

A Study on Alternate Investments Like Sneakers And Streetwear

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Abstract- *This paper focuses on the potential of sneakers and streetwear as investments. Like the stock exchange there is also a very active sneaker resale market which exists online and in the form of traditional brick and mortar store. There is a huge potential in investing in sneakers as the current size of the sneaker resale market is \$1.2 billion. This paper aims to study the various factors that influence the resale price of sneakers and to also determine what factors make a sneaker a good investment option. The data for the study has been collected from 2016 to 2018 from StockX which is an online stock market for sneakers. The data collected has been analysed using correlation and regression analysis. The independent variables taken for the study are resale price, popularity and performance and the dependent variables taken for the study are sales, volatility and resale profitability. A positive and strong correlation exists between resale price and the dependent variables. Popularity also has a positive impact on sales but not on profitability. Performance of the athlete has no influence on the dependent variables.*

Keywords- Retail, Sneaker, Supreme, StockX, Volatility, Jordan, Yeezy, Nike, Adidas

I. INTRODUCTION

Traditionally people invest in shares, bonds, debentures, futures, options etc. The stock market works just like an ordinary market like a fruit and vegetable market where the prices of fruits and vegetables depend on the time of the year, harvest, demand and supply the stock market is also governed by similar principles where the price of stocks are influenced by several factors. . If we take the same principles that govern a stock market and apply them to a market for sneakers and streetwear it would work the same way as demand exists and the quantity is limited. The international sneaker market is worth \$60 billion and the resale market for sneakers is worth \$1.2 billion. The resale market for sneakers is primarily dominated by Nike and Jordan brand which accounts for nearly 95% of sales in the resale market. This amounts to nearly \$1 billion. The average profit earned on reselling a sneaker is around 33% which amounts to around \$300 million. The second largest shoe manufacturer after Nike

is Sketchers which has an annual profit of \$250 million. From the following information it can be seen that the customers of Nike earn higher profits reselling their products than their closest competitors. This clearly shows the potential of investing in sneakers for resale.

The term sneaker is derived from the rubber sole shoes used by thieves, kidnappers and pranksters in the 1920s. The first significant sneaker company was the Converse Rubber Company which was founded in 1908. They were also the first company to offer a shoe deal to an athlete Chuck Taylor in 1917 to enhance their sales. The birth of modern sneakers can be traced back to 1984 when Nike reported their first quarterly loss. In a desperate move to revive their profits they signed then rookie basketball player Michael Jordan. Nike gave Jordan a pair of black and red Jordan 1s popularly referred to as the “Breds” at a time in the NBA where coloured shoes were banned. Jordan was fined \$5000 per game in which he wore the shoes but Nike paid the fine for him as it created a lot of publicity and fan following. The shoes were introduced at a price of \$65 which was very expensive at that point of time but due to the cult like following Jordan had attained after wearing them they were sold out as soon as they hit the shelf. This is referred to as the birth of modern sneaker culture and the birth of Jordan brand.

Today the sneakers endorsed by music artists are more popular than those endorsed by athletes. The origin of shoe deals with music artists can be traced back to 1986 when Run DMC came out with a song titled “My Adidas” after which they were rewarded with an adidas contract. The most popular music artists with shoe deals today are Kanye West with Adidas, Drake with Jordan brand and Rihanna with Puma. For most people sneakers are a way of expressing themselves and owning certain sneakers like Jordans, Air Force 1s were a way of indicating ones hypermasculinity. Sneakers were very popular amongst the African American community in America as studies show that they use their purchasing power to indicate their social status.

Investing in sneakers can either be used for personal investment or can be used to create a business model known as

sneaker consignment. Under this method a customer that has a pair of unworn shoes can approach a sneaker consignment store. The store would advertise/display the customer's shoe on their website or even sell it to other customers from the brick and mortar shop. The customer gets paid if his shoe is sold and the shop keeps a margin of profit which is usually 20% as commission. This agreement is a win-win situation for both the customer and the shop as the customer does not have to worry about not being able to sell his shoes and also gets a decent return as all sneakers are sold at resale prices which is generally higher than the retail price and the shop has no investment as it gets all its sneakers for free. Some popular stores that do this are "FlightClub" and "StadiumGoods".

Nowadays sneaker commercials are dead due to the rise of social media. With the increasing popularity of social media apps like Instagram which has a billion users it becomes very easy for sneaker companies to advertise their new releases on popular sneaker pages like Sneakernews, Complex etc. A new trend is developing with sneakers and musicians. Several musicians have collaborations with shoe brands and such collaborations are very successful as their demand cannot suffice their limited supply. Some examples of such deals are Kanye West with Adidas, Drake with Jordan brand and Weekend and Rihanna with Puma. Shoes collaborations with music artists are in more demand than shoes collaborations with sports athletes.

Despite the numerous advantages in investing in sneakers there are several disadvantages as well. One such problem is the use of sneaker bot technology by resellers to gain an edge over others while purchasing new releases. A bot is an illegal paid software or technology that enables a buyer to purchase the desired number of shoes and check out within a few seconds while it takes an average person at least 5 to 10 minutes to do the same. As a result people who do not have bots are unable to purchase new releases and hence are forced into buying these bot software's. However in order to combat the bot problem sneaker websites have now started selling new releases using the raffle system where customers have to apply online for a chance to purchase the new release and if lucky they would get a chance to buy the shoe. This works just like an IPO where investors apply for a certain amount of shares and if lucky they get allotted.

Another problem faced in the sneaker industry especially in the online resale and consignment sector is counterfeit shoes. Nowadays counterfeits are being made with such detail and precision that it is almost impossible to tell them apart from the original sneaker. Such counterfeit sneakers are flooding the resale market for sneakers and it causes the resale price of such sneakers to fall due to a high

number of sales or poor sentiment regarding such shoes. Due to the increasing number of counterfeits several shoe brands are banned from being accepted for consignment like the Nike Air Huaraches for which it is almost impossible to tell apart a fake shoe even by a sneaker expert due to the excessive use of rubber.

In the sneaker resale market there is a lot of opportunities for arbitrage. Sneakers are resold at various prices by resellers on various online platforms like EBay, The Sneaker Don, GOAT, Stock X and also in consignment stores like Stadium Goods, FlightClub, Kith etc. The best arbitrage strategy would be to buy shoes online as the resale price purely depends on the individual seller. The seller may be in a hurry to sell his/her shoes and as a result the buyer may be able to buy the shoes at a lower price. Stock X is a very good place to buy sneakers as the buyer can acquire the sneaker for the right price as sneakers are sold at a price at which demand and supply are equal just like a stock market. An example of an arbitrage opportunity is as follows. On StockX the price of the Nike Air Jordan 1 Off White is around \$1500 for size US9. The same pair goes for around \$2250 in brick and mortar stores like Stadium Goods and FlightClub. After taking 20% commission which is \$500 you will get \$1750 which is a profit of \$250. The only problem with sneaker arbitrage is that the whole process takes a lot more time than arbitrage in the currency market. It may take around 2 weeks to buy and resell your sneakers.

Sneakers and stocks are very similar. Both have a resale market which is controlled by the forces of demand and supply. Like the various category of shares like preference shares and equity shares there are various classes of sneakers like OGs, Retro's and Dead Stock. Just how shares have a primary market through the issue of an IPO sneakers also have a primary market. However the IPO for sneakers are in various forms like online releases in various websites which will be informed through twitter links, online raffles where a potential buyer has to apply for a chance to buy the new release and if lucky will stand to get a chance to buy them. This is done to eliminate the usage of sneaker bots. The final type of sneaker IPO is release through selected stores where customers queue up for hours to buy the new release. The new release for a shoe usually happens on a Saturday at 9.00 am in brick and mortar stores

II. REVIEW OF LITERATURE

Herrera, J. C. N., & Martin, J. (2014) this article focuses on the power and influence that music artist Kanye West has on the sneaker industry. The article explains how the Nike Air Yeezy 2 which was designed by Kanye was able to

sell at \$3000-\$5000 for a pair. Due to the immense demand Nike had to completely change their release protocol from releasing shoes in select retail stores where sales were based on first come first serve basis.

Dion, D., &Arnould, E. (2011) this paper focuses on the retail strategies of high end brands and goods. Luxury goods differ from ordinary goods in terms of quality, high prices and also cultural and historical heritage. Luxury goods have a very high intangible value for the price paid. The main challenges faced by luxury brands are regarding the introduction of new products without losing the brands identity and earning higher profits without mass marketing or mass production.

Miner, D. A. (2009) this paper studies how African American adolescents purchase name brand sneakers in order to increase their social status and self-value. 70% believe that name brand sneakers play a significant role in their social lives. The demand for these name brand sneakers fluctuate and is based on whatever is trending at that particular point of time. According to this paper African Americans fulfil their need for higher socio-economic status through consumption.

Cunningham, C. (2008) Sneaker design history has had a direct effect on the sneaker subculture and it undoubtedly has had an effect the sneaker industry's revenue within the past decade. It has inspired artists, fashion designers, and musicians alike with collaboration ideas.

McCracken, A., Dong, H., Murphy, C., Hoyt, M., & Niehm, L. (2016) The study sneaker collection is dominated by the male gender. Majority of those who collect sneakers are athletes, were former athletes or are interested in sports, mainly basketball.

Pitchers, T. (2016) In sneaker resale the possession of information and networks or contacts is one of the most valuable commodities like release dates and venues to get hold of the latest sneakers. When celebrities wear such limited edition sneakers or when they come up with collaborations with big brands it serves as an unofficial endorsement and this induces the general public to buy such sneakers.

Hypothesis:

- H1: The resale price of sneakers is influenced by sales and volatility
- H0: The resale price of sneakers is not influenced by sales and volatility
- H1: Supreme branding does not increase the value of a product

- H0: Supreme branding increases the value of a product
- H1: Athlete popularity influences the sales and profitability of sneakers in the resale market
- H0: Athlete popularity does not influence the sales and profitability of sneakers in the resale market.
- H1: Athlete performance influences the sales and profitability of sneakers in the resale market.
- H0: Athlete performance does not influence the sales and profitability of sneakers in the resale market.

III. RESEARCH METHODOLOGY

Pearson's Correlation Coefficient has been used to study if any correlations exist between the different variables like sales, volatility, profitability as it can help investors study and understand how each of these variables influence the resale market and make investment decisions accordingly. The correlation between each and every variable in the study has been taken so investors can understand the relationship of the different variables with each other. This helps investors in making purchase decisions.

Linear regression has been used to study if a relation exists between the resale price, performance and popularity and volatility, profitability and sales. After doing a regression analysis the relationship between each of the dependent variables and the independent variable which is the resale price can be analysed so that investors would be aware of how each of the dependent variables influence the resale price of sneakers or streetwear. Upon doing so investors can adjust their purchasing techniques based on their risk bearing capacity and their desired level of profitability.

Brand value has been calculated by comparing the prices of generic goods and goods which have collaborations with various streetwear brands, athletes and celebrities. The difference between the two indicates the premium commanded by the brand and hence determines the brand value. This study will prove that investing in sneakers with collaborations with popular brands especially famous streetwear brands and music artists like Kanye West is a very safe and profitable investment as such collaborations command huge premiums due to their cult like following and fan base.

IV. ANALYSIS

Ideal Size to Purchase for Highest Liquidity

Statistics

Size

N	Valid	500
	Missing	0
Mean		10.8170
Median		11.0000
Mode		10.00 ^a

a. Multiple modes exist. The smallest value is shown

Size

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 7.00	4	.8	.8	.8
7.50	2	.4	.4	1.2
8.00	21	4.2	4.2	5.4
8.50	25	5.0	5.0	10.4
9.00	27	5.4	5.4	15.8
9.50	46	9.2	9.2	25.0
10.00	66	13.2	13.2	38.2
10.50	58	11.6	11.6	49.8
11.00	53	10.6	10.6	60.4
11.50	47	9.4	9.4	69.8
12.00	66	13.2	13.2	83.0
12.50	7	1.4	1.4	84.4
13.00	62	12.4	12.4	96.8
14.00	13	2.6	2.6	99.4
15.00	3	.6	.6	100.0
Total	500	100.0	100.0	

500 transactions of the 30 most traded sneakers were taken for this study and the most repeated size was US size 10 and 12. This means that by size 10 or 12 shoes a seller has most chances in selling it compared to any other size.

Analysis of Investing in Sneakers Rather than Stocks

The following analysis shows how investing in the top 30 sneaker index can yield higher profits than Sensex.

Statistics

	retail	resale	gain	profit
N Valid	30	30	29	30
Missing	0	0	1	0
Mean	336.3333	518.4667	94.2069	97.5217
Median	180.0000	224.0000	52.0000	35.1429
Mode	220.00	183.00	-37.00 ^a	-19.47 ^a
Std. Deviation	890.11035	1377.26052	121.86391	246.16294
Variance	792296.437	1896846.533	14850.813	60596.193

a. Multiple modes exist. The smallest value is shown

The average retail price is \$336 and the average resale price is \$518. By investing in the 30 most highly traded sneakers an investor makes an average profit of 97.5% which is much higher than the Gains made from Sensex.

Analysis of the impact of supreme branding on sneakers

Karl Pearson’s correlation coefficient has been used and the following findings have been made

Resale value is positively correlated with profitability and volatility and negatively related with sales. Profit is positively related with resale price and volatility and negatively related to sales. Volatility is positively related to resale value and profit and negatively related to sales. Sales is negatively related to profitability, resale price and volatility.

Correlations

		resale	profit	volatility	sales
resale	Pearson Correlation	1	.908**	.367	-.272
	Sig. (2-tailed)		.000	.054	.161
	N	28	28	28	28
profit	Pearson Correlation	.908**	1	.245	-.274
	Sig. (2-tailed)	.000		.209	.159
	N	28	28	28	28
volatility	Pearson Correlation	.367	.245	1	-.097
	Sig. (2-tailed)	.054	.209		.625
	N	28	28	28	28
sales	Pearson Correlation	-.272	-.274	-.097	1
	Sig. (2-tailed)	.161	.159	.625	
	N	28	28	28	28

** . Correlation is significant at the 0.01 level (2-tailed).

Linear Regression has been done for the same

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.908 ^a	.825	.819	155.67954

a. Predictors: (Constant), resale

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2976700.932	1	2976700.932	122.821	.000 ^b
	Residual	630139.068	26	24236.118		
	Total	3606840.000	27			

a. Dependent Variable: profit

b. Predictors: (Constant), resale

This shows that Resale price has a very strong influence on the profitability of supreme sneakers. It influences profits by 82.5%

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.272 ^a	.074	.038	445.07664

a. Predictors: (Constant), sales

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	411628.453	1	411628.453	2.078	.161 ^b
	Residual	5150423.654	26	198093.217		
	Total	5562052.107	27			

a. Dependent Variable: resale

b. Predictors: (Constant), sales

➤ This shows that sales has a small but positive impact on the resale price of supreme shoes. It only influences the resale price by 7.4%. This is because Supreme is a very strong brand and as a result its resale price will continue to be high irrespective of the number of sales.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.367 ^a	.135	.102	12.52342

a. Predictors: (Constant), resale

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	636.569	1	636.569	4.059	.054 ^b
	Residual	4077.739	26	156.836		
	Total	4714.309	27			

a. Dependent Variable: volatility

b. Predictors: (Constant), resale

This shows that resale price has a positive impact on the volatility of supreme shoes. The resale price of sneakers influences the volatility by 13.5%. From the analysis it can be concluded that collaborations between sneaker brands and Supreme have increase the resale value of sneakers.

Analysis of the impact of an athlete’s social media following and the performance of his latest signature shoe release on the basis of its sales and profitability in the resale market.

Karl Pearson’s Correlation Coefficient Test

This test is being done to check if a relationship exists between the three variables being studied which are the number of Instagram followers, number of sales of the signature shoes and the profitability on sale in the resale market.

Correlations

		Instagram_Followers	Sales	Profit
Instagram_Followers	Pearson Correlation	1	.612	-.681
	Sig. (2-tailed)		.197	.136
	N	6	6	6
Sales	Pearson Correlation	.612	1	-.429
	Sig. (2-tailed)	.197		.396
	N	6	6	6
Profit	Pearson Correlation	-.681	-.429	1
	Sig. (2-tailed)	.136	.396	
	N	6	6	6

From the test results the following results can be concluded

There is a negative correlation between the number of Instagram followers and the resale profitability. However this result is not true as LeBron James has the highest number of followers amongst the players being studied and his shoes are being resold at a loss. The reason for why his shoes are selling at a loss is explained in the above mentioned table which explains how the profitability of the sneaker resale is

positively correlated with the player’s performance. This is the reason why the result of the analysis shows a negative correlation. If Lebron James improves his performance and achieves a positive “Real Plus Minus” score then the outcome of the test result would be reversed stating that a positive relationship exists between the number of social media followers and sneaker resale profitability.

There is a positive correlation between the number of social media followers and the number of sales of the athlete’s most recent signature shoe release. This means that athletes with a higher social media following would be able to sell more of their signature shoes.

Linear Regression

Linear regression has been done to test the nature of the relationship between the independent variable popularity and the dependent variables which are sales and profitability.

Linear Regression between Instagram followers and Resale Profitability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.533 ^a	.284	.046	.72756

a. Predictors: (Constant), Instagram_Followers

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.631	1	.631	1.192	.355 ^b
	Residual	1.588	3	.529		
	Total	2.219	4			

a. Dependent Variable: Profit

b. Predictors: (Constant), Instagram_Followers

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.564	.803		1.947	.147
	Instagram_Followers	-7.679E-008	.000	-.533	-1.092	.355

a. Dependent Variable: Profit

Based on the test results the number of Instagram followers impacts the profitability of the shoe by 28.4%. This result is not true however due to the reasons mentioned above.

Linear Regression between Instagram followers and number of sales

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.612 ^a	.375	.218	4.636

a. Predictors: (Constant), Instagram_Followers

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	51.512	1	51.512	2.396	.197 ^b
	Residual	85.988	4	21.497		
	Total	137.500	5			

a. Dependent Variable: Sales

b. Predictors: (Constant), Instagram_Followers

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.294	3.311		2.505	.066
	Instagram_Followers	2.887E-007	.000	.612	1.548	.197

a. Dependent Variable: Sales

Based on the results of the linear regression analysis the number of Instagram followers that an Athlete influences the sale of his signature shoe by 37.5%. This means that the number of Instagram followers has a reasonable amount of influence on the sale of the athlete’s shoes.

Analysis of the impact of a currently active NBA player performance measured on the basis of his “Plus Minus” rating and its impact on the sales and resale profitability of his most recent signature shoe release in the resale market Karl Pearson’s Correlation Coefficient

Karl Pearson’s Correlation Coefficient has been used to check if a relationship exists between the independent variable which is performance and the two dependent variables which are sales and profitability.

Correlations

		Plus_Minus	Sales	Profit
Plus_Minus	Pearson Correlation	1	-.210	.129
	Sig. (2-tailed)		.690	.807
	N	6	6	6
Sales	Pearson Correlation	-.210	1	-.429
	Sig. (2-tailed)	.690		.396
	N	6	6	6
Profit	Pearson Correlation	.129	-.429	1
	Sig. (2-tailed)	.807	.396	
	N	6	6	6

Based on the test results the following relationships can be established

The performance of a player has a negative relationship with the sale of his most recent signature shoe release. This means that players who are performing badly tend to sell more shoes than the players who are playing well. This result is not entirely true as the sale of sneakers also depend on other factors like the aesthetics of the sneaker. The Lebron 15 look much better than the Curry 4s and the Harden Vol 1s and as a result sell more pairs even though Stephen Curry and James Harden are in much better form at the moment than Lebron James. The performance of a player has a positive relationship with the profitability that the athlete’s signature shoe enjoys in the resale market. However the correlation is very small. This means that if an athlete starts performing badly and undergoes a sudden loss in form the profit margin commanded by his signature shoe in the resale market would also fall by a small amount.

Regression Analysis

Linear Regression

Linear regression has been done to test the nature of the relationship between the independent variable athlete performance which is measured on the basis of the “Plus Minus” rating and the dependent variables which are sales and profitability.

Linear Regression between Athlete Performance and Sales of his most recent signature Shoe

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.210 ^a	.044	-.195	5.733

a. Predictors: (Constant), Plus_Minus

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.046	1	6.046	.184	.690 ^b
	Residual	131.454	4	32.863		
	Total	137.500	5			

a. Dependent Variable: Sales

b. Predictors: (Constant), Plus_Minus

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.124	4.451		3.173	.034
	Plus_Minus	-.007	.017	-.210	-.429	.690

a. Dependent Variable: Sales

Based on the results of the regression test we conclude that an athlete’s current performance has a negligible impact on the sale of his most recent signature shoe in the market. From this study we can also conclude that other factors like the aesthetics of the shoe are much more important when it comes to the sales of a shoe and performance statistics do not matter.

Linear Regression between Athlete Performance and the Profitability of his most recent signature shoe in the resale market

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.129 ^a	.017	-.229	.88059

a. Predictors: (Constant), Plus_Minus

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.053	1	.053	.068	.807 ^b
	Residual	3.102	4	.775		
	Total	3.154	5			

a. Dependent Variable: Profit
 b. Predictors: (Constant), Plus_Minus

Coefficients^a

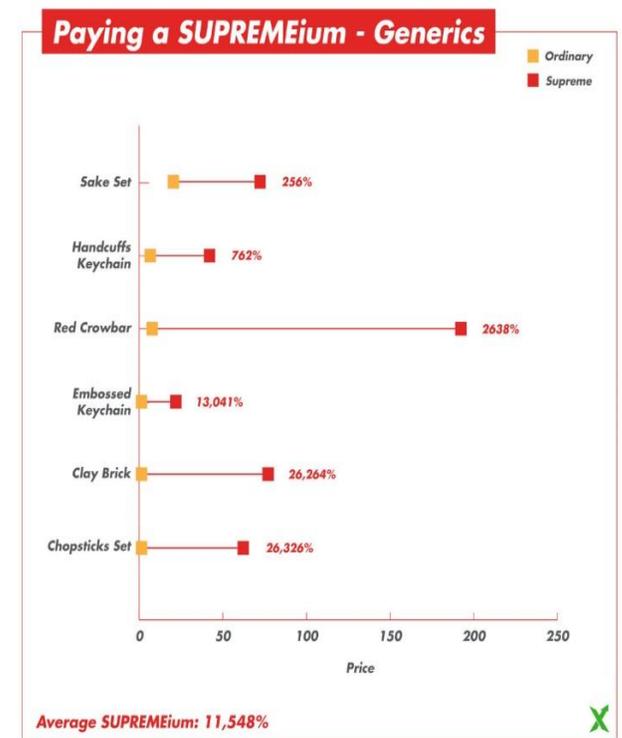
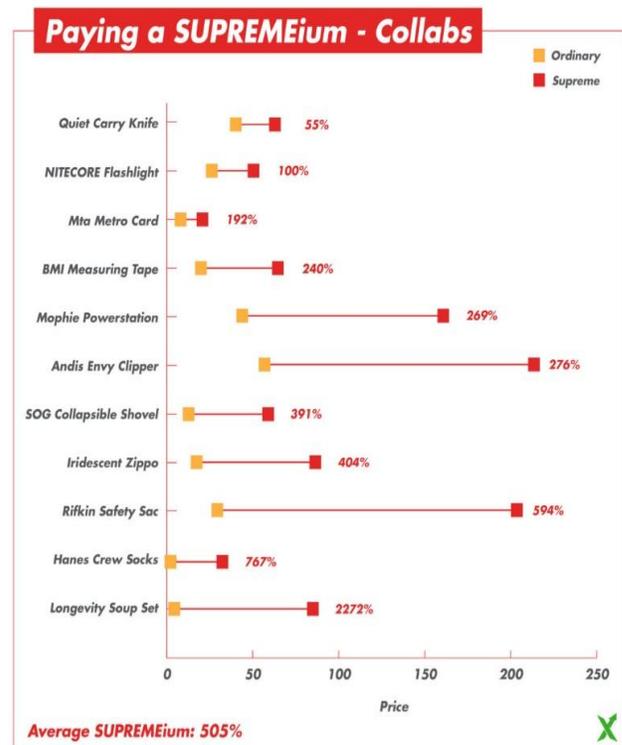
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.434	.684		.635	.560
	Plus_Minus	.001	.003	.129	.260	.807

a. Dependent Variable: Profit

Based on the results of the regression test we conclude that an athlete’s current performance has a negligible impact on the profitability of his most recent signature shoe in the resale market. From this study we can also conclude that other factors like the aesthetics of the shoe are much more important when it comes to the sales of a shoe and performance statistics do not matter.

A Study of the Brand Value of Streetwear Brand Supreme

In order to conduct the study a comparison has been made between generic products and the same products with supreme branding and also the products of various brands with the same products with supreme collaboration. Supreme products command a premium of 11584% and supreme collaborations command a premium of 505%



V. CONCLUSION

Sneakers are a very good source of investment as the returns on reselling them are much higher than that of stocks. The average return earned on reselling any of the 30 most resold sneakers is close to 100%. This is solid evidence that

investment in sneakers is definitely a viable investment option. There are certain factors that make some sneakers a better investment than the rest like collaborations, aesthetic value, availability etc. Sneakers that have collaborations with popular streetwear brands like Supreme tend to be very good investments as the market for them is huge and they are in great demand. As a result an investor can resell them with a considerable amount of profit. Supreme commands an average premium of around 555% on collaborations. The type of sneaker to buy also depend on other factors like resale price, number of sales, volatility and profitability. If an investor wants to be safe and earn a small return on reselling his sneakers he must opt for sneakers having a large number of sales and low volatility. Such investors will have very liquid sneakers but the profit margin will be very low. Investors who are willing to take high risks to earn high returns must opt for sneakers with high volatility and medium or low number of sales. These type of sneakers tend to give maximum return on investment. Factors like the current performance of the athletes who endorse the shoe do not have an impact on the sales or profitability in the resale market. This indicates that the sales for such shoes are driven by their aesthetic properties. Factors like the popularity of the athlete also influence the sales and resale profitability of a sneaker. The sneaker resale market is full of unrealised potential as it is not understood completely by the masses. With the emergence of social media more people are aware of sneakers due to endorsements by celebrities and athletes thus fuelling the demand for such sneakers. The global footwear industry is expected to touch \$100 billion by 2020 and the resale market is expected to reach \$3 billion. As there are very few players in this domain it is a very good investment or business opportunity as the profit margins are high and the risk involved is relatively low as the demand for sneakers is inelastic.

Why the Sneaker Resale Industry Will Not Do Well in India

In India unlike the US or Europe 95% of the schools follow a uniform system to prevent disparity or any feeling of inequality as there is a huge difference in the distribution of wealth in our country. If our schools do not follow a uniform system then the children from families that are more economically sound would distinguish themselves from those of lower income families and there would be unhealthy formation of groups in the schools. However in the US and most of Europe majority of the schools do not follow the uniform system and hence can wear whatever they want to school.

Due to the climatic factors also it is necessary to wear shoes in such countries. As a result the children in such countries own their own pair of shoes way before children in any other country. There is a saying that one of the first things that you notice in a person is his or her shoes and it represents his or her personality. The kids in these countries grow up owning several pairs of shoes and hence develop a passion for them as it helps them to distinguish themselves from others and allows them to express their own unique style and identity. After every school break the children in such countries are most excited to see who has the best pair of sneakers.

The kid with the best pair of sneakers would get a lot of respect in school and it would improve his social status. Sneakers are everything to the kids growing up in the US or in Europe and this is how the sneaker culture has evolved. However in India a child gets his first pair of shoes only when he is old enough to play a sport and several kids do not even own a pair of sneakers as there are very poor facilities to play sports in India and also most Indian parents do not encourage their children to take up sports and hence do not buy them sneakers.

Another big reason for the sneaker markets failure in India is that the sneaker industry is primarily concentrated around basketball and the NBA. Most of the sneakers manufactured are signature shoes worn by NBA athletes. Basketball is a very popular sport and is the second most popular sport in the US. Hence the shoes worn by these athletes are in great demand in the US. However the most popular sport in India is cricket and since sneakers are not worn by cricket players the demand for them would be relatively low in India.

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