came the Sequoia investment.

If the tech background was part of the success, the founders' youth was also central. As Bassel told *Elle* Canada in 2017: "We cater to a millennial audience because we are in that age group ourselves." As young people, they bet on brands that were on the up and up with their age group, and they became known for finding talent first. Social media—and staff members, often in their twenties and thirties—provided a tool to discover the latest brands with buzz, like Vetements, Praying, or Kiko Kostadinov. Whereas other big retailers relied on high-profile brands like Prada and Chanel, Ssense mixed big-name designers with those yet to be discovered.

The site—which stocks over 700 brands—was an early supporter of designers who are now giants, such as mononymic Demna, who is now artistic director at Gucci, and Virgil Abloh. Jules says new brands he worked with see it as a pivotal career milestone to be discovered by the retailer. “To be picked up by Ssense is a massive thing,” he says. *Puck* fashion correspondent Lauren Sherman concurs, describing Ssense to me as “a test kitchen for fashion.”

Consumers—increasingly knowledgeable about fashion thanks to social media—appreciated the fact the site was a go-to for new talent as well as household names. Martin, a former employee, worked in a buying role at the company for several years. (He, like Jules, asked that his real name not be published for reasons of job security.) He noticed a contrast to other places he worked. “At [other retailers], if you wanted to go over [a buying] budget, you really had to justify it,” he says. “It was really the opposite [at Ssense], which is great if you’re a buyer. You’re given that kind of freedom to just spend as much as you want,” he says, though he clarifies the buying was never reckless. This freedom was particularly the case when he started a few years ago. “[That was] when the business was still doing okay, and we hadn’t seen the first fallout post-lockdown. You were encouraged to spend, spend, spend. The team there had only ever known [that]—push budgets, find opportunities to spend more, find new brands.”

Martin says Bode, Greg Ross, Off White, and Wales Bonner were all brands that Ssense supported early on. Speaking by email a few months after this conversation, Martin added that “in hindsight leadership could’ve been more cautious coming out of Covid, but buying decisions were very data driven and, at the time, sales were still strong, and the business outlook was seemingly optimistic. The slowdown was quite sudden.”

ALONG WITH A REPUTATION as the retailer that found new fashion talent, Ssense's biannual sales meant young people could move items from wish list to checkout. The retailer has increasingly become known for the sales, with discounts of up to 70 percent—videos on TikTok show young people either sharing hacks to get the most out of the sale or showing off their hauls. It's an event so talked about that, last year, creative and brand strategist Jake Bell asked on his popular *Who Do You Know* Substack: "Where were you when the SSENSE sale hit your inbox?" Martin says Ssense sold the majority of its total stock in the sale, with only 20 percent expected to be sold at full price.

The way Ssense talked to its customers—as seen on Instagram and in the magazine arm of the site—once cemented its place as the Gen Z retailer of choice. If Rami's tech background built its functionality, its voice meant customers could connect to it, that they wanted to buy from the site over other retailers.

Part of this was down to hires. Joerg Koch, from influential Berlin-based magazine *032c*, was appointed editor-in-chief in 2015 and created content around designers and also cultural trends and art. He's been joined by other highly rated journalists and writers, including Durga Chew-Bose, who recently directed an adaptation of *Bonjour Tristesse*. Most recently, Ssense hired Chris Gayomali, known for his wellness Substack *Heavies*, as an editor. Rami Atallah, speaking to the *Globe and Mail* in 2016, said the magazine was an essential part of Ssense's success. "It's about earning the trust of the readers so they don't perceive you as an advertisement but as media," he said. He said customers reading the magazine articles spent 7 percent more on the site. Ssense established itself as a tastemaker and then had a well-stocked website to sell those tastes.

J'Nae Phillips, who writes the popular fashion Substack *Fashion Tingz*, believes that Ssense stood out from its stuffier competitors. "Everyone else is trying to look like each other—clean, minimal, overly curated," she wrote in an email to me. "Ssense is chaotic, funny, unhinged, and a bit pretentious in a way that feels honest." She also says that buying from the site was a "lowkey" badge of honour: "You're not just wearing Rick Owens—you got it from Ssense, where the product description reads like a Baudrillard essay. It signals that you're in on the joke." However, for many, to buy that piece by Rick Owens is possible only in the sale. "Otherwise, I'm mostly lurking, wishlisting, reading editorials, and mentally styling outfits I can't quite afford (yet)."

With their formula in place to make people buy, the 2010s saw Ssense take off, and there was perhaps an assumption that would only continue—especially when the pandemic saw people bored at home and buying more. "Online retail really popped off. They made a hell of a lot of money within that time, real aggressive growth," says Martin. However, there was some mismanagement and no backup plan when the post-pandemic economy meant consumers were spending less. "The expectation was that the growth was going to continue after lockdown restrictions were lifted and things got back to normal," he says. "Obviously it's gone completely the opposite way, and people really slowed down in their spending. . . . That left them, and a lot of other e-comm retailers who saw the same kind of growth, in a really tricky position."

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IT'S EASY TO UNDERSTAND how becoming the chosen retailer for the latest generation of fashion enthusiasts could seem like a smart bet. These consumers would, the theory went, stay loyal to Ssense as they began to earn more money. In 2021, Bain & Company predicted that Gen Y (also known as millennials) and Gen Z would make up 70 percent of the luxury market by 2025. But even back in 2017, *Elle* Canada saw the red flags: "Building a luxury business around selling $1500 hoodies and $2000 sneakers to 22-year-olds is risky to say the least," wrote Nancy Won. The warning feels prescient eight years later.

After watching 250 to 300 people being let go between 2023 and 2025 across departments, Martin was made redundant in October 2024, with around 25 to 30 percent of his team cut. He says others he knows have left since then because "they're overworked, [and] it's not really a pleasant environment to be in." The positions eliminated by the redundancies have not been filled, meaning a bigger workload for those who remain.

In May, *The Logic* reported that Ssense made 8 percent of its workforce redundant, the third round of layoffs in a year. This followed a 7 percent reduction—or 138 people—in January 2023, when revenue began to drop at least 20 percent.

According to US debit and credit card data from Consumer Edge sourced by *The Business of Fashion*, Ssense sales fell by 28 percent in the first half of 2025. Writing in *Puck*, Sherman attributed this to Chinese consumers spending less but also "the post-pandemic slowdown in purchases of sweats and fashion t-shirts." Not to mention the disgruntled American customers hit by hundreds of dollars in duties thanks to Trump's tariffs. The redundancies and bad press around duties only added to a very different picture from that pre-pandemic heyday.

There are, undoubtedly, wider struggles in luxury retail, with other websites also falling victim to the strategy of courting a younger customer (the London-based Farfetch came close to going bust at the end of 2023). Martin points to the German luxury retailer Mytheresa as one of a few online retailers that are doing well now, with its sales rising 13.4 percent in the second quarter of 2025 (by contrast, sales at Saks in the first quarter of 2025 fell by 16 percent). This is because, the theory goes, they have consistently focused on VICs—or very important clients—who tend to be older members of the super rich. A *Vogue*

Business story from January reported that VICs formed 39.2 percent of their nearly $150 million revenue in 2024. “When an economic downturn hits, that high net worth customer doesn’t care, they can still afford Loro Piana trousers,” says Martin. “The customer that Ssense and other stores have targeted—the sneakers and T-shirts crowd, more aspirational middle-class customer—they can no longer afford to shop.”

The ripple effect of Ssense’s struggles was felt by those who sell to the site. There is chatter around payments to brands being delayed. Jules says the accounts department, which manages paying invoices, started struggling significantly and became non-responsive. “They’ve gotten worse and worse and worse and worse and worse. I can’t really work out what’s going on,” he says. Martin agrees. “Cash flow has been really poor,” he says. “Some brands are not getting paid for six to nine months.” He says this is a real problem for those smaller brands. “The unfortunate thing is, when stores like Ssense are in this situation, they have to prioritize the bigger players, because they’re the brands that obviously generate the most revenue,” he says. “That means that a lot of the smaller guys [will be waiting]. It might be an order of £30,000 [nearly $56,000] a season, which is tiny to Ssense, but obviously huge to an emerging brand.”

BUT EVEN IF SSENSE was once known as a cool and funny fashion disrupter, critics question whether it was ever really beneficial to the fashion ecosystem. Style and culture newsletter *Blackbird Spyplane* was started in April 2020 by Oakland-based couple Jonah Weiner and Erin Wylie, a journalist and a former Apple industrial designer scout. It has tens of thousands of subscribers who love its quirky tone, which manages to be politically and environmentally progressive and also, for want of a better word, cool.

In 2023, they published an article by Weiner, titled “Is SSENSE hurting the cool-clothes system?” Weiner called out the site’s sale strategy and the way it impacts smaller stores, because it means the same stock with smaller retailers—at full price—is undercut. “[Smaller retailers’] arguments tend to boil down to a question familiar to anyone who's heard someone at a neighborhood shop talk about Amazon: How can we possibly compete?" writes Weiner. Jules has seen this first-hand, he tells me. "I think the backlash comes, especially from stores in Canada, where they're a bit like 'You've gone into sale already. We all got delivered at the same time.' Why would anyone not shop at Ssense?"

Emerging designers in particular are sometimes in a situation where their business model becomes too reliant on an Ssense order. "I think a ton of designers may or may not have otherwise been able to start a brand," says Martin; on the other hand, he adds, "Maybe [this model] also damaged those brands when they have dropped them a few seasons down the line if it's not selling." Speaking to *Blackbird Spyplane*, designer Evan Kinori expressed similar concerns: "The reality is you might have that account for one or two seasons, and you'll wind up helping to destroy the web of smaller shops that would have supported you for much longer, in a more committed way."

Ssense did not respond to Martin's and Jules's claims. However, they sent a statement to The Walrus after the Superior Court of Quebec decision: "We are deeply grateful for the ongoing support of our community, which reinforces both the global relevance of Ssense and the strength of our brand as we move forward."

Beyond Ssense, there are the problems coming for all online retail. There have been rumblings of a return of brick-and-mortar stores, with a recent poll in the UK finding 66 percent of Gen Z participants shop in store now. "I don't think that buying clothes online actually feels very good," says Weiner, adding, "It doesn't feel good for me to be, essentially, constantly in a store, in the sense that, anytime I'm on my phone, I can slip into the same acquisitive mindset that used to only be possible when I physically walked into a shop."

Sherman tells me she's skeptical that physical stores will actually take over from online in terms of purchases, but she flags another shift—the rise of vintage. A report in 2023 revealed 58 percent of Gen Z had bought something second-hand over the past year. “Younger customers don’t really see a difference between buying something on the RealReal or Vestiaire Collective from 1998 versus buying a new item,” she says. “They get the same rush, and in some ways, it gives you the rush they used to get by buying something new and unique.” Bell tells me that he has seen this change too. “There is this renaissance of people wanting to find items that they can’t find anywhere else,” he says. “That is one of the appeals of vintage shopping. You can’t just go on Ssense where they have 100 [in stock] and anybody can get it.”

Around the same time that the news of Ssense’s bankruptcy protection broke, so did some other news: the RealReal’s profits were up 14 percent in the second quarter of 2025. Forget hauls of new—an online retail landscape where resale dominates might be the next big trend. If Ssense has been rescued this time and remains a success story of how online fashion retail can be done differently, its future is uncertain—and raises wider questions about how, where, and why we shop for fashion and where that may be heading next.

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