SOFTWARE AND TECHNOLOGY

China's Secoo takes next step with Ultrain in blockchain-led luxury goods authentication

December 11, 2019

Rixue Li, founder/CEO of Secoo Group, with Juan Cao of the Chinese Academy of Sciences, at the Dec. 11 launch of the Global Luxury Consumption Alliance. Image credit: Secoo

By STAFF REPORTS

Chinese online retailer Secoo Group has formed the Global Luxury Consumption Alliance with Ultrain to use blockchain and artificial intelligence for luxury goods authentication and transactions veracity.

The Global Luxury Consumption Alliance Chain is looking to work with luxury business stakeholders including brands, designers, online and offline retailers, and regulators and customs officials, as well as end-customers to deal with logistics and authenticity issues in luxury goods.

Aye AI
The partnership with Ultrain will enable Secoo Blockchain to gain three new competencies: VDF-based R-PoS consensus algorithm, random dynamic sharing technology" and programmable, zero-knowledge proof on chain.

Per Secoo, gain these core know-hows solves issues of low TPS, high cost and lack of privacy protection in the commercial implementation of blockchain technology.

The Global Luxury Consumption Alliance is being positioned as a high-performance, low-cost, high-security blockchain service platform for all players in the luxury ecosystem, including those upstream and downstream, for better product identification, transaction efficiency and authenticity verification.

Authenticity of goods is a key issue in a rapidly developing luxury market such as China and even in the United States, where online consignor The RealReal has staunchly rebutted accusations of peddling counterfeit goods.

But there is no doubt that the rise of ecommerce and mobile commerce in China has led to a dramatic increase in the sale and return of fake goods, both on grey-market channels and via reputed luxury ecommerce platforms.

Chinese luxury consumption at home and overseas reached an estimated $120 billion, which is a third of the global total, according to McKinsey & Co.'s 2019 China Luxury Consumption Report.

The management consultancy expects Chinese luxury ecommerce to grow two to three times from now through to 2025.

Given this anticipated torrid pace of growth, anti-counterfeiting traceability is a continuing issue for luxury marketers in China afflicted with cheap copies and high-imitation products.

The English-language version of Secoo's homepage. Image credit: Secoo

Code language
Secoo is one of the leading retailers of luxury goods in the Greater China region.

The adoption of public blockchain technology with decentralized, tamper-proof traceability and customizable application logic on the chain is Secoo's answer to maintain credibility with customers and prospects shopping its site, app and stores in the Greater China and East Asia region.

Secoo in June 2018 launched its first version of blockchain claiming to be the first in luxury.

Every product on the chain has a unique QR code ID attached to the physical product. Consumers can use the Secoo app to scan the QR code to get anti-counterfeit traceability information on the item.

Then, in April this year, Secoo jointly established the "Secoo AI Laboratory" with the Academy of Sciences Computing Institute.

SECOO CURRENTLY has the largest identification center with verifiable Big Data in Asia and an AI-driven model for identifying products' authenticity and transaction history.

Working with Ultrain is the next step in such R&D.