

Development of the Emerging Shoe Market and Its Problems

Hongyu Liu

No.35 High School International Department, 102606, Beijing, China
 Corresponding author. Email: gaoming@cas-harbour.org

ABSTRACT

Now, with the development of economy, people's living standards and yearning for a better life to promote the development of various emerging cultures, these developments with the current trend of vigorous development as a hotbed of rapid development. Among them, trend culture is one of the most worshipped culture among young people. Young people's feverish pursuit of trendy shoes has also contributed to the growth of the shoe economy, which in turn has led to the emergence of various shoe trading models. This rapid development of chains has also led to many problems, too much heat for shoes also led to the phenomenon of economic bubbles [3]. Through this paper, I will briefly analyze the current market chaos of shoes, through the search for information, comparison to study. In the course of the study, I will use mobile phones and computers as research tools, search from Google, and finally find out the operation of this emerging market, to find out the reasons behind the chaos in the shoe market.

Keywords: *Shoe economy, trend culture, economic bubble, market chaos*

1. INTRODUCTION

In China, for post-70s, they push up the price of houses; for post-90s they push up the price of "coins"; but for today's post-00s, they start to push up the price of shoes. People have entered a new era, people's yearning for a better life in one of the manifestations is that our clothes and shoes are increasingly demanding, and even in order to buy their favorite limited number of shoes at any cost than the cost of shoes themselves or market price several times or even dozens of times the price to buy. Because of the expansion of this small group of hobbies, gradually formed another large unofficial selling group. However, because the emergence of emerging industries in the wilderness development model, there is no regulation and industry regulations in the face of huge profits appear more serious market chaos. Studying the chaos in the shoe market today will allow us to fully demonstrate the rules of operation of emerging markets and the problems behind them, so that future governments can step in to rectify them. This paper begins with the model of the sale of shoes by Nike, the world's largest shoe company, and its own products, to explore the reasons behind the economic bubble.

2. AN OVERVIEW OF THE SHOE MARKET

2.1. The official primary market offering---take Nike as an example

Nike officials have their own flexible offering plan, with strict controls on the pricing and volume of shoes sold in different areas of the shoe market. That is, the brand firmly controls its own products. The official right to sell will take the following forms: 1) Offline stores, is also the most common form. 2) Online official website, take Nike as an example, they have a name Nike and SNKRS app, Nike app for members to provide customized and a series of services, most of them are mainly offline products; SNKRS will continue to sell some new products at the original price set by Nike, including some co-titled and limited number of shoes, which are offered to members in the form of lotteries or direct issuance of exclusive purchase rights. Due to the low sales volume of some popular shoes, it will always lead to oversupply, which in turn will lead to the increase in the secondary market mentioned later. 3) Authorized online and offline (third party) offering

2.2. The secondary market---take China's Got Goods App and America's Stock X app as an example

As mentioned above, officials sometimes sell hot shoes such as co-branding and limited number of shoes, the number of these shoes have a common is a small number, sometimes the official will deliberately use hunger marketing means to make their products to the scene of oversupply, to test the popularity of the shoes and even the brand as a whole, in order to facilitate the development of the next marketing strategy. Since only a few people got the shoes at the original price, others who liked the shoes needed to increase their prices to buy them on the secondary market. Some people who get the shoes will choose to hang them on the app or stock X and sell them at the current market price (prices will fluctuate slightly depending on the seller's situation, but are relatively stable and the gap is small) [6].

3. THE SHOE MARKET IS IN DISARRAY

As capital stepped in, the shoe bubble began to swell. They mainly use technical means commonly known as bot to use multiple accounts on the official website to sell shoes such as SNKRS to draw shoes or from abroad to obtain additional supplies, or from dealers, so that they will get a large number of shoes, most of which are capital monopoly. When they get the shoes, they deliberately hoard all the existing quantities of shoes, causing very little of the shoes to flow on the secondary market, creating the illusion that the shoes are extremely rare, and they will advertise the rarity and value of the shoes by exaggerating the data by posting articles on WeChat's public numbers and major information applications. Let the feverish shoe lovers buy at high prices to stir up high prices [2]. Finally, within the WTP range that reaches the highest levels of these consumers, it is calculated that they will sell off heavily at that time to earn huge spreads. Speculators will buy quickly after seeing the price of the shoe soar and expect the price of the shoe to continue to rise and then earn a secondary spread, but when the capital releases all the shoes they have hoarded, demand becomes lower, the natural price returns to normal levels, and even falls below the original price. In the end, after the exit of capital, all that remained was the real shoe lovers who took over at high prices and speculators who believed that there would be fools taking over at higher prices, as Bo's theory puts it. Shoes have become almost a high-return investment finance product and are heavily monopolized by various sources of capital, like unregulated stocks and securities. As mentioned above, shorting in the shoe market happens almost all the time, and capital can manipulate the shoe market with impunity. Those speculators, influenced by the news and various external and internal factors, invest in shoes on the spur of the moment, and they are by no means rational investors. They can't infer

a shoe price movement based on news and information alone, because that information can also be manipulated by capital.

4. THE FORMATION OF THE SHOE ECONOMY BUBBLE

Generally speaking, it is the market that determines the actual price of the goods, that is, who controls the market and who controls the price. The emergence of shoe premium is due to the supply and demand relationship in economics. The greater the gap between supply and demand, the greater the premium rate generated by the commodity. In the market economy, this is the normal situation of commodity shortage leading to the general acceptance of commodity price increase. Driven by capital, if the brand does not replenish a particular style of shoes, the pricing power of this commodity is firmly in the hands of the goods merchants of large-scale hoarding shoes [1]. What happens to celebrities at the same time can sometimes have a dramatic impact on the shoe market. For example, the unfortunate death of Kobe Bryant, the lamentable basketball star as we all know, is a historic achievement in basketball, and his Mamba spirit inspires us all the time. Because of his influence in China and around the world, his signature shoes are also extremely popular under Nike. But when he died, and the world was in mourning, the shoe market changed dramatically. In the second-hand market Bryant's entire line of shoes are exponentially crazy several times or even dozens of times, the original price of hundreds and thousands of Bryant shoes instantly rose to tens or even tens of thousands. Behind this is a mix of capital boosters and speculators who know that Bryant's death means that Bryant's shoes will rarely be re-sold from now on, and that almost all of the existing shoes are the only remaining Kobe shoes, and that the number of Kobe basketball shoes will only be smaller and smaller because of the consumable nature of the shoes and the Kobe fans and basketball fans who actually take Bryant's basketball shoes. So in the final analysis, it is because of the complete imbalance between supply and demand that leads to the resulting price imbalance. And through the chaos in the shoe market caused by the death of a celebrity, it can be seen the madness of the explosive growth of the added value of the shoes. Finally, although in China is well-known in China on the secondary market on the purchase of the number of people and bid limits, but at that time the announcement issued by the goods or to persuade consumers to rational consumption and other slogans, you can see that the effect of doing so is not very large. It wasn't until now that prices began to get normal as Bryant's fever disappeared, but in the end the price of Bryant's shoes has quadrupled. In the popular simple things to the concept of rare and expensive, the price of shoes in the hands of merchants to manipulate the next section of the

rise. Compared with the offer price and the purchase price, there is already a huge profit margin. Taking Travis Scott X Air Jordan1 High OG (commonly known as aj1 Hooking) as an example of the hottest shoe of 2019, the media first revealed that greater China had an official sales volume of 38,000 pairs, but the total number of transactions on each mainstream platform based on secondary platform sales has exceeded 100,000, resulting in an average repeat transaction rate of more than 2 per pair of shoes [5]. Such an operation, coupled with speculation, has led to a rise in the price of shoes, which have risen by an average of 34% in a single day. The significance of the value of the relevant shoes and shoes has changed from expendable commodities to investment commodities, which has led to many problems in the transaction itself under the attention of high-density capital and high heat.

5. POTENTIAL PROBLEMS A RESULT OF THE CURRENT STATE OF THE SHOE MARKET

Since the shoe market is an emerging market, a lack of regulation can lead to a frenzied capital intervention. It involves huge profits, and the lack of regulation will make the various capital and retail investors in order to maximize their own interests to compete for the volume of shoes, each capital want to buy shoes from other capital or retail investors to cause their own monopoly, which will cause a very unhealthy market, high profits will attract more capital to the market, in addition, may breed new industries, such as the fake shoe industry. And this fake shoes will violate the trademark rights of genuine shoe brands. Many people in China can't afford the limited-edition shoes that have been hyped up to sky-high prices, but in order to satisfy their vanity, they desperately need a cheap pair of fake shoes to fake the truth. The so-called fake shoes are made by the Chinese factories that make their own imitations of the shoes sold by the authorities. Nike, for example, has a lot of shoes made in China, so fake shoe factories can get their raw materials, make fake shoes at a lower cost, and then sell them at a price that is higher than the cost but much lower than the market price to attract those low-spending people. But the biggest impact of the fake shoe industry on the shoe market is that they use their fake shoes to pretend to be genuine shoes with the market price of genuine shoes to sell swindling a crowd of consumers. But most people just want to buy genuine shoes, those secondary shoes market in order to attract consumers in their platform launch a fidelity commitment which designed to ensure that the shoes bought in the shoe market are 100% genuine, and they can earn the seller's service fee after the transaction, generally about 5 percent of the seller's bid. But as these secondary markets become more famous and their interests become more numerous, there is corruption at the internal level: [4] some individual sellers bribed the

faculty within the secondary market in order to make their fake shoes to pass through the inspection and then sell them as real shoes, or the faculty within it will exploit the convenience of their job to sell their own fake shoes on the shoe market without inspection. The reason why they become corrupt is because of inadequate regulation and their high profits, but in doing so it will make the vast number of consumers become victims of interest struggle. In other words, those capital gains are based on the interests of real consumers, because they are willing to pay for their hobbies, so capital is to take advantage of the fanatical demand of consumers, with high prices or even fake shoes to deceive consumers to extract huge profits from them, resulting in consumers at the expense of their own economic interests and their own personal interests. Another point is that too much flow of fake shoes in the secondary market will prevent those who profit from monopoly shoes from reaching a monopoly, so they will try to appeal to consumers to resist fake shoes. As Capital advertises through articles on major apps that some consumers are now aware of the problem, recent news is also reporting on consumer rights. The current state of the shoe market is not optimistic because consumers no longer trust sellers. The resistance to fake shoes will also lead to their purchasing power for shoes gradually decline, because they began to weigh the true and false of a pair of shoes. The secondary market also involves tens of thousands of jobs, and lower revenues indirectly lead to layoffs, which in turn can lead to social unrest. This is the potential problem facing the shoe market.

6. CONCLUSION

In conclusion, the reasons behind the shoe market that produced such a large economic bubble are capital intervention, the temptation of interest and the lack of regulation of the shoe market. The capital intervention and advocacy led to its high price, which is far more higher than its original price, resulting in the shoe market boom illusion and drastic price fluctuations. The temptation of interest and the regulation of the shoe market by their own love and conscience alone lead to the chaos of the shoe market and the malformation of the shoe culture, which is the shoe market is currently facing some major problems. However, the government's market control measures is in this paper rarely mentioned, which is also an influential factor. Hence, the author would like to start more from consumers and explore their psychological impact on the desire to buy.

ACKNOWLEDGMENTS

Thanks to my parents for their financial support in conducting fieldwork, and for the critical and rare

information my senior (friend of mine at the same time) have provided me, which is critical to my research.

REFERENCES

- [1] Y. Lu and J. Wu. Analysis of the shoe market chaos. 2020(05):2
- [2] F. Tian. The cause of the speculation of shoes under the financial risk horizon and the countermeasure research. Marketing, 2019(51):157+198.
- [3] Y. Ran, F. Li. Sky-high sneakers reflect the division and reunion of popular culture. China Business Times, 2019-07-01 (003)..
- [4] J. Mao. Behind the crazy shoe price is greed.. Minnan Daily, 2019-09-18(006).
- [5] Y. Ma. Air Jordan basketball shoe brand marketing strategy study-take AJ1 as an example. Sports World (Academic Edition). 2020(02): 37-38.
- [6] L. Kong. StockX Founder Interview: Buy shoes by buying stocks. Entrepreneurship State, 2019(11):93-96.