



CONSIGN OF THE TIMES

Are digital-savvy lovers
of pre-owned luxury
getting the real deal
at The RealReal?

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PAGE
89



A glimpse of the sheer volume of inventory found at The RealReal headquarters, where gently used designer clothing is authenticated and prepped for sale.

IT'S

FRIDAY MORNING “Faux and Tell” at luxury consignment retailer The RealReal. Graham Wetzberger, the company’s Chief Authenticator, stands in front of a clothing rack allegedly displaying items like a Gucci nylon flak jacket, a Chanel knit sweater and a Saint Laurent silk western-style blouse. About 40 employees working in one of The RealReal’s headquarters located in a non-descript warehouse just outside San Francisco, sit rapt like alert pupils as Wetzberger downloads his vast knowledge in lightning speed quips.

The Gucci jacket is sized as XXL. “Red flag. Gucci never sizes with letters,” he says. “Interesting plaid lining though but this is the wrong brand of zipper.” Forget about it. Next up, Chanel. At first glance it looks authentic, but upon closer examination the verdict comes in. “The buttons may say

Chanel,” Graham says, “but I don’t recognize these buttons as any from the last decade.” Bye-bye, Chanel. And the Saint Laurent silk western blouse: “Look at these cheap snaps and that red and black bobbin thread, just no.”

All in a day’s work for Wetzberger, who was the 50th employee hired at The RealReal, founded in 2011 by serial tech entrepreneur Julie Wainwright. Since then, The RealReal has conquered the booming \$18 billion thrift, resale, and consignment industry by reportedly raising \$173 million in funding and projecting 2017 gross revenues over \$500 million. The company now employs over 1,000 people and claims an eager customer base of eight million shoppers and consigners while selling over six million luxury items. All in an era where traditional retail outlets wane and luxury brands struggle to sell online.

It’s easy to see the allure, especially after the *Naturally* team got an exclusive look inside a warehouse filled with nearly \$90 million of merchandise—the likes of Moncler luxury puffers, Oscar de la Renta ball gowns, walls of Hermès

Birkin bags. And the jewelry. Don’t even get us started on the watches. The potential addiction is real.

As is the merchandise. Part of The RealReal’s success lies in its reputation as a trusted authenticator of top-selling brands like Chanel, Cartier, Louis Vuitton, Hermès, and Rolex. With over 70 experts, like gemologists, watchmakers and experienced authenticators working under Wetzberger, The RealReal’s operation is a perfect mash-up of online window shopping (don’t ask how many blissful, escapist hours we’ve spent ogling jewelry) and a fashionista’s go-to for scoring unique, affordable pieces they won’t find in friends’ closets.

Wetzberger is an enthusiastic ambassador. He’s a fast-moving target as he traverses the warehouse weaving through a fleet of mannequins until he gets distracted by a Cholé drop-crotch leather jumpsuit. He inspects the garment like a detective who has discovered a lead on a hard-to-crack case. And then he’s on to the next, when he conducts a history lesson about the Chanel flap bag, which was a favorite of



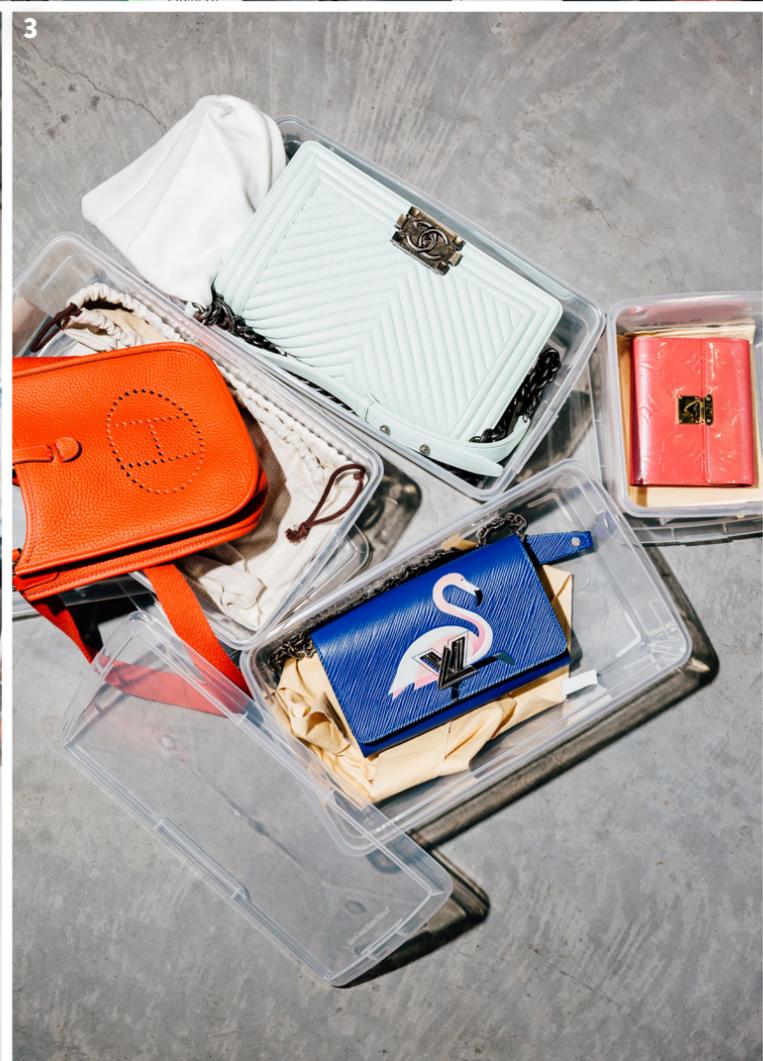
The RealReal’s Chief Authenticator Graham Wetzberger juggles a stack of Hermès boxes.



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“

The RealReal has helped demystify the fact that fashion is an investment and if you shop intelligently, it's not disposable.”

—CAMERON SILVER, DECADES

Coco's, and muses about the comeback of '90s minimalism à la Jill Sander and Maison Margiela. An art historian by training, Wetzberger is a self-admitted fashion fanatic, who describes his role at The RealReal as “the best job I never thought I'd have. It's part fashion police, part treasure hunter and another part fashion historian and curator.”

He's also an avid The RealReal shop-

per who understands firsthand the inclination to reject fast fashion, and the attraction of eschewing conspicuous consumption in favor of resale. The success of The RealReal, he explains, is linked to the rise of a more sustainable sharing economy.

While most luxury brands don't consider sustainability part of their mission, that's changing. Paris-based Kering Group—which includes brands like Saint Laurent, Gucci and Bottega Veneta—now has a chief sustainability officer to assess the ecological and ethical impact of manufacturing processes. And even though expensive luxury goods—with their high-quality design and materials—are meant to be keep-forever purchases, it's getting harder to ignore the negative impact manufactur-

ing has on the environment. Especially when you consider that annually 80 billion pieces of clothing are produced around the world and 75 percent of them end up in landfills.

Such environmental impact awareness is one reason Stella McCartney, a Kering Group brand, partnered with The RealReal to institute incentives for Stella McCartney shoppers to extend the lifecycle of their purchases by consigning and shopping at The RealReal. The goal—anyone can use the circular economy and re-commerce to reduce the amount of raw materials that strain the planet.

It also helps that in the last decade, buying and selling used fashion has lost its stigma explains Milton Pedranza, founder of the New York-based consulting firm Luxury Institute. “Many

1. A Swarovski-encrusted Chanel bag shares shelf space with items from Tiffany and more.
2. A RealReal employee, many are fashion school grads, inspects a dress for consignment.
3. Handbags are queen at The RealReal, but heritage brand accessories for Hermès, Louis Vuitton, and Chanel are also in-demand.
4. One of several The RealReal horologists inspect timepieces from luxury makers like Bulgari, Cartier and Breitling.



MEET THE FASHION DUDS

"The RealReal has made every closet in America valuable," says vintage and consignment expert Christos Garkinos. But consigners beware: Fashion is fickle and trends come and go. As professional authenticator Graham Wetzberger says, "If it's not trending at retail then it's not trending at resale." Here he shares his top five fashion fails that have lost their added-value cache in the resale market.

Marc Jacobs
Coach
Giorgio Armani
Ralph Lauren*
Michael Kors+

*exception Ricky handbag
+exception fur pieces (Kors recently announced they will be fur-free starting in 2018)

consumers who love great quality and heritage brands are moving away from gluttonous, wasteful consumption in favor of upcycling and reselling," he says, adding, "Luxury used to be looked upon as something only wealthy people could access, now there's a democratizing force, a sense that anyone can share in this marketplace."

Strolling through The RealReal warehouse is a testament to this new reality. Every day, boxes upon boxes arrive into The RealReal headquarters from consigners hoping to earn up to 70 percent on their pre-loved items. If deemed saleable—and most accepted items are five to six years old—they're authenticated and then prepped for their online close-up.

"All the flash, flash, flash, it's like a night-club," Wetzberger says as he saunters through the photo department where 33 staff photographers snap about 200 items a day each in their mini photo-studios. They document every detail on merchandise like an Epsom Soufre Sulfur Birkin (that's chartreuse-colored for those not handbag obsessed) originally purchased for \$7,000 in 2012 will list for \$9,000 on the site.

Cameron Silver, the founder of Decades—Los Angeles' go-to for vintage, contemporary and pre-loved luxury—has built a reputation on a store full of handpicked must-haves for celebrities and civilians alike. Initially, he thought The RealReal might be a threat. Now he concludes it has lifted the whole category. "This is a great moment for pre-loved luxury, and The RealReal has helped demystify the fact that fashion is an investment. If you shop intelligently, it's not disposable," he says. "Would I like to be making the revenues of The RealReal? Of course. But that's not what we're about. The RealReal is like Amazon. It's a massive, mainstream force, and I've found it's made people appreciate what we do a lot more."

1. A Gucci purse gets the once over in The RealReal handbag department.
2. A colorful array of Hermès scarves have been pressed and readied for resale.
3. The RealReal staff gemologists inspect jewelry for authenticity and carat weight.
4. A pair of Miu Miu platforms get ready for its photo close-up.
5. Shoes for miles and miles, organized for easy picking.

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—MILTON PEDRANZA, LUXURY INSTITUTE



But enormous growth often comes with growing pains. According to CBS News, this past December one The RealReal customer filed a lawsuit claiming the consigner misrepresented the carat weight of a diamond ring she purchased. The RealReal stands by the purchase stating the lawsuit is without merit and denies any wrongdoing. Then, in January the Instagram account @diet_prada, a must-follow in the fashion world known for calling out copycats, questioned the authenticity of a Prada dress sold on the site.

For consigners selling Hermès Birkins, Rolexes, Chanel quilted bags,

and other heritage brand items with high resale values, odds are their items sell quickly. But not every consigner is guaranteed a sure thing. Case in point: the Miu Miu platforms I wore once and vowed never to wear again as I winced in pain. At the time, when Wetzberger referred to Miu Miu as, "the little sister of Prada," it may have been a sign that my heels didn't have the cache to move. Listed in December for \$150, at publication time they still hadn't sold and the price was slashed in half.

It's easy to see how my errant platforms could get lost in a portal like The RealReal, where the immense volume is

evidenced by pages and pages (and more pages) of slightly used items. Of course, if you know exactly what you want, the search filters are expertly designed so you can stalk coveted pieces like a Louis Vuitton Pochette, Yeezy Adidas, or those Saint Laurent ankle boots from a couple of seasons back.

But ultimately, whether you prefer a curated brick-and-mortar consignment shop à la Decades, the thrill of the hunt at an old-fashioned thrift store, or the mobile-friendly The RealReal, Wetzberger says, "If you love it, buy it and then enjoy it every day." And when you're done loving it, consign.