

RETAIL

## Hitting back, The RealReal CEO defends goods-authentication process in open letter

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Julia Wainwright is founder/CEO of The RealReal. Image credit: The RealReal

By STAFF REPORTS

The RealReal, the online leader in consigned luxury goods, went on the offense after accusations that faked goods were slipping through the net.

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Founder/CEO Julia Wainwright penned a letter to buyers and consignors to clear the air on the San Francisco-based company's authentication process. Here is the letter in its entirety:

To Our Buyers and Consignors:

When I started **The RealReal** from my kitchen table, I knew earning customers' trust would be foundational to building this business. Over the last eight years, we have worked tirelessly to gain and maintain your confidence by creating a safe, reputable marketplace for authenticated luxury consignment. Over time, our community of hundreds of thousands of customers have instilled their trust in us 82% of our gross merchandise volume (GMV) is from repeat buyers, 81% of our GMV is from repeat consignors, and we have a best-in-class customer satisfaction rating of 70, measured by our Net Promoter Score, which is higher than Nordstrom's and Apple's scores. Doing anything to jeopardize this trust would not reflect our values, or frankly, be good for business. Here are some key facts:

In October 2019 alone:

- We received nearly 490,000 products for consignment on our platform.
- We rejected just over 4,000 products due to concerns uncovered during authentication, and prevented these counterfeit goods from reaching the market.
- Another 139 products were rejected by our Quality Control team before being posted on our site.

The RealReal has the most rigorous authentication process in the marketplace. We are the only resale company in the world that authenticates every single item we sell. There is no other resale company doing more to remove fakes from the market every day and put counterfeiters out of business.

Our Process: Quality over Quantity

We have a rigorous, brand-specific authentication process:

- Items are received and identified as "high" or "low" risk based on brand, value, style, etc. If there is a higher probability for counterfeiting, the product is deemed higher risk in authenticating.
- Items that are considered "high risk" (anything from an Herms Birkin bag to the hottest streetwear) are sent to authenticators with significant authentication experience, who are highly specialized in specific categories. Many of these authenticators join The RealReal from the luxury brands themselves like Tiffany, Herms and Rolex or auction houses like Sotheby's and Christie's, with a deep knowledge of the markers, materials and craftsmanship behind genuine products. They assess each item based on these and other characteristics.
- Items that are considered "low risk," such as contemporary brands with clear authenticity markers, are sent to be authenticated by our copywriters, who receive deep training in authentication, but whose title has become outdated.
  - For context when we originally launched our business, our copywriters only wrote copy. As our business has grown, the associated scope of their job has changed. Copywriters have been receiving the initial and ongoing training required to authenticate products, which has become an important element of their job.
- Within their first month on the job, we require that our copywriters receive a minimum of 30 hours of training, including onboarding, job shadowing, daily training sessions and quizzes. If a copywriter ever has a question about an item, our high-risk authenticators, all of whom have deep experience, are available in person to discuss or review a product. All of our authenticators, including copywriters, participate in ongoing daily and weekly training sessions to discuss the latest counterfeiting trends as part of our unending commitment to stay ahead of counterfeiters.
- Finally, our dedicated Quality Control team provides an additional layer of control to help prevent fakes from being sold on our site, pulling certain at-risk items for further review. While this extra step takes time, we do not sacrifice quality for quantity.

#### Technology and Data Drive our Processes and Inform our Teams

As the largest marketplace for authenticated luxury consignment, we have an extensive set of data which serves as the backbone of our authentication process and aids our teams. Among other things, it's leveraged to update algorithms that route the highest risk products to our most experienced authenticators, making sure that the riskiest products get the most scrutiny.

Our team works diligently and is constantly innovating to ensure we maintain the highest standards and keep fraudulent products off the market. Our authentication process and all of our internal processes are changing constantly, driven by new technologies like machine learning and AI. For example, we anticipate that much of our copywriting and pricing will be automated using machine learning in Q1. We'll then modify the evolving structure of our authentication team's titles to better reflect their scope and responsibilities.

#### Customer Guarantee

We stand behind our business, and importantly, if our customers aren't happy or if they ever question one of our products, we always make it right.

If you would like to learn more about the sophisticated technology and training that goes into authenticating every item we sell on The RealReal, I encourage you to visit our recently launched authentication web page:

<https://promotion.therealreal.com/therealreal-experts/>.

We will continue to work to maintain your trust and to provide customers with the most secure place to purchase and sell authenticated luxury consignment. As always, thank you for your unwavering support of The RealReal.

Julie Wainwright  
Founder & CEO