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REAL.OQ - Q2 2020 RealReal Inc Earnings Call

EVENT DATE/TIME: AUGUST 06, 2020 / 9:00PM GMT

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PRESENTATION

Operator

Ladies and gentlemen, thank you standing by, and welcome to The RealReal Second Quarter 2020 Financial Results Conference Call. (Operator Instructions) As a reminder, this conference call is being recorded. I would now like to turn the call over to your host, Mr. Paul Bieber, Head of Investor Relations. Thank you, sir. Please go ahead.

Paul Judd Bieber - *The RealReal, Inc. - Head of IR*

Thank you. Good afternoon, and welcome to The RealReal earnings call for the quarter ended June 30, 2020. I'm Paul Bieber, Head of Investor Relations at The RealReal. Joining me today to discuss our results are Founder and CEO, Julie Wainwright; and Chief Financial Officer, Matt Gutske.

Hopefully, you've had chance to read our press release and stockholder letter that we distributed earlier today, both of which are available on our Investor Relations website.

Before we begin, I'd like to remind you that we will make forward-looking statements during the course of this call. These forward-looking statements involve known and unknown risks, and uncertainties, and our actual results could differ materially. You can find more information about these risks, uncertainties and other factors that could affect our operating results in our most recent periodic report on Form 10-K subsequently, quarterly reports on Form 10-Q and in our earnings release from earlier today.

In addition, our presentation will include certain non-GAAP financial measures, for which we have provided reconciliation to the most comparable GAAP measures in our earnings press release.

With that, I'll hand the call over to Julie for introductory remarks, and then we'll go straight to Q&A.

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

Thank you, Paul, and thank you all for joining us today on this call. Since we reported our Q1 results in early May, GMV trends have improved significantly, with May down approximately 19% year-on-year, June down 8% year-on-year, and importantly, we have continued the positive trend into July with GMV decreasing by only 2% year-on-year for the month. Our GMV recovery prompted us to begin reinvesting in growth in Q2 earlier than we previously anticipated. While Q2 was challenging, that pandemic has been a catalyst for reinvention and innovation at The RealReal. With the normalization of our processing capacity and the evolution of our supply acquisition strategy, we are now laser-focused on returning to sustained growth.

With that, I'd like to turn it back to the operator for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Michael Binetti with Crédit Suisse.

Michael Charles Binetti - *Crédit Suisse AG, Research Division - Research Analyst*

It's Michael. Thanks for all the detail in the presentation today. So I want to focus on July for a minute. It sounds like GMV down 2%. Can you speak to some of the other underlying metrics that you gave us? What's driven the acceleration here? And it looks you're -- I think last time we talked to you, you'd anticipated that you crossed back in the positive territory at some point before the end of the year. It looks like there's a chance to do that this quarter. Is there any reason, be it tougher comps in July or anything like that, that you think there's some headwinds ahead that we should think about that would make not possible?

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

I'm going to start, and then I'll kick it over to Matt. We're really excited about July. Really what's happened is July -- I mean, previously, in Q2, our business was suppressed, both by operating capacity at social unrest and also business not returning to normal. We're seeing that all change in July. Our stores opened in July later than we thought, but now we have all of our stores open. New York returned to growth in the month of July. L.A. is still lagging slightly due to increased COVID, but we expect that to continue. So regardless of comps last year, what we see in front of us is growth on GMV product coming in, which will then internally to do out in GMV. So I'm looking over to Matt.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Yes. Thanks, Michael, for the question. So just to point out a couple of things that were in the shareholder letter. So you're right on GMV growth, that improved to negative 2% in the month of July. That was on supply growth that was plus 3% year-over-year. So we returned back to net growth in incoming supply. That is both of them -- I mean they're obviously highly correlated. But the -- in essence, the recovery is a bit steeper than we anticipated a quarter ago, and that's obviously a good thing. In terms of how we see it paying out over the next couple of months and through the fourth quarter, obviously, things are quite fluid, so to take everything with a grain of salt. But in the immediate term, we see July basically staying right around -- Q3 staying right around the July level. To your point, we are lapping a very strong Q3 of '19, where our GMV growth rate was up about 10%. So notwithstanding the comping difficulties, underlying that is just sort of steady underlying improvements, starting with supply. We do see a path to positive year-over-year growth in Q4 at this point.

Michael Charles Binetti - *Crédit Suisse AG, Research Division - Research Analyst*

Let me follow that, Matt. You guys do have a lot of your business in New York and LA, and you may have mentioned this in the PowerPoint, and I missed it, but the supply returning to positive, is that -- I mean, did you get back to positive without much contribution from New York? I know a lot of your core consignor base is outside of the city and perhaps not -- doesn't have access to their full closet at this point? And then I guess the last one is within the demand growth on GMV as you get to that negative 2% number in July. Are you seeing some of the components of that, that have been the headwinds like the UPT? It seems like to me, in April, you just didn't have the inventory for buyers to add a unit to the basket when they came to you and the supply improving, are you seeing UPT improve? Is that part of the help in getting to the negative 2% in July?

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

So again, I'll start, and then I'll kick it over to Matt. Actually, New York had a positive comp on the year for the month of July, despite many of the New Yorkers out of -- and the people living in Manhattan specific still not returning to the city. So we feel really good given the fact that we did grow in New York, despite that, that we are well positioned for growth when they do return. So supply was strong and showed rapid growth in some cities. Again, the only market that's lagging in the month of July was L.A., which we do expect to return as COVID actually subsides and people get more normalized in their day-to-day activity.

On the UPT, I'll let Matt answer that specifically, but we do have an interesting phenomenon going on right now. On the product coming in, the average selling price for us is roughly the same if we would have gone to people's homes. The curbside pickup and the virtual appointments are working in that way. But in general, what people are purchasing are actually a higher value thing. So handbags and jewelry, in particular, along with home and art, are selling better than we would have anticipated and the lower value things like apparel, especially contemporary apparel, are lagging. So consequently, without a strong UPT because it has ticked up a little but isn't at where it was before it, too, our AOV actually gave us one of the best months in July that we've ever had. And that again is a shift in the buying mix.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

So you don't need to write this down. So I'm just going to reiterate a couple of the numbers that are in the shareholder letter for clarity. So overall, supply was up 3%, New York for the month was down 1%, so basically flat. LA was down 11% versus being down 25% in the prior month. So improving as well. And that left everything else at positive 8% for the month. Some of that benefit does come from continuing strength in the vendor channel, but broad-based across all of the other regions, we are seeing a return to positive year-over-year comps. So then adding to what Julie is saying on unpacking AOV in essence. So ASP has been very strong throughout and has really recovered from where we were in April. Every month has increased and July was actually up 12% year-over-year. UPT or units per transaction has begun a recovery, but it's still substantially below pre-COVID levels, and we'd expect that to continue until our overall available supply balance is back to positive year-over-year at some point and hopefully not-too-distant future. So AOV, as a result, is -- the recovery has been as a result of ASP stabilizing and improving.

Operator

Your next question comes from the line of Oliver Chen with Cowen.

Oliver Chen - *Cowen and Company, LLC, Research Division - MD & Senior Equity Research Analyst*

The supply detail is really helpful. It looks like New York bounced back a little more strongly sequentially than L.A. Do you -- what do you expect for Q3, Q4 in terms of supply units? Do you think New York will stay -- will turn positive? Is that underlying your views on Q4? And then will L.A. turn positive with negative 11% in July? And then bigger picture, will those 2 markets always be a large percentage of your supply dynamic over time? Would love your thoughts there.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Sure. So of course, we don't know with high levels of precision, but here's what we're seeing at a micro level for both of those markets. So New York, the recovery has been quite substantial. And I think I can -- we can attribute some of it to what we're seeing, and you're living in New York that New York has done a comparatively good job at managing COVID and the city is slowly coming back to life, and our consignors are slowly coming back home. So we see that, and that's assisted by the opening of our stores a little over a month ago. That helps on the margin. So unless we see a change in those trends if COVID worsens, I think it's reasonable to expect that New York will be back to positive year-over-year growth now for this quarter and strengthening into Q4. L.A. has sort of the flip side of that, where the area has done less well at managing the spread of COVID. In fact, it's kind of -- it's getting progressively worse in California, particularly in Southern California. So no doubt, we're seeing that impact. Though even within that, we are seeing recovery. Again, our stores open there. So on the margin, that's helping. I think it will be too soon to say that whether L.A. can return to positive comps in Q3, unlikely, but I think a recovery broadly, I think we're comfortable with. And in terms of where they -- those markets go long term, we've really -- even in those markets which are most penetrated, we're still barely scratching the surface in consignor penetration and buyer penetration. So they will always be, I think, our largest markets, and they can continue to grow for many, many years to come. But certainly, they'll be our largest markets, but the rest of them have even more growth potential than they do.

Oliver Chen - *Cowen and Company, LLC, Research Division - MD & Senior Equity Research Analyst*

Yes. And you made a proactive strategic decision to reinvest in marketing starting in mid-May. Why was that the right time? And what kind of marketing comparisons are you up against? How are you thinking about managing marketing as we model that in the next quarter and look at the interplay between marketing relative to demand?

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Sure. I'll take that one. So I was clear by the time we got, frankly, by the time we got through April that we felt like the worst was sort of behind us, and we started our planning around what would it take to make us confident to start reinvesting in growth. The reopening -- or not reopening, the loosening of restrictions in our Brisbane facility in very early May, I think we talked about on the last call, that was the big thing that gave us the confidence that we could process the units if we brought them in, in marketing ultimately is driving supply as well as demand. So once all of those things lined up, we felt that it was -- we were comfortable to start leaning in a little bit, but in a relatively moderate way. And as we started to see the results in terms of traffic, in terms of supply rebuilding, then we just leaned more and more into it. Such that by the time we got through June, we were almost back to pre-COVID levels of spend, which is about $4 million to $5 million per month. Going forward, unless things change, that's what you should expect, $4 million to $5 million of marketing per month for the balance of the year.

Operator

Your next question comes from the line of Eric Sheridan with UBS.

Alexandra Steiger

This is actually Alexandra on for Eric. Two questions, if I may, one follow-up on the investments you announced or you started early in Q2, what are kind of like the key areas of investment there? And just wanted to understand if and how your long-term investment priorities might have changed now with COVID?

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Okay. They're definitely 2 different questions. So the first -- so it's really a reversal of everything that we identified that we were going to pull back on operating expenses when COVID initially hit. So first and foremost was marketing. We just covered that kind of how we went down. Now we're kind of progressively building back up. Next was a variety of payroll-related expenses. We furloughed about 15% of our staff. We had a layoff of about 10% of our staff and various other things. We didn't give raises, suspended bonuses, et cetera. At this -- we are building back. So there's almost no one left on furlough. And we have begun selectively rehiring across the business, particularly in our technology organization. It's been driving tremendous innovation for us. And most recently, in our sales organization. We're going to hire relatively aggressively in sales in the back half of the year to support our return to strong sustainable growth. So in terms of how that informs our priorities going forward, I would say there's no significant impact. I would point to the innovations that have come as a result of COVID that have been focused in our sales organization, having to reinvent our supply acquisition strategy altogether, leading into virtual appointments, adding in self-scheduling. So these are potential unlocks to sales productivity over time. So that doesn't necessarily mean we invest more in sales, but we're getting the returns from our technology investment. So we feel kind of embolden to continue leading in there. But over time, I think what we're experiencing during COVID is that we see a path to potentially stronger unit economics longer term as a result of the efficiencies that we've gained during COVID.

Operator

Your next question comes from the line of Ed Yruma with KeyBanc Capital Markets.

Edward James Yruma - *KeyBanc Capital Markets Inc., Research Division - MD & Senior Research Analyst*

2 quickly for me. I guess, first, on the vendor side, you guys indicated that you had some strong success there. I think it was up close to 20% from an inventory perspective. I guess kind of what's the stability of that channel? Was it a short-term phenomenon? Or do you think you can continue to lean on that? And then second, in areas where you have reopened physical locations, I guess kind of what are you seeing both on the sell side and the buy side?

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Okay. I'll start on vendor and then maybe, Julie, you can start with your thoughts on stores, and I'll chime in. So the vendor channel, as you mentioned, is doing well. So the GMV, I think is what you're referring to is up 19% year-over-year in the quarter. Our supply actually in vendors up a bit more than that. So that continues to be a comparatively strong channel for us, and we'd expect to see that continuing certainly for the balance of this year and probably realistically, through next year, we'll remain at elevated levels, but not a focus, a strategic priority to grow that business at a much, much higher rate than it is. So it did tick up from mid -- 4%, 5% of GMV to about 8% of GMV in the quarter. We'd expect it to be in that neighborhood, but maybe hitting 10%, but probably not much more than that. We do use it to strategically infill product, focused on higher-value products, particularly handbags, jewelry, watches, and that's the strategy there. So if you get the question on stores is what are we seeing so far, supply.

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

So stores have been interesting because right when we opened, we were hit with some social and rest and had to shut down. So they've been open now since about the third week of June. So early days, that is incredibly encouraging. It looks like right now, that in the month of July, they did about 80% of what they were doing pre-COVID, and we're getting an appointment for consignment and curbside dropoff or consignment was tracking pretty close to the demand. So we're encouraged by the stores. New York, in particular, has picked up. L.A. is picking up. Again, you got to remember, we only have 4, but we are so encouraged by the stores that you can expect, we are going to open 1 more store before the end of the year. We had previously announced that we were going -- that we had signed a lease to open a store in Chicago. And we are going to go ahead and open it to take advantage of the holiday selling season, which also is a great time for us to get consignment. That store will open sometime in November.

Operator

Your next question comes from the line of Aaron Kessler with Raymond James.

Aaron Michael Kessler - *Raymond James & Associates, Inc., Research Division - Senior Internet Analyst*

A couple of questions. Maybe first on the services revenues. I note that was -- looked like it was close to 0. I don't know if my math was right there. And then just be curious, are you seeing any kind of countercyclical benefits in any of the markets where maybe consumers are home or as they're obviously able to clear -- spend more to clear out their closets. Are you starting to see some of that benefit at all right now as well?

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Well, we'll answer your first question second, maybe. So I think we might have to kind of get back to you on understanding that. I think the question on services revenue. I think just to remind everybody here, services revenue is kind of is all of the non -- it's not the direct revenue and it's everything other than the take rate that we get on our consignment sales. So that's predominantly shipping. So there's no particular reason that would -- that trend would have been markedly different. And then the other question, just general supply -- I mean I wouldn't say that we can connect -- we haven't certainly done consumer research to understand the motivation during COVID for people consigning, but our supply trends have been consistently more and more encouraging. So certainly, to some extent, that is -- as people settle into their stay at home routines, they are cleaning up closets and doing that. We're seeing broad-based strength until recently, we weren't seeing that in our largest markets of New York and Los Angeles. Starting to see that now. There's a case to be made that once new Yorkers come back, that there could be quite a strong rebound and the surge of supply coming out of New York for the reason of that dynamic that you mentioned. But broadly, I think the interest in consignment is strong, and our value proposition is even stronger in times where value wins. And certainly, the times we're in are that.

Aaron Michael Kessler - *Raymond James & Associates, Inc., Research Division - Senior Internet Analyst*

Great. And just quickly, gross margins were a little bit better on consignment. Is that a mix issue there as well?

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

A little bit better year-over-year.

Aaron Michael Kessler - *Raymond James & Associates, Inc., Research Division - Senior Internet Analyst*

Sequentially.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

That's shipping improvements in our shipping expense that we negotiated at the end of last part of last year. That's primarily on everything.

Operator

Your next question comes from the line of Ike Boruchow with Wells Fargo.

Irwin Bernard Boruchow - *Wells Fargo Securities, LLC, Research Division - MD and Senior Specialty Retail Analyst*

Good to see the improvement. I guess just for me, maybe, Matt, on the take rate, you talked about in the quarter, the mix of business kind of driving that down year-over-year. Just curious, should we expect that mix dynamic to continue into 3Q and 4Q? How are you thinking about how that plays out and then how that flows through into your take rate next quarter into the back half?

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Yes. Yes. So we -- almost alike, in a steady state, what we saw in Q2, we see in Q4. So always, seasonally, we mix up in handbags, fine jewelry, watches in the holiday quarter. We saw that happening earlier, this more of a COVID effect. So I don't see that our mix should change dramatically. So our take rate more or less, I think, is going to be stable in Q3. Maybe we're going to mix up even a bit more because then you're going to have the COVID impact compounded by what people traditionally buy in the holiday season anyway. So I think our ASP is likely to go up even further in Q4, which has a pretty clean correlation with take rate.

Irwin Bernard Boruchow - *Wells Fargo Securities, LLC, Research Division - MD and Senior Specialty Retail Analyst*

Got it. And then just a quick follow-up, Matt. You guys have said you're hoping to get to positive growth by Q4. You've got the ad spend kind of ticking back up. I'm not sure what else is going on, on the expense side. If you kind of get to where you're hoping you can get on top line to end the year, should the adjusted EBITDA margin also begin to improve? Or is it not going to work its way out that quickly?

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

It depends on what -- yes. So yes, I think as we get back to growth, you're going to start to see EBITDA margin expansion. And that's going to be sort of broad-based. The way we're thinking about reinvesting right now, and it's not directly 1 for 1. Once we saw the positive signs, our primary focus moved to supporting the growth. Yes, for this year to support a strong close to the year in Q3, Q4. But most importantly, to set us up for a very strong 2021. And so we're going to continue leaning into that. The effect of that is with the GMV upside that we're seeing is what we thought a quarter ago, that GMV upside will pay for most of the reinvestment that we're making this year. But we'll generate strong GMV underpinnings for strong next year that can lead to accelerated operating margin gains, which we'll update as we get closer to that.

Operator

Your next question comes from the line of Rick Patel.

Rakesh Babarbhai Patel - *Needham & Company, LLC, Research Division - Senior Analyst*

(inaudible) for discounting in the broader market this fall, a lot of brands and retailers with excess inventory out there heading into fall. So as we think about your outlook for AOV, do you see the changes in product mix being able to offset pricing pressure you could be seeing on like-for-like categories?

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

So I'm going to start and I'll kick it over to Matt. Interestingly enough, we have -- as you know, we have a very diverse category mix. And where we've always seen price compression and the most impact is in apparel. Well, handbags, jewelry, home art men's have all popped up. Apparel is actually the slowest to recover. Consequently -- well, a, we haven't seen any price compression on the apparel, but more importantly, it's we expect this to continue as long as people are working for home. It's becoming a less important part of our mix where it was a women's apparel was a significant part. So we haven't seen it, any price compression or promotional effect and our mix has changed towards the higher value items, which we do expect to continue. So we're pretty bullish on AOV going forward. Just looking at Matt in the same room for a change.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

So nothing to add.

Rakesh Babarbhai Patel - *Needham & Company, LLC, Research Division - Senior Analyst*

Okay. Great. And also a question on the growing B2B business. Can you help us understand how this product flows through your business? I'm curious, are you taking on inventory here? Or is this product drop ship? And then how do you handle returns? And then is there anything to highlight in terms of how it affects financials differently than the underlying consumer business?

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Yes. So I'm going to say a couple of things, right. So we don't really have a B2B business period. So when we refer to our vendor channel, all that really means is that those are businesses who are selling to us but are consigning with us. Lion's share of that inventory is still same model. It's a consignment model with take rates, et cetera. So there's no difference in terms of how it's recognized to the financial statements. No inherent differences in return rates, so the mix of products we tend to get to the vendor channel skews more toward bags and watches, and they have their own return characteristics. And they're generally speaking, higher ASP products than what come from individuals. But again, it's relatively small. And then in terms of what -- we do have a very small business where we buy upfront, and that's not limited to the vendor sellers. We offer that alongside our consignment offering to encourage people to consign. And typically, what we're doing that is in -- mostly in handbags, a little bit in sneakers, a little bit in some jewelry. And we just present consignors in our physical locations with options of consign at this rate, get a trade for site credit at this rate or get cash upfront at this rate. And the majority of time people choose the consignment option because they're willing to wait to get the highest payout. So we find it as a good lever for us to convert consignors.

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

And then one other thing. They -- no one drop ship from their own facility. We still take possession of every item. We still inspect it for condition. Obviously, if it's coming right from the brand, we know it's authentic. However, we inspect it for condition, and we photograph it and then we go through the normal pick, pack and ship and return.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Right. Right. So I think you also asked a question about inventory generally. So I think at the end of the quarter, we had about $20 million of inventory, which is very small. So that's -- almost all of that is the result of us taking back returns after we paid or committed to pay a consignor, a de minimis amount relates to what I was talking about in our buy upfront program, probably less than 10% of that. So almost nothing.

Operator

Your next question comes from the line of Simeon Siegel with BMO Capital Markets.

Simeon Avram Siegel - *BMO Capital Markets Equity Research - Analyst*

Congrats on the ongoing sell-through trends, improvement in supply. Sorry if I missed it, and congrats on the GMV sequential improvement. But can you help bridge the July GMV being down versus supply being up? I guess also recognizing the July ASP strength that you mentioned. So how are you thinking through the supply versus demand dynamics now that supply is building? And any thoughts on when demand should catch up to supply given the sell-through strength and pent-up demand?

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

So I'll start, and then, Julie, if you have anything to add. So supply, generally speaking, is a leading indicator for our GMV so the supplier metrics that we're giving out, we're not necessarily going to continue doing that. But because things are so fluid, we felt that the transparency was appropriate at this point, is shipped units, which is just basically means that our consignor, our salespeople have "shipped" one of these units into our facilities, then it takes -- there's a certain amount of time it takes to process those and then turn in -- ultimately turn into sales. So generally speaking, it's a leading indicator, number one. Two, our supply has been down substantially year-over-year for a few months now, means that we've had to sell more aggressively into older inventory. So as supply starts to rebuild and gets into a significantly positive year-over-year territory, then you can start to see where that trend starts to change, and we're selling more of our GMV coming from newly released products onto our marketplace, and they'll tend to correlate pretty well in a steady state. But in a -- from month-to-month, you're going to tend to see supply trends lead GMV.

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

So -- and then just to add some color, we really expect by Q4, we're going to start showing more positive leading growth on demand as expecting -- as we expect the build in supply in Q3. So we are expecting to return to overall growth and we're in sustainable growth in Q4.

Simeon Avram Siegel - *BMO Capital Markets Equity Research - Analyst*

Great. And then can you speak to any savings you'll see with the success of the virtual appointments versus in person?

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

I can't be super specific on it yet because, obviously, we do not have the volume that can test the hypothesis that we could see substantially greater productivity over time. Just not enough data there, but we're optimistic that we could see substantial productivity improvements from our sales team is virtual -- the reality is virtual is the new norm. Virtual appointments with curbside pickup, supported by our growing fleet of vans and more recently, assisted by the launch of consignor self-scheduling, all those 3 things fit together to lead to a scenario where we could have substantially greater number of appointments per day per salesperson than in the model where they were traveling in between appointments. So prior to COVID, a good day for a salesperson is 4 or 5 appointments a day. With the restrictions of logistics, you could see that increase substantially. So we look forward to the point where we're pushing some volume, so much consignment through that we can report out on realized productivity gains, but we definitely see the potential for it to be an unlock in our model that we weren't really anticipating as recently as a quarter ago.

Operator

Your next question comes from the line of Susan Anderson with B. Riley FBR.

Alec Edward Legg - *B. Riley FBR, Inc., Research Division - Associate*

This is Alec Legg on for Susan today. Just a follow-up on virtual appointments and in home. So have you been able to resume any in-home appointments in any location? Or do you have any plans to do so in the near future? And then on virtual appointments, I know that you mentioned that the number of items consigned virtually is generally a lot lower compared to in home. Have you guys seen a trend of increasing number of items? And then also maybe the margin impacts on that.

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

So I think there's a little confusion. We have -- prior to COVID, we had inside sales and we had white glove and inside sales really with us sending the shipping label for someone descended in and we get roughly 5 to 6 units an item when they send it in, virtual and appointments we went or were in more like 15 to 18 units for pickup. Our virtual appointments with curbside pickup, where we send a van, look just like our white glove appointment. So -- and interestingly enough, the value of those in -- of the units from the virtual appointment to the curbside pickup is exactly the same. So the combination of the van pickup with the virtual is working just like the in-home consultation. So right now, it looks like a really efficient trade-off to keep on moving forward. We do expect, as we move forward, that some consignors, especially because there's quite often we'll get people going through big changes, where we'll pick up 200 to 1,000 things at 1 pickup. That in-home appointments will return, we would be getting these huge pickups again, but not -- most likely not this year, but sometime next year. So we're leaving that option open, but virtual right now, virtual plus curbside pickup is almost -- it looks like a more efficient and effective trade-off to white glove appointments.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Yes. And just to clarify further. So there's already -- there's no official restriction on us resuming in -- home white glove appointments. We can do that. We've chosen and our consignors have broadly speaking, chosen not to at this point because the virtual appointments are working well. There's really -- we're not finding that there's any difficulty or lack of comfort using the technology. They're converting well. So everybody is happy with it. But as we go forward, I think some more in-home is certain to Julie's point, is certain to come back into the mix, but I don't personally see a scenario where it goes back the way that it was where we have the majority of our products coming from in-home appointments. I think the new norm virtual is a large component of the new norm.

Operator

Your next question comes from the line of Marvin Fong with BTIG.

Marvin Milton Fong - *BTIG, LLC, Research Division - Director & E-commerce Analyst*

I apologize if I missed this. I hopped on the call a little late. But just 2 questions. On July, the GMV, very -- almost breakeven. Did you comment at all on the linearity of GMV growth in the month -- was there actually any period of time where EMV actually broke positive? We'd love to get some additional color on that? And then secondly, I'm just curious if you're -- if you have seen in the 4 or so months that we've been in locked down if you've commented forgive me again, but are you seeing a normally large growth in your -- in the number of consignors? And relatedly, any noticeable change in the motivation for people consigning? Is it related to economic distress? Or is it the normal reasons? That would be great.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Sure. So I'll start with the GMV linearity, and I'm not going to get into day by day. But yes, I mean, technically speaking, there were periods in the month where we were seeing positive year-over-year comps, but there's a lot of reasons that can happen, including what day of the week is different, the timing of our promotional cadences, et cetera. So it's actually -- I don't find it particularly helpful to granulate even further than what we did on a monthly basis. Going forward in the -- at least for the rest of this quarter, from a growth rate perspective, I'm not expecting that same type of linear improvement because we're comping a very strong Q3 of 2019 that we saw about 10 points of GMV acceleration. So holding right around this level is, in effect, continuance of our recovery. We do expect to see continuing supply strengthening which will support a reacceleration from a growth pay perspective in both GMV and supply in the fourth quarter as we currently see it.

And then your other question around just motivation. There was a question earlier around just kind of motivations of consignors and just kind of strength of new consignors, buyers, et cetera. I would say there's no real trends that we can draw. We've always benefited from a very strong, highly engaged base of buyers and consignors. We were spending very little on marketing. It was really our base that carried us through. And as we've started to reengage and invest more in marketing, we're starting to see recovery in new consignors and new buyers as well. And that's, of course, over time, is necessary to support substantially larger growth rates.

Operator

(Operator Instructions) Your next question comes from the line of Katy Hallberg with D.A. Davidson.

Katy Hallberg - *D.A. Davidson & Co., Research Division - Research Associate*

I was just wondering if you guys had any sort of sense of sort of the promotional activity. I mean are you seeing anything specific to apparel or jewelry or handbags for that matter?

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

So in the past -- this is Julie. Obviously, in the past, we've actually seen price compression as mostly the department stores move product. And there's a different phenomenon, and it's mostly on apparel. It's a different phenomenon happening this year. Apparel is -- women's apparel, specifically, has lessened as a percent of our mix by just a few points, but handbags, fine jewelry and hand bags, in particular, fine jewelry, man, home and art actually have grown. Consequently, we haven't overall seen any promotional effect. The other thing that's happening in the again, the online businesses, which are primarily the department stores is that they are selling through inventory that is more -- less fresh and more old and perhaps not as unique. So while they would have had their spring season was actually in trouble, and so consequently, they're selling inventory that we through at a price, which we have been selling the resale. So there's slightly -- and I don't have the data, but visually, there appears to be a slightly bigger overlap of what we're selling at our site for our normal resale value versus what they're selling for a higher value is new. So there's still a bigger gap. The other thing, I think, of note is our ASP in July went up 12% versus the same period a year ago. Again, showing that there isn't, at least at this point, we're seeing a lack of and promotional effect in the market.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Right. And even the reverse of that, and to some extent, particularly in handbags, we've seen a number of the primary luxury players increase the prices of bags during COVID. So naturally is going to support increases in resale value and make the value of pre-owning accessibility, frankly, of being able to get these products even more compelling. So -- and a lot of sense is not particularly surprising that those categories are showing particular strength.

Operator

And you have a follow-up question from Oliver Chen with Cowen.

Oliver Chen - *Cowen and Company, LLC, Research Division - MD & Senior Equity Research Analyst*

Matt and Julie, just -- these are some factors that are out of your control. But regarding a resurgence or a second wave, what have you seen with trends in California, Florida and Texas? And any factors you can have within your control if that's to happen to a greater extent? And I would also love your thoughts on how stimulus may have benefited some of your results. And then Julie, bigger picture, potential partnerships with LVMH or MS, what are your thoughts on embracing other companies and working with some of the luxury brand houses?

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

So I'm going to start, Matt can follow up and start with all of it. So we have -- there has been a resurgence in Texas, California, Florida. But I have to say the only market that's been negatively impacted for us is L.A. The other markets are really still growing. And I really believe that's because of the safety measures we put in place where -- we where it is a curbside pickup with the virtual appointment. So the appointments, people are willing to consign and wanting to consign. Actually, there's very little human touch with that, and they feel very safe consigning. And so we feel that, that will continue. L.A. just really needs to be a turnaround. We did have a double whammy there. We had social unrest. We had our store closure, and then we had our office closure. And LA has seen a resurgence in COVID. So that one's a little harder to predict but even in July, it already started to look better. So there's that. Now the second part of the question.

Oliver Chen - *Cowen and Company, LLC, Research Division - MD & Senior Equity Research Analyst*

Brand relationships.

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

Brand relationships. However, we continue to work on this. We certainly would love to be in a position to announce one. We were in a -- relationships are being -- we're in discussions, continue to be in discussions. And just stay tuned. Stay tuned to this channel. So let's just say that COVID put a change in plans, but I expect that the relation -- a couple of relationships will emerge shortly.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Yes. So third part was stimulus.

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

Hard to know.

Matthew Gustke - *The RealReal, Inc. - CFO & Treasurer*

Hard to know. But I'm not expecting that if there is not a new stimulus program, I'm not expecting to see any significant impact. I don't think that there's particularly a high overlap between those receiving stimulus payments in our core customer and consignor base.

Julie Wainwright - *The RealReal, Inc. - Founder, President, CEO & Chairperson*

So at this, I think we're closing the call, and we appreciate all the participation, the good questions. I want to close to say, the company's priority is safety for our employees, but also to cautiously reinvest to support the growth that we really are seeing and expect to see going forward. So -- and we look forward to talking to you again after Q3.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.
