



Ensuring Authenticity

An Interview with Susan Engel,
Chief Executive Officer, Portero Luxury



EDITORS' NOTE Susan Engel assumed her current role in July 2010. Prior to this, she was Chairwoman and CEO of Lenox Group Inc. After graduating from Cornell University, Engel worked for the JCPenney Company in New York City in a variety of Human Resources and Marketing positions. After receiving her M.B.A. from Harvard Business School, she spent the next 14 years at Booz Allen and Hamilton, leaving as a partner in the firm's general management consulting practice focusing on retail and consumer goods to join Champion Products, a division of the Sara Lee Inc.



Susan Engel

COMPANY BRIEF Portero Luxury is the leading curated source for "premium, pre-owned, prized" authenticated luxury goods, and provides unprecedented access to more than 500 of the world's most exclusive brands, allowing the consumer to buy and sell at exceptional value. The company's collection of certified pre-owned, vintage, and collectible merchandise includes handbags, watches, jewelry, and accessories, and features brands such as Chanel, Hermès, and Rolex. Portero Luxury (www.portero.com) has been at the forefront of online luxury retailing since 2004.

Would you give an overview of the Portero brand, and given the challenging economic environment, where the brand stands today?

We offer premium, pre-owned luxury products from third party suppliers direct to consumers. There are three important parts to our value proposition: the first and most important is guaranteeing authenticity. We guarantee the authenticity of every item on our site; therefore, we very carefully select the vendors we allow to sell product on our site.

The next part is value, and we deliver that in two ways: first is having reasonable prices, and second ensuring the product is described accurately. When the consumer gets it, there are only happy surprises.

The third is access to a broad selection of product. A consumer might not know where to go in her own marketplace to find a pre-owned Rolex or a pre-owned Louis Vuitton bag. Going to a consignment shop is like going on a treasure hunt. But we always have a large, broad selection.

We are the authenticator and the guarantor of authenticity. We handle any question or issue the consumer has about anything she buys on our site. In contrast, on eBay or Amazon, a consumer has to resolve her issues with the third-party seller.

For our vendors, we provide value because of the marketing and traffic we provide, which is generally more than vendors are able to generate on their own. We take all of the risk out of the purchase, handling issues like credit card fraud. We also

deal with all of the issues with the consumers, so if the consumers want to understand more about the product, we provide the information, and if the product is broken, we ensure it gets fixed. Additionally, we handle authorization for returns. Essentially, we take all of the hassle out of selling online for our vendors.

How are your offerings positioned from a price point of view?

Our product prices are at the mid-level of luxury. So we are not selling a lot of \$100,000 collector watches, but we sell a fair amount between \$1,000 and \$10,000. Our average watch price is approximately \$2,800.



We have a broad selection of jewelry as well.

We have very expensive pieces, both in the vintage category and in the non-vintage, pre-owned jewelry category that range anywhere from \$700 to \$20,000.

How are you able to ensure authenticity?

We have a very specific contract with each of our vendors detailing what we expect, and we only accept vendors that have been referred to us, vendors we know directly, or vendors with whom we have worked previously.

In order to find qualified vendors, we do substantial amounts of research; we get a list of references and referrals, and we work with trade associations.

It's tough for inauthentic watches to slip through, but theoretically, inauthentic handbags could, in which case we would offer the consumer credit for the purchase price and we'd probably give them an additional \$50 credit. If

it happened more than once with the same vendor, we would drop them.

The vendor contract contains a series of fees that have to do with customer service in terms of how quickly purchases are shipped, as well as the authenticity of vendor product. Furthermore, we reserve the right to inspect, which is probably more important than doing secret shopping, because if you're going to people's stores or showrooms, you really get to see all of the product. So far, we have not had issues with any of our vendors.

We continue to do some consignment on a case-by-case basis, in which case we handle authentication and certification through all of the necessary channels.

When this opportunity came up, what made you feel it was the right fit, and has it been what you expected?

I've always been a vintage shopper, so I saw there was a huge market opportunity to provide quality-designed and -manufactured products that have enduring style to people who wouldn't have access to these brands otherwise.

The recession has changed people's purchasing behavior in many ways; people are looking for lasting, understated luxury rather than of-the-moment trends. Our bag sales have multiplied and high-end bag sales didn't suffer much during the recession. We've seen our watch sales bounce back. Watches are not pretentious and they are often the only jewelry men wear. Now we are starting to see higher-end jewelry bounce back as well as the more medium-priced items.

How challenging is it for you in a leadership role to find a balance? Do you have the ability to turn the business off?

As with every position I've ever held, I think about the business constantly, but I don't worry about something blowing up in the middle of the night. One of the good things about the Internet is that it flows on its own, and we can arrive in the morning and see all the e-mails that people have written to us overnight. The worse case scenario is the Web site goes down, but I have confidence that the people who manage and host our site are always on top of things. This is a fun business, and I am really glad I am in the thick of it. ●

Chanel Faux Gold Domed Woven Shield Clip-On Earrings (top left); Hermès Blue Jean Togo Leather 35cm Birkin Bag with Palladium Hardware (top right); Panerai Luminor Marina Automatic Watch (center)