

# Research on the Sneaker Hype Business Model

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**Abstract.** There are a lot of irrational purchases in the sneaker market today. People are amazed at the price of all kinds of sneakers. The shoes we wear for sports or to match our clothes can reach luxury prices. Under the hype of various brands and various marketing strategies, the price of a pair of shoes has been able to compete with the major luxury goods on the market. People buy shoes in the name of love and then monopolize the market and then harvest them at a higher price. This paper analyzes the psychology of consumers and the motivation of purchasing behavior. And for the current market environment to make in-depth research and discussion. This article is mainly on the current situation of the shoe market and create such a situation of the reasons for analysis. People need to realize what they really want, not just to get attention or make a second sale. We need to be able to have our own opinions and needs in the marketplace, so that we are not influenced by the overwhelming propaganda and the words of other consumers. Do not be impulsive or regret about your choice. Sneakers are a necessity in our daily life, not a luxury, so we should not let it circulate in the market at such a high price.

**Keywords:** Irrational buying; Sneaker hype; Co-branding.

## 1. Introduction

Sneakers are a must for people in real life, but now the price is rising under the blessing of various gimmicks. Even once became a luxury in people's hearts. Not only once, the shoe craze has raised the price of many shoes, even regardless of the new and old shoes. People refer to old sneakers as OG or vintage, while new sneakers attract people to buy because of their novel color matching or new materials and technology. For example, a pair of Nike basketball shoes, under the joint name of many parties can even reach 10,000 yuan. That's what people don't want. Everyday items have become luxuries that people cannot get. In the age of the Internet, businessmen have more ways to bid up prices. Shoes for everyday wear have also reached untouchable prices. Everyone must be familiar with AJ, and the barrage of advertisements has successfully captured people's attention. But when people know the price, people will balk. Often contained in a moving story behind a pair of shoes or a famous person can make the price of this pair of shoes rise. The reasons are only the most rudimentary. Under this widespread price gouging. People have come to accept this behavior. But under this behavior, there are still some people trust the sneakers are worthy.

In the global environment, the trend of customer shopping behavior is evolving into irrational factors. Brands can make sales strategies by understanding customers' behaviors to gain competitiveness in the same industry. Brands achieve this by arousing consumers' desires and mobilizing consumers' emotions. There will also be mutual promotion between brands, and after the market saturation of a certain industry has reached the maximum, different brands in the same industry on the market will be more visible in people's choice [1]. The results of questionnaire survey show that the credibility of rumors will influence people to make irrational purchases. In essence, it is because rumors will cause people to have psychological fluctuations and make irrational consumption through their own consideration of the sudden occurrence of events. Public opinion is also a part of disturbing people's thinking, because of public opinion on the choice of goods and whether to buy a deeper psychological struggle. This makes people from the beginning to buy whether to buy into the latter to buy which [2]. Irrational spending is often hampered by other factors. The availability of money can be one of the factors that can distract people from making a purchase. Advertisements in TV programs and the

host's advertisements are the variables that stimulate people to consume irrationally. The extensive advertising and publicity on TV will leave an invisible impression of this product in people's minds. Various incentives will lead consumers to spend step by step [3]. There was no difference in the types of goods people bought compulsively versus non-compulsively but there was a difference in frequency [4]. The things people need to consider in hunger marketing are quality and price. Decentralized decision making leads to low cost performance and retail leads to low willingness. Hunger marketing is also one of the classic means of consumption in luxury goods [5]. In the case of iPhones, for example, Apple often reduces the supply, causing people to scramble. This short supply can easily lead to impulse consumption. At the same time, people will have less time to choose from the limited quantity, so the probability of irrational consumption behavior will be greatly increased. The status quo of other brands can also deepen people's desire for their own choices. Often people will think that limited things, less is fine, a few people have is precious, not the product itself [6]. It can be divided into luxury goods and non-luxury goods according to functionalism. Luxury goods can serve as status symbols. And there are also differences in the marketing methods of luxury goods. The manufacturer's positioning is what makes them different. The spokespersons of major brands are also in an endless stream, which makes people feel a sense of identity and even resonate when buying luxury goods [7]. Luxury goods manufacturers do research before entering the market. It is necessary to combine new information with people's habitual patterns of thought. These brands can achieve an unprecedented brand fit and consumer desire by combining several companies to attract people to the co-brand [8]. Luxury brands can also use social media to stimulate people's desire to spend. Brand image and brand awareness have also become people's measurement standards. After marketing through social media, prices and so on will rise. The development of the Internet is very rapid, and major brands are using the Internet to promote their products. Even the way people buy has changed. The way people shop is becoming more convenient, which also allows people to make more choices about what to buy [9]. Co-brands are often more attractive to people and can stimulate people's consumption desire. The emergence of co-branding gives the product a new meaning and new height and the price will be greatly increased. This is often the case with various marketing tools. Special conditions such as quotas created by hunger marketing also tend to stimulate the market [10].

## **2. Current Situation**

According to the latest market analysis, the global sports shoe market reached \$92.50 billion in 2022, and showed an upward trend, and is expected to reach \$95.31 billion by 2025. As an important growth engine, the Chinese market reached 362.7 billion yuan in 2022 and is expected to reach 598.9 billion yuan by 2025. Specifically to the sneaker market, the global second-hand sneaker market size has reached \$6 billion in 2019, of which China's second-hand sneaker resale market size exceeds \$1 billion. According to Statista, the market is expected to continue to expand at a CAGR of 10.3% per year over the next five years from 2021. In the competitive pattern of the shoe market, Nike, Adidas and Air Jordan and other brands occupy a dominant position in the market. Nike sells the highest proportion of styles in the primary market, while in the secondary market, Air Jordan is more favored by consumers. In addition, China's sports shoe production and demand in 2022 respectively reached 1.439 billion pairs and 1.292 billion pairs, the market size reached 152.3 billion yuan, shoes accounted for about 23.7% of the market. Overall, the sports shoes and sneakers market is growing steadily, with consumers' emphasis on health and sports, as well as the rise of national tide culture, the market size is expected to expand further. Air Jordan 1: As Michael Jordan's first signature sneaker, Air Jordan 1 has not only achieved great success on the basketball court, but also become the object of pursuit of sneaker collectors and trendsetter. For example, a pair of SOLEFLY x AIR JORDAN 1 co-branded 2018 edition with an official price of 1399 yuan, the price in the shoe trading market once skyrocketed to 28,599 yuan. Yeezy Collection: Created by Kanye West in collaboration with Adidas, the Yeezy collection is often resold at high prices in the sneaker market due to its unique design and limited release strategy. For example, some colors of the Yeezy Boost 350 V2 will be available for more than \$2,000 upon release. Off-White x Nike "The Ten" series: This joint series of Off-White brand and Nike by designer Virgil Abloh, with its innovative design and high-end fashion positioning,

has attracted great attention and hype in the shoe market. Supreme x Nike SB Dunk Low: This shoe, jointly named by the United States street fashion brand Supreme and Nike, will be released in the spring of 2021, the number of each color will be about 3,000 pairs, and the sale price will be about 1,100 yuan, but the market price will soon rise to about 7,000 yuan. Li Ning Wade Road 4 Silver white: In 2021, the price of this shoe on the platform was once fried to 48,889 yuan, an increase of 31 times. Anta Doraemon co-named casual board shoes: The sale reference price of this shoe is 499 yuan, but the price on the platform once reached 4599 yuan, and the purchase record was nearly 9,000. In the sneaker market, the most hyped pair of sneaker is Nike's Air Jordan 1 designed for basketball star Michael Jordan. At Sotheby's auction in October 2021, this pair of sneakers worn by Jordan in the early part of the 1984 NBA season eventually sold for \$1.47 million, setting a record for the highest auction price for basketball shoes in the competition. The world's most expensive sneaker record is the Nike Air Yeezy 1 prototype worn by Kanye West at the Grammy Awards, which was sold in a private sale at Sotheby's in April 2021 for \$1.8 million. These are hot styles to hype the sneaker market. People are often manipulating these shoes to get them sold at astronomical prices. A pair of shoes sold at a high price not only satisfied people's vanity and will further expand the market of hype shoes. Some small quantities, bright colors and bold design of shoes often become a tool for businessmen to hype. One of the things that businessmen have done with considerable success is that they have given people an idea. That is, as long as they can buy this pair of shoes is worth it, it means that they earn from this pair of shoes. All the behavior of shoe frying is viewed in the context of the environment. When major brands use hunger marketing to stimulate people's consumption, people will slowly form a fixed thinking. As long as this pair of eye-catching shoes are on sale, no matter how much the starting price is, as long as you can buy it at the first time. That is to gain an advantage on your own behalf. And that's exactly what happened. When people get the watch, they do not show their love for the sneaker culture, but are anxious to find buyers in the secondary market to sell at a higher price. This has led to widespread attention to the shoe market. Even if you don't know anything about shoes, you will pay attention to the price of shoes. This has a subtle effect on people's behavior. It starts to get you into this big hype even though you don't know anything about it. All you have to do is grab those limited edition sneakers and sell them. It seems to be a collectible war for sneaker lovers. These people compare their own possession of shoes with different stories and their feelings for sneakers to obtain the envy of similar lovers. But now it's not just that simple thing, it's transformed into a big organized business that reaped the benefits of people. The hype behavior of domestic shoes is a good example. When a pair of limited models or fewer shoes are sold, it is not difficult to find that most buyers are the same person. Even if the platform opens the purchase limit, these merchants always have the ability to collect this batch of sneakers together. This is not so much a massive collection as a heartless secondary sale. When a large number of times the quantity of goods are in the hands of a person, then the general trend of the price of this shoe is mastered by him. Especially in 2020, the number of people who love sneakers has suddenly risen exponentially. Sneakers began to be in short supply. Not only limited shoes, even ordinary popular shoes also need to increase the price to be able to buy. Massive blind consumption began to break out. The Internet has further stimulated this activity. A few casual videos of sneakers by well-known bloggers on different social media can make the price of this shoe go up. In addition, people will have some worship foreign behavior for sneakers. For some shoes launched by Nike and Adidas, especially basketball stars or other stars on the foot, the price will often double. But there are still countless people after these shoes. People tend to ignore their real needs for sneakers and just go with the flow, without their own ideas, just want to catch up with this trend so that they can get more attention. In fact, for consumers, the weight of the brand is too large. The same shoe type, the same color, the same style, but because the logo is different, the sales are very different. Like Nike and Adidas shoes, as long as the shoes have their logo, it represents the first choice. And other brands will be regarded as copying, and even as Nike and Adidas fake shoes. This phenomenon makes people with rational consumption behavior slowly unwilling to contact these cost-effective shoes. Buying a shoe that doesn't carry the logo of one of the ball and shoe giants will be the subject of intense criticism. At the same time, this behavior of the same type of brands is also indirectly affirming the success of those

giants in the design of shoes and colors. It will give people a feeling that as long as they wear this shoe, they will have an unusual temperament.

### **3. Sneaker speculation price outrageous reason analysis**

#### **3.1. Sneaker Company Marketing Strategy**

Shoe companies are very good at hunger marketing. They tend to release small quantities and co-branded products in limited quantities, which can cause people to scramble. Not only limited models, some extremely popular shoes can also cause a stampede. Again in a small number of multiple forms. In this way, regardless of whether this pair of shoes is limited, it can also get the same attention as limited shoes.

#### **3.2. Buy Shoes to Realize Personal Value**

The proliferation of people in the sneaker market has led many businessmen to find a business opportunity. Therefore, huge profits were created from the sneakers. To fool people who don't know the real price. Moreover, under the overwhelming publicity of the Internet, people buy shoes not to meet their own needs but for the attention of others. At the same time, this behavior of the same type of brands is also indirectly affirming the success of those giants in the design of shoes and colors. It will give people a feeling that as long as they wear this shoe, they will have an unusual temperament.

#### **3.3. The Mechanism of the Secondary Market is Comprehensive**

Businessmen use the secondary market to make huge profits. Bid up prices by buying a popular sneaker all at once. When a large amount of goods is held by one person, then the general trend of the market will follow the behavior of this person. If this shoe has reached the point of short supply, then the price will become much exaggerated in the secondary market. It's not a sneaker anymore. It can even be understood as a luxury. Even if you don't know how to do it, you can easily sell your existing hot shoes in this market. A good system will help you get into the market quickly. As long as this pair of eye-catching shoes are on sale, no matter how much the starting price is, as long as you can buy it at the first time. That is to gain an advantage on your own behalf. And that's exactly what happened. When people get the watch, they do not show their love for the sneaker culture, but are anxious to find buyers in the secondary market to sell at a higher price.

#### **3.4. The Uniqueness of the Shoe Brand**

The same brand of product design will make the original product more successful. In the case of AJ, people showed their love for the story of this shoe. Other brands in the market are also making second creations based on AJ. This behavior has further strengthened the position of this type of shoes in the hearts of consumers. Make it more attention and increase sales. In fact, for consumers, the weight of the brand is too large. The same shoe type, the same color, the same style, but because the logo is different, the sales are very different. Like Nike and Adidas shoes, as long as the shoes have their logo, it represents the first choice. And other brands will be regarded as copying, and even as Nike and Adidas fake shoes.

#### **3.5. Consumer Consensus**

Consumers generally recognize the importance of brand value, superior quality and uniqueness when purchasing luxury goods, and they tend to choose products that reflect their personal identity and social status. With the increased focus on sustainability, environmentally friendly and sustainably produced luxury goods are increasingly favored. In addition, with the rise of digital shopping, consumers are increasingly learning about and purchasing luxury goods through online channels. In terms of experience, from excellent customer service to high-end shopping environments, the all-round experience provided by luxury brands has become a key factor in attracting consumers. At the

same time, consumers are beginning to consider cost performance more rationally and pursue value for money, while the younger generation of consumers, especially those born after 1995 and 2000, are becoming an emerging force in the market, with a greater emphasis on personalization and social influence, which has had a significant impact on the luxury market.

#### **4. Inspiration and Outlook**

Brands are likely to invest more in digital transformation, building digital smart factories and digital logistics systems to improve sales efficiency and customer experience. Brands are likely to continue to enhance the performance and comfort of sneakers through technological innovations, such as the introduction of 3D printing technology. By co-branding with other brands, brands can attract new customer groups and enhance the appeal of their products. In addition, brands may launch specific types of sneakers for different consumer groups, meeting diverse needs from professional sports to daily leisure. In addition, brands may appeal to consumers by telling the culture and story behind the shoes. Brands are likely to maintain high-end product lines while also launching more cost-effective products to cover a wider market. Consumer attitudes and purchasing behavior toward sneaker brands have changed significantly over time. With the improvement of health awareness and the expansion of sports lovers, consumers are more and more inclined to buy sports shoes and clothing to adapt to various daily scenarios and sport needs. When buying sports shoes, consumers pay more attention to the comfort and functionality of the shoes, rather than just the brand or appearance. The growing consumer demand for high-end and personalized products has prompted brands to launch more high-end and customized sneaker products. With the popularity of national culture, domestic sports shoes brands began to receive more attention, and consumers' recognition and acceptance of domestic brands are improving. The epidemic has accelerated the shift of consumers to online shopping, and the convenience and security of online shopping have become important factors for consumers to consider. Environmental protection and sustainability have become an important factor when consumers choose sneakers, and more and more consumers tend to choose brands that use environmentally friendly materials and production methods. Despite the supervision and criticism of the hype behavior, the secondary market for shoes is still active, especially for limited edition and co-branded shoes, and consumers are still willing to pay high prices. The post-95 consumer group shows stronger vitality and personality in consumption, and they are willing to pay for their favorite sneakers, even under economic pressure, but also bucking the trend of consumption. The loyalty of consumers to specific brands is changing, and they are more willing to try new brands and new products, rather than being loyal to just one brand. Consumers pay more attention to cost performance when buying shoes, they hope to obtain high-quality products through reasonable prices. Therefore, brands need to constantly innovate and adapt their strategies to meet the changing needs and expectations of consumers. The sneaker market is expected to continue to grow in the future, influenced by factors such as increased health awareness, technological advancements, personalized needs, sustainability trends and digital shopping. Consumers' demand for sneakers is increasingly specific and differentiated, they not only pursue the practicality and durability of sneakers, but also pay more and more attention to the green environmental protection of products, corporate social responsibility and whether products can bring emotional value. As consumers pay more attention to quality and function, they are more inclined to choose cost-effective products, rather than simply pursuing brand premium. Consumer attitudes towards sneaker brands are changing and they are increasingly opting for brands that offer long-term value and align with their personal values. With the increase of consumers' preference for local brands, domestic shoe brands are gradually winning market share. At the same time, consumers are more rational and cautious about the purchase of shoes, they are no longer just to pursue fashion and buy, but pay more attention to the comfort, functionality and environmental protection of shoes. In addition, as consumers pay more attention to the full life cycle of products, sneaker brands need to adopt more environmentally friendly and sustainable practices in the production process to meet consumer demand. Brands also need to build and maintain consumer trust by providing high-quality products and services. In this process, the shoe brand's market strategy will pay more attention to communication and interaction with consumers, as well as to meet the

individual needs of consumers through innovation. Therefore, the future shoe market will be a more diversified and competitive market, brands need to constantly innovate and adapt to the changing needs of consumers, but also pay attention to market supervision and social responsibility. The behavior of speculation may still appear one after another, but it will be reduced after the strong market competition and the clear purpose of consumer consumption.

## 5. Conclusion

This paper studies the commercial background and basic model of sneaker speculation. Through the analysis of consumer psychology and the decisions made by each brand to discuss. It is obvious that people still maintain a sought after attitude for premium sneakers, and there will be a unique preference in the choice of brands. And the behavior of hype is more common in foreign brands. Consumers have a purchasing preference for foreign brands. Foreign brands are often the first choice when making a purchase. Secondly, people have a stronger desire to buy shoes with titles. The future shoe market will show a more strong diversification and differentiation. With the increase of people's attention to health, the size of the shoe market will also increase. Nowadays, the development of technology is bound to have an impact on the shoe market, and the strategy of various companies will be environmentally friendly and intelligent. People's quality of life is gradually improving, so personalization will also become a new trend in the shoe market. In addition, local brands will also strengthen cooperation and carry out more strategies to seize market share. There will be a decline in irrational consumption and over pursuit. People will face their own needs and make a purchase strategy rather than just to attract attention.

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