MARKET ENTRY STRATEGY

- SANJANA SAINATH RAO -

The RealReal

PROJECT OVERVIEW & CONCEPT

As part of LXMT 745: Global Distribution for Luxury Brands, we were tasked with developing a market entry strategy for a luxury brand. Our team **chose to expand The RealReal into Europe,** proposing its first European brick-and-mortar store **in Le Marais**, one of **Paris**'s most culturally and fashion-forward districts.

WHY SHOULD THEREALREAL EXPAND?

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GROWING SECONDHAND LUXURY MARKET

The global secondhand luxury market is experiencing rapid growth, driven by increased consumer demand for sustainability, value retention, and circular fashion, creating strong momentum for this expansion.

FINANCIAL READINESS

Achieving profitability in 2024 signals improved operational efficiency and financial stability, enabling the brand to confidently pursue international brick-and-mortar expansion.

CAPTURING MARKET SHARE

Expanding into Europe allows The RealReal to capture greater market share in one of the world's most established luxury regions, strengthening its competitive positioning within the growing resale economy.

WHY FRANCE?

$1.7-2.3 B

FRENCH LUXURY RESALE MARKET IN 2024

10-15%

ANNUAL GROWTH RATE OF LUXURY RESALE

4%

LUXURY GOODS WITHIN GDP OF FRANCE

~113

GRAI INDEX (ABOVE EUROPEAN AVERAGE)

70%

CONSUMERS PREFER SECONDHAND LUXURY

MARKETING MIX: OBJECTIVES

REWARD LOYALTY & SPARK ORGANIC WOM

BUILD BRAND AWARENESS IN FRANCE

DRIVE EARLY, HIGH-QUALITY DEMAND, AND PURCHASES

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5P'S OF MARKETING

1 **PRODUCT**

2 PLACE

3 PEOPLE

3 PRICE

4 PROMOTION

OUR PRODUCT: **THEREALREAL STORE IN PARIS**

INTERNATIONALIZATION

A globally consistent retail identity refined with Parisian Art Deco influences. A cohesive global design model maintains brand recognition..

BOUTIQUE CONCEPT

A curated, intimate retail space designed for discovery, connection, and slow, experience-led shopping tailored to the Parisian clientele.

ENTRANCE

AWNING

STRAIGHT FRONT WINDOW

CLOSED BACK DISPLAY

STORE INTERIOR

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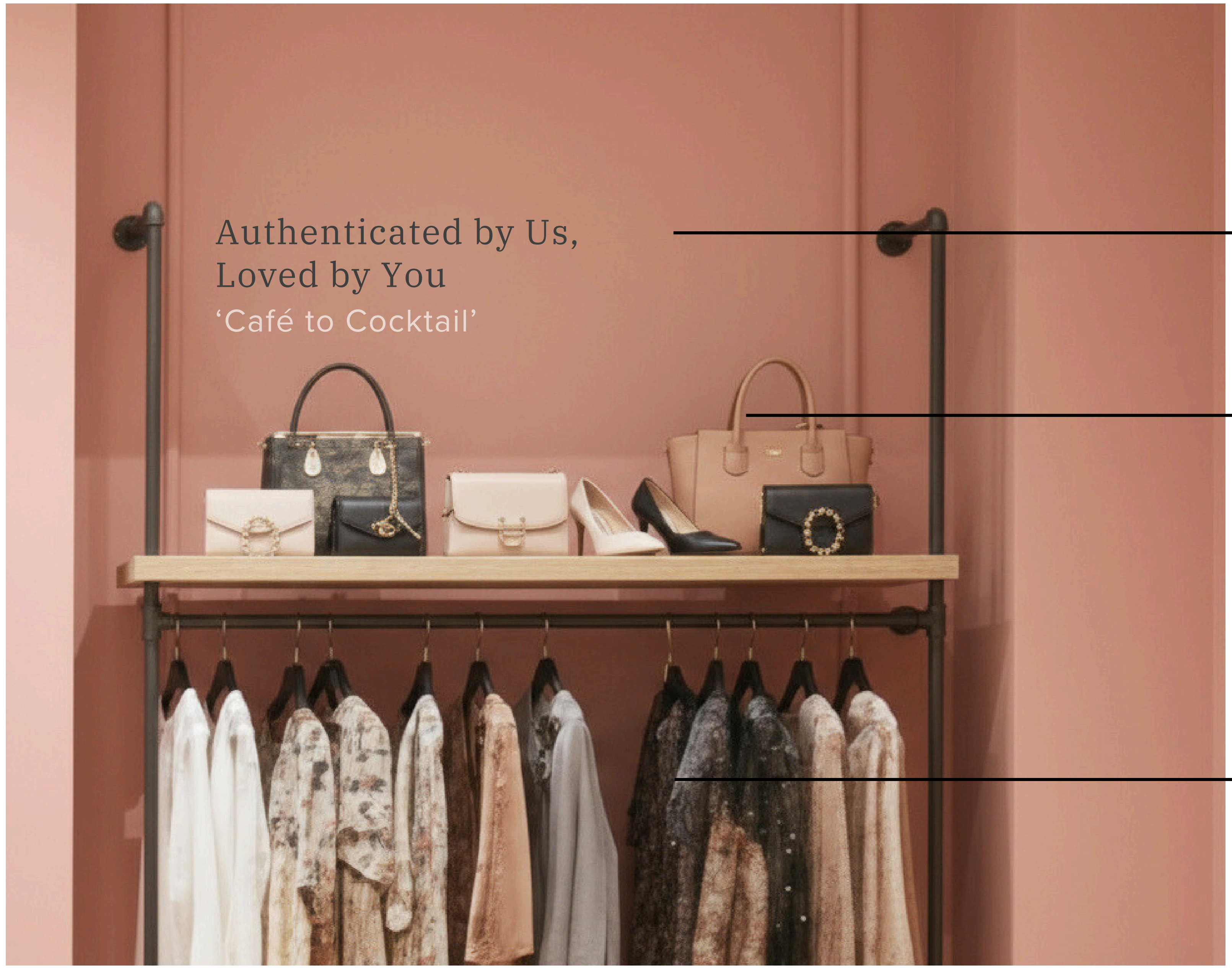
VISUAL MERCHANDISE AND FIXTURES

STYLE/ITEM PRESENTATION



CLEAR SIGNAGE

STRAIGHT RACKS

CURATED SELECTIONS

JEWELLERY SHOWCASE

TEXTURED FLUTED WALLS

BUILT IN JEWELLERY DISPLAY

JEWELLERY BAR

REFRESHMENT AREA

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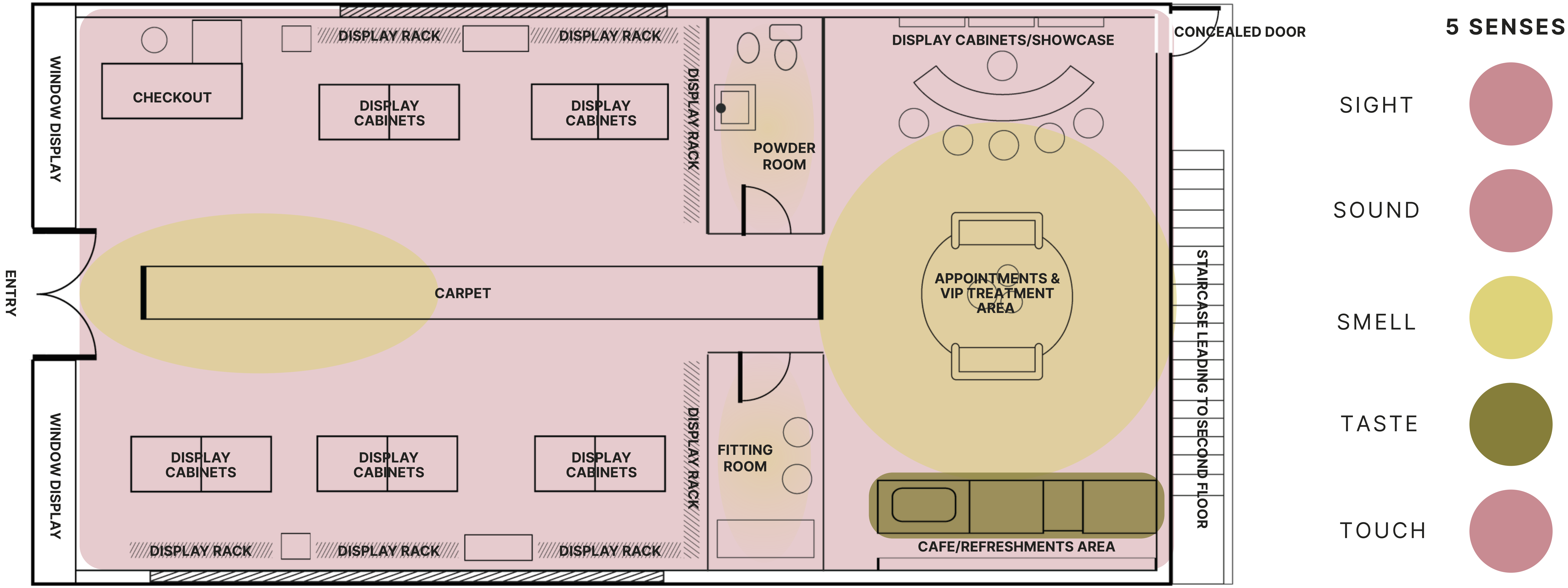
AMBIANCE



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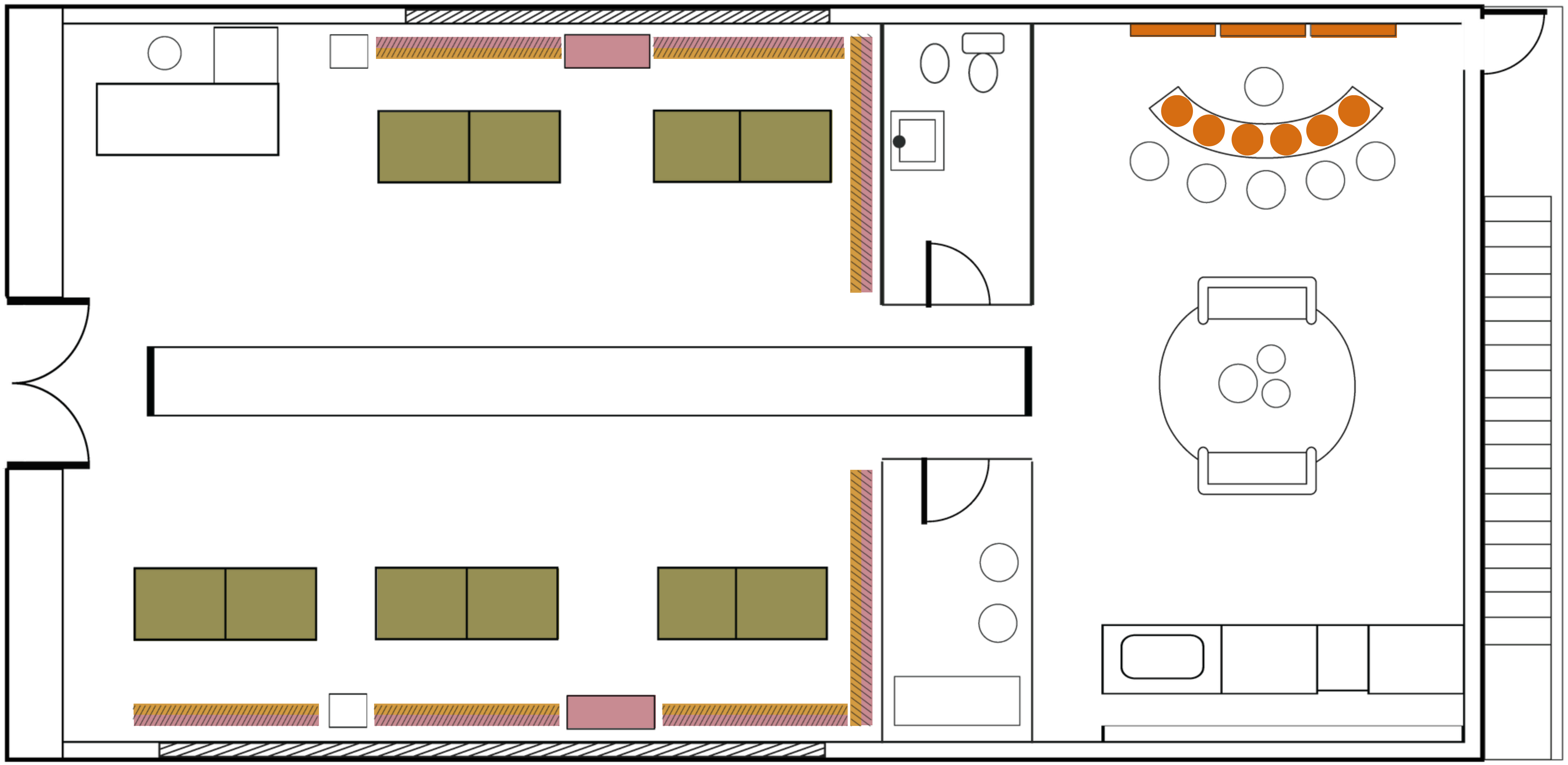
SPACE ALLOCATION



JEWELLERY & WATCHES - 10%

CLOTHING - 30%

SHOES & BAGS - 25%

ACCESSORIES - 35%

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5P'S OF MARKETING

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PROMOTION

WHY THE LE MARAIS?

STRONGER ALIGNMENT WITH LUXURY RESALE

Le Marais is synonymous with concept stores, vintage boutiques, and progressive fashion culture, making it naturally aligned with resale, sustainability, and curated retail.

HIGHER ENGAGEMENT-BASED FOOT TRAFFIC

Le Marais benefits from pedestrianized streets, browsing culture, and slower retail behavior. Visitors come to discover, linger, and explore, making it ideal for experiential and curated resale.

FASHION-FORWARD DEMOGRAPHIC

Le Marais attracts affluent locals, international tourists, and young creative professionals, the exact demographic driving luxury resale growth.

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ORGANIZATIONAL CHART

1	**1**	**1**	**4**
STORE MANAGER	ASSISTANT STORE MANAGER	CUSTOMER EXPERIENCE LEAD	CUSTOMER EXPERIENCE ASSISTANT
$54,900/YEAR - FT	**$46,500/YEAR - FT**	**$$45,100/YEAR - FT**	**$17,050/YEAR - PT**
1	**1**	**3**	**1**
VISUAL MERCHANDISER	STOCK ASSOCIATE	VALUATION MANAGERS	HUMAN RESOURCES ASSOCIATE
$18,730/YEAR - PT	**$16,210/YEAR - PT**	**$16,540/YEAR - PT**	**$39,500/YEAR - FT**

COMPENSATION STRUCTURE

SALARY

Salary stability + performance-based incentives to reward productivity.

WORKING HOURS

35-hour workweek

BENEFITS

40% of base salary covering health insurance, paid leave, etc.

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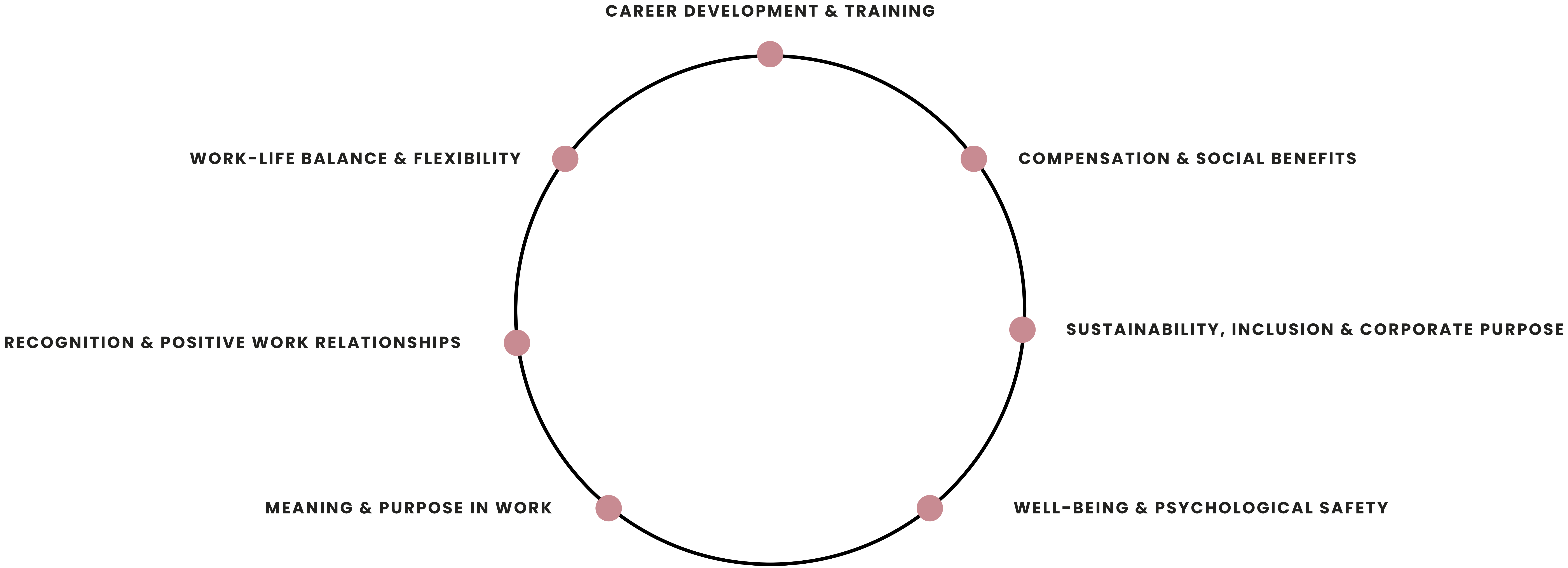
RECRUITMENT STRATEGY - VALUES



TRAINING APPROACH

ROLE-SPECIFIC TRAINING

Training is tailored to the nature of the work. For example, authenticators receive about 40-80 hours of base training, and more as they progress, especially in fine jewellery.

PROGRESSION & METRICS

There are clear ramp-up periods (e.g., 30/60/90-day check-ins for certain roles) and training success is measured (trainee performance, QC/quality metrics, production output).

BLENDED LEARNING METHODS

Includes classroom-style sessions, hands-on/ tactile training, role play, peer tutoring, and individualized support (especially for new hires) to reinforce learning.

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LEARNING DESIGN & ENABLEMENT

TRR has roles focused on learning design indicating a systematic approach to designing training content, digital modules, LMS usage, evaluation strategies.

STRUCTURED ONBOARDING & CONTINUOUS DEVELOPMENT

New hires go through onboarding (e.g., a three-week virtual onboarding for sales professionals) followed by continuous professional development programmes

QUALITY CONTROL & EXPERTISE ESCALATION

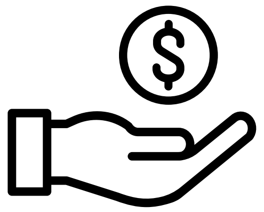
Authenticator training maintains quality and provides ongoing updates on emerging counterfeiting techniques, developing expert skills.

REWARDING APPROACH

QUOTA BONUS

- Full-time = $1,000 / year
- Part-time = $250 / year

(For meeting yearly sales quota)



SALARY & BONUS STRUCTURE

Employees earn straight salary plus performance incentive.

RECOGNITION

A monthly “Top Authenticator” or “Client Experience Leader” recognition.

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INCOME STATEMENT ANALYSIS

		2026	% Rev		2027	% Rev		2028	% Rev
Total Revenue	$	**1,948,683.42**	100%	$	**2,182,525.43**	100%	$	**2,444,428.48**	100%
Consignment Revenue	$	1,325,104.73	68%	$	1,484,117.29	68%	$	1,662,211.37	68%
Direct Revenue	$	428,710.35	22%	$	480,155.59	22%	$	537,774.27	22%
Shipping Services Revenue	$	194,868.34	10%	$	218,252.54	10%	$	244,442.85	10%

REVENUE

- Sales go up 12% from Year 1 to Year 2 and 15% from Year 2 to Year 3.
- These increases follow The RealReal's U.S. growth trend but are adjusted slightly lower for entering the Paris market.
- The rise comes from brand awareness, our strong Le Marais location, and returning customers.

		2026	% Rev		2027	% Rev		2028	% Rev
Total Cost of Revenue	$	**857,420.70**	44%	$	**960,311.19**	44%	$	**928,882.82**	38%
Cost of consignment revenue	$	194,868.34	10%	$	218,252.54	10%	$	195,554.28	8%
Cost of direct revenue	$	487,170.86	25%	$	545,631.36	25%	$	317,775.70	13%
Cost of shipping services revenue	$	175,381.51	9%	$	196,427.29	9%	$	195,554.28	8%
Gross Profit	$	1,091,262.72	56%	$	1,222,214.24	56%	$	1,515,545.66	62%

COST OF REVENUE

- COGS is 44% in Years 1 and 2, this covers authenticating, processing, and handling luxury items.
- It drops to 38% in Year 3 as we streamline operations and lower direct costs.
- This means we're earning more profit by Year 3.

INCOME STATEMENT ANALYSIS

		2026	% Rev		2027	% Rev		2028	% Rev
Operating Expenses									
Insurance	$	7,300.00	0.55%	$	7,467.90	0.34%	$	7,639.66	0.31%
License & Permits	$	3,600.00	0.27%	$	3,600.00	0.16%	$	3,600.00	0.15%
Rent	$	**425,000.00**	32.07%	$	**425,000.00**	19.47%	$	**425,000.00**	17.39%
Marketing/Advertising	$	**350,763.02**	26.47%	$	**392,854.58**	18.00%	$	**439,997.13**	18.00%
Fire Dept	$	7,200.00	0.54%	$	7,365.60	0.34%	$	7,535.01	0.31%
Health Dept	$	1,742.00	0.13%	$	1,782.07	0.08%	$	1,823.05	0.07%
Environment Dept	$	5,500.00	0.42%	$	5,626.50	0.26%	$	5,755.91	0.24%
Payroll	$	**305,170.00**	23.03%	$	**320,428.50**	14.68%	$	**336,449.93**	13.76%
Utilities	$	18,000.00	1.36%	$	18,900.00	0.87%	$	19,845.00	0.81%
Systems	$	1,560.00	0.12%	$	1,595.88	0.07%	$	1,632.59	0.07%
Depreciation (Furniture and Equipment)	$	13,243.33	0.68%	$	13,243.33	0.61%	$	13,243.33	0.54%
Net Operating Expenses	$	1,139,078.35	58.45%	$	1,197,864.36	54.88%	$	1,262,521.60	51.65%

OPERATING EXPENSES: RENT & MARKETING

- Rent is high because of our prime location in Le Marais, but the area’s visibility and steady luxury traffic make it worthwhile.
- Marketing stays at 18% of total revenue each year, so as sales grow, marketing spending grows too.
- This steady investment keeps brand visibility strong and supports continued sales growth.

OPERATING EXPENSES: SALARIES & BENEFITS

- They increase 5% per year to allow for inflation and employee raises.

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INCOME STATEMENT ANALYSIS

		2026	% Rev		2027	% Rev		2028	% Rev
Operating Income or Loss	$	(47,815.63)	-2.45%	$	24,349.88	1.12%	$	253,024.06	10.35%
Income before taxes	$	(47,815.63)	-2.45%	$	24,349.88	1.12%	$	253,024.06	10.35%
Taxes	$	**(11,953.91)**	-0.61%	$	**6,087.47**	0.28%	$	**63,256.01**	2.59%
Net Income After Taxes	**$**	**(35,861.72)**	-1.84%	**$**	**18,262.41**	0.84%	**$**	**189,768.04**	7.76%

TAXES

- The corporate tax rate in Paris is 25%, which is standard for French businesses.
- It reflects our compliance with local regulations and contributes to our total operating costs.

NET PROFIT / BREAK-EVEN

- We break even in Year 2 as revenue increases and covers our expenses.
- By Year 3, we earn a strong profit thanks to higher sales and lower cost ratios.
- It shows the Paris store becomes profitable and sustainable within three years.

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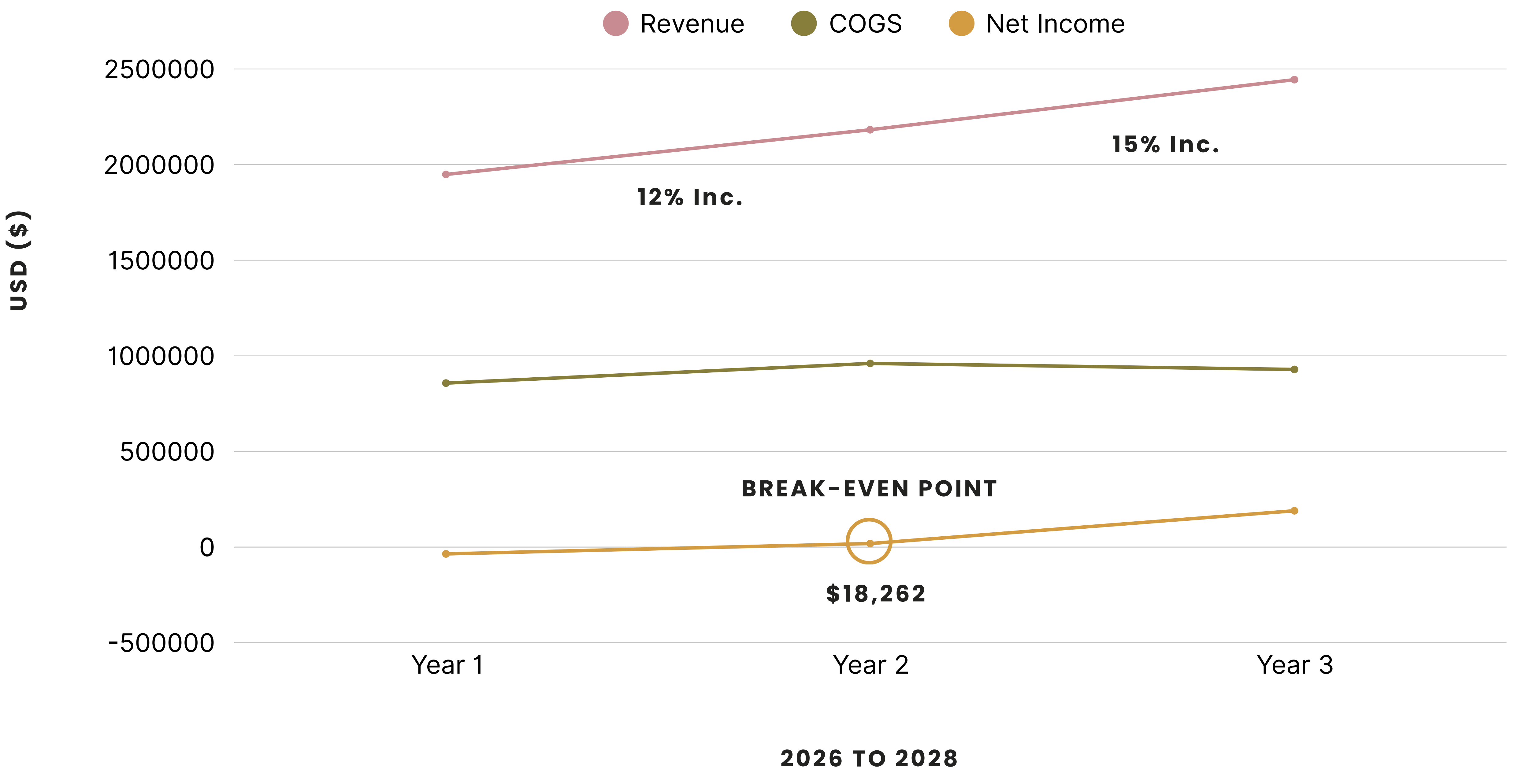
BREAKEVEN



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5P'S OF MARKETING

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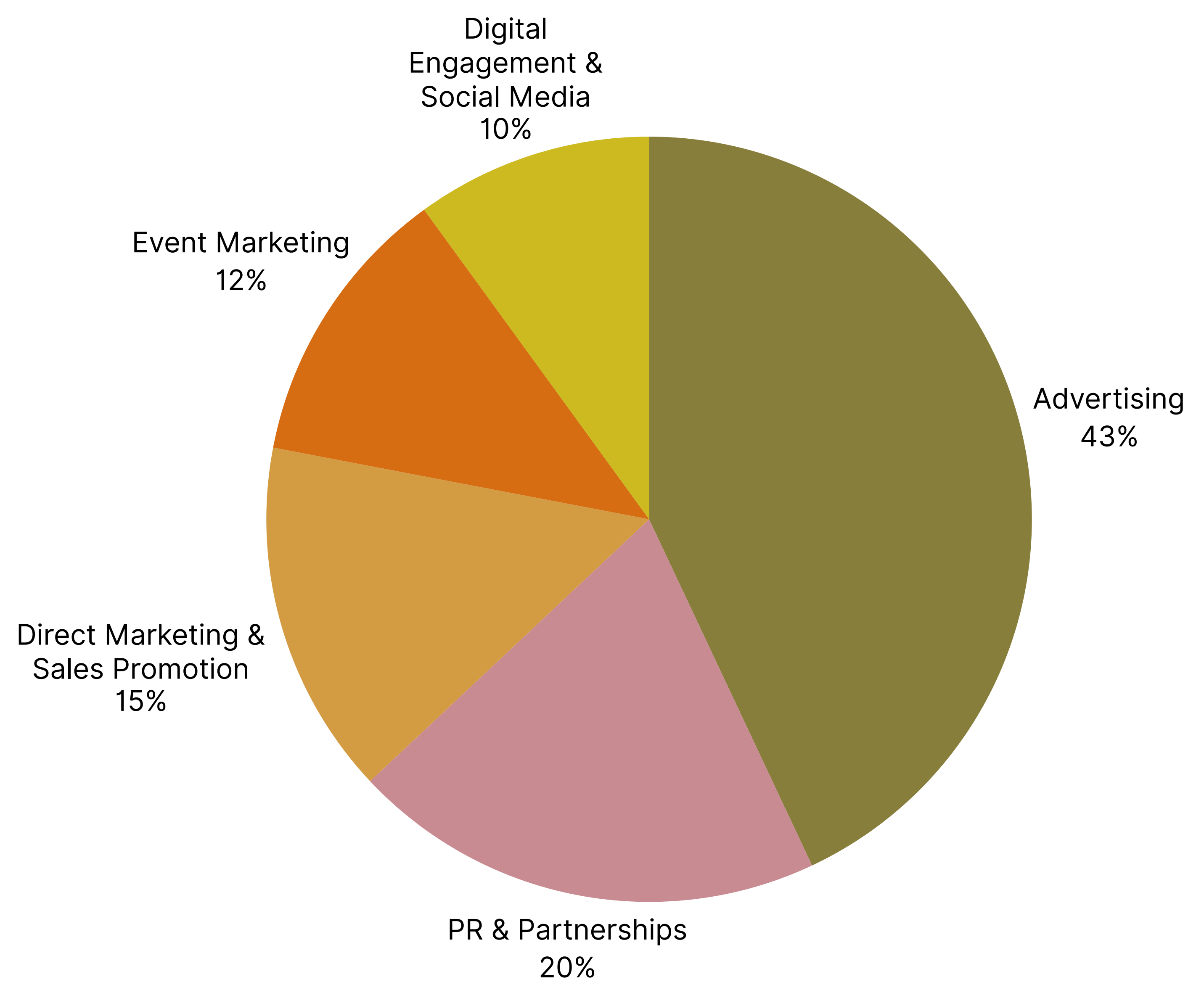
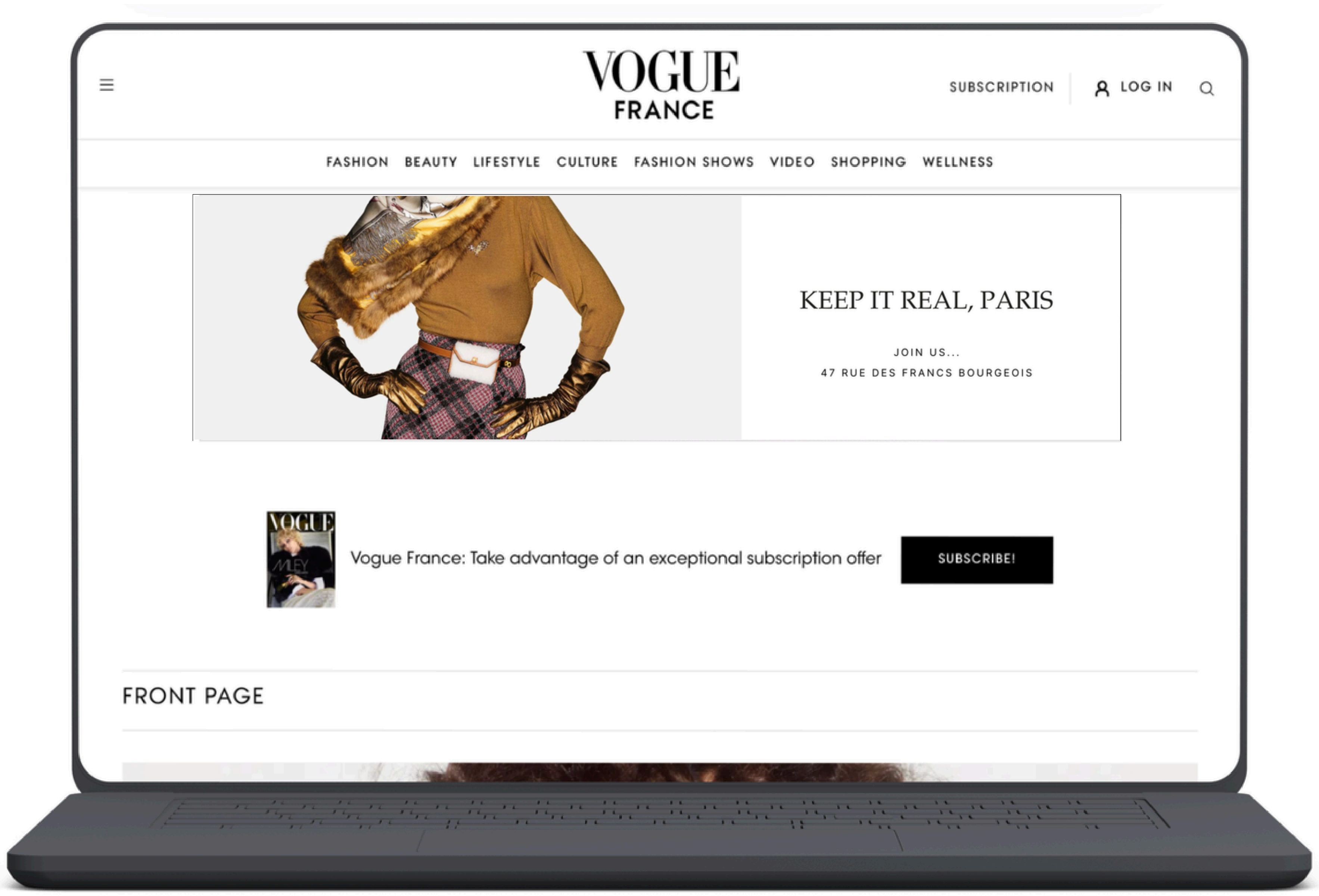
BUDGET: $350,000



ADVERTISING



Online advertising

- Paid editorial ads in Vogue France & L’Officiel
- Paid social ads on Instagram, TikTok, and Pinterest

Print Media

- A newspaper printed in-house with launch information

Outdoor Advertising

- High-visibility billboard in Le Marais.
- Digital displays in the surrounding areas.

PR & PARTNERSHIPS

@SLIPINTOSTYLE

@ANNELAUREMAIS

Press Release

- Partner with French publications such as Vogue France to provide awareness for The RealReal's opening.

Media Events

- VIP preview with exclusive styling sessions and tours for editors, stylists, and industry insiders before launch.

Partnerships

- Collaborations with Paris-based influencers to create social media content for the new store.

PR & PARTNERSHIPS

Email Marketing

- Campaign Sequence: Bonjour, Paris announcement → launch event invites → in-store offers & seasonal lookbooks

SMS Alerts

- Targeted messaging about store opening and consignment opportunities.

Exclusive Offers

- Limited-time consignment bonuses.
- Launch week discount (10% off purchase).

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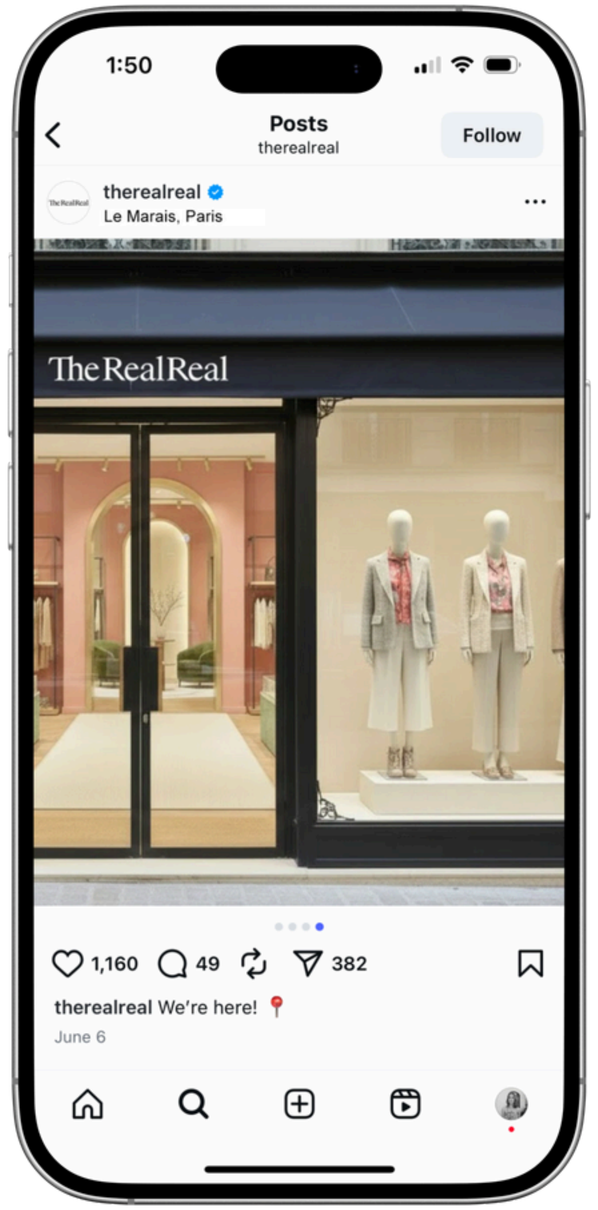
DIGITAL ENGAGEMENT AND SOCIAL MEDIA



Social Media Marketing

- Editorial-style photo & video campaign to create...
  - 2-3 posts/reels on Instagram
  - 2-3 videos on TikTok
- Organic behind-the-scenes content documenting store build-out and launch party.

Interactive Website Features

- Localized site (therealreal.fr) in French, with Euro pricing and store integration.
- Virtual styling sessions
- AI-powered personalization.

DIGITAL ENGAGEMENT AND SOCIAL MEDIA






Launch Event:

- Grand opening party to celebrate the launch of the new store
- Attended by media, influencers, designers, and top consignors.
- Includes installations (example: PHKA Paris), elevated cuisine and bar options, branded DJ booth, and flash photography.

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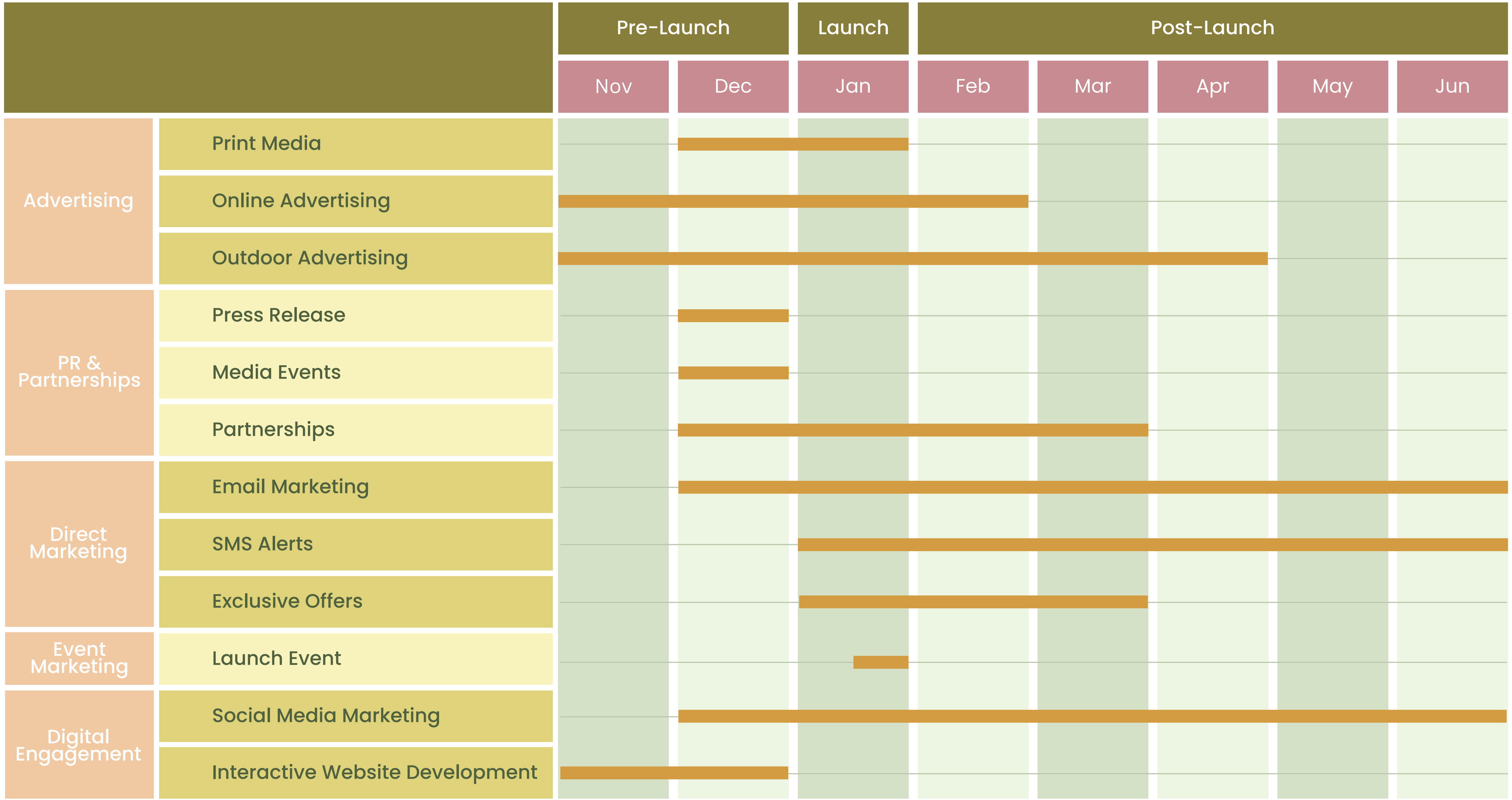
TIMELINE




Monthly Revenue
300000
250000
200000
150000
100000
50000
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec