

SNEAKERHEADS: INFLUENCERS OF INDUSTRY OR INSIGNIFICANT INSIDERS?

A business history on the collectible sneaker market

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Abstract

The collectible sneaker market started out as a small group of fashion-forward hobbyists and grew to become a multi-billion dollar industry. Behind this new market category was a group of protagonists called sneakerheads who inadvertently created a social movement that unmasked and ultimately helped quell innate social tensions within the United States. The purpose of this study is to understand the business history behind this new market category, specifically to identify the role of sneakerheads during the birth of sneaker subculture as well as their continuing influence on the direction of the industry.

Narrative inquiry is used as the method for conducting empirical research in this study. Three interviewees and a total of eight interviews were carried out, with each interviewee representing specific aspects of sneaker subculture: Sneakers as a business, as a subject of journalism, and as a hobby. Transcripts of the interviews were analyzed using thematic analysis with the results grouped chronologically in order to follow rules of temporality in story-telling.

The study indicates that sneakerheads were responsible for the birth of sneaker subculture but took a passive role in advancing the movement. Instead, Nike spotted the opportunity early on and launched a product in the 1980s that would enable the subculture to transcend the boundaries of the inner-city and propel it into a phase of mass marketization. Sneakers became popular because they spoke to myths on socioeconomic mobility, individuality, survival, and the desire for fame and fortune. Then, sneaker subculture entered a resurgence in popularity with the rise of the internet in the late 1990s. The internet contributed in two key ways: 1) It enabled anyone with an internet connection to become a participant in sneaker subculture and 2) It enabled shoe manufacturers to keep a pulse on the industry and anticipate trends by hiring influencers. The end result in the mass marketization of sneaker subculture was that the term sneakerhead itself became devoid of meaning and the authenticity and virtues behind the subculture began to erode.

Keywords strategy, management, social movement, new market category, subculture, consumer

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1. Background

In this section I will discuss my motivations for studying the sneaker phenomenon, provide working definitions to give the reader additional context, discuss the current research gap, state my research questions, address the implications of my research, and provide the overall structure for the remainder of this thesis.

1.1. Motivation for the Study

Grammy award-winning hip-hop artist Macklemore rapped about a friend that was murdered for his Nike Air Jordan basketball shoes in his single “Wings” (Macklemore, 2012). I was so taken back by this lyric that I had to research whether there was any validity behind this perverse story. The unsettling revelation was that this was not an uncommon occurrence, further validated by the documentary *Sneakerheadz* (Friendly & Partridge, 2015), which reported that 1,200 people are killed every year over shoes. If people are valuing shoes over human lives, I thought there might be an interesting phenomenon embedded within this market category that warrants further study.

Uncertain of my exact direction with the thesis, my initial trajectory was to study how market prices are set after learning that some shoes were selling on secondary markets for more than new cars. Market arbitrage seemed to run rampant with resellers lining up for days outside of retail stores for the opportunity to sell shoes at significant mark-ups within the secondary markets. I had been given a small window into the collector athletic shoe subculture through sheer proximity via friends who were collectors. I knew these friends were somewhat fanatical about shoes but I never took the time to examine their hobbies.

In doing my research on the valuation of sneakers in the secondary market and generally trying to apply the topic to business strategy, Hayagreeva Rao’s 2008 book *Market Rebels: How Activists Make or Break Radical Innovations* was recommended to give ideas on possible direction to my research. The book resonated with the overall theme of the

collectible athletic shoe subculture, and I redirected my research question to ask whether Rao's theory on social movements and organizational forms holds true for the niche shoe industry. Rao pragmatically analyzes various social and cultural movements such as the growing widespread acceptance of the automobile in the 1920s and the proliferation of craft beer in the 1970s and 80s, ultimately acknowledging the success of these movements hinged upon the work of subcultural protagonists, whom he calls "market rebels." I then reasoned that the collectible sneaker market might have had its own version of the "market rebel," basing my hypothesis on the zeal of my friends entrenched within the subculture. My friends had used the term "sneakerhead" to refer to passionate shoe collectors, so I thought that studying their impact on the market could provide further direction for my research.

I set out to understand the role of sneakerheads in this subculture and in doing so, found many articles that agree with the notion that while sneakerheads only constitute a small percentage of the overall consumers in the athletic shoe market, they have a significant impact on the shoe industry (Skidmore, 2007). Looking for additional industry insider opinions, I came across an interesting article from Matt Powell, a contributor for Forbes and writer on the culture and business of sports. Powell thinks that sneakerheads are a vocal minority without any real power to influence business (Powell, 2014). Powell's dissenting opinion of sneakerheads' loud but insignificant voice within the shoe industry intrigued me and led me down a path to understand whether sneakerheads fit Hayagreeva Rao's definition of market rebels in the infancy of the sneaker subculture and if so, do they continue to have a voice in the trajectory of the industry?

1.2. Definitions & Context

Before delving into relevant research in the literature review section, I will first provide working definitions that help provide context for my research.

1.2.1. Sneakers

The term “sneakers” is vernacular for athletic shoes that are worn for leisure or fashion. Before the collector athletic shoe subculture started using the term “sneakers,” it had more general connotations as Merriam-Webster defines sneaker as a shoe with a rubber sole that is designed for people to wear while running, playing sports, etc. (Sneaker). The etymology of the term sneakers is outside the scope of this thesis but going forward, I will use “sneaker or sneakers” as synonyms for athletic footwear worn for fashion or leisure.

1.2.2. Sneaker Industry

The global footwear industry is a \$52 billion business (National Shoe Retailers Association, 2016). The types of shoes included in this industry are vast but for the scope of this thesis I will narrow in on a smaller sliver of the overall market: athletic footwear that is worn for leisure, a fashion style commonly referred to as *athleisure* (Holmes, 2015). This subsect is not limited to any one kind of athletic shoe although perhaps the most commonly recognized examples are basketball shoes, with the most popular product being basketball legend Michael Jordan’s signature shoe, the Nike Air Jordan.

Sneakers have given rise to a gigantic secondary market estimated to be worth more than \$1 billion (Thompson, 2015). The resale market is so large that there exists a stock market just for sneakers, StockX, which lists sneaker valuations similar to what one might see on financial stock exchanges. Although this secondary market was the initial focal point of my research, it is beyond the scope of my research question. As such, I will focus on the retail sneaker market in my research.

1.2.3. Sneaker Subculture

A consequence of societal change is the emergence of cultural phenomena, common examples of which being the Hippie movement in the 1960s and the Yuppy-fication of the 1980s. In this thesis, I will focus on the rise of the urban counterculture in the 1980s-90s and the birth of the billion dollar sneaker industry. When referring to sneaker subculture, I include all aspects of the hobby including but not limited to the actual hunt for rare and exclusive shoes, the act of collecting shoes, and the communications and interactions both between sneaker subculture participants as well as those on the outside.

1.2.4. Sneakerheads

Sneakerheads are collectors who buy and sell shoes like a “cardboard-encased commodity” (Skidmore, 2007). Sneakerheads are fanatical about shoes. If a limited edition shoe is being released, they will camp out in front of the store overnight in hopes of buying a pair when the store opens. This zealousness is also outward facing, with sneakerheads being ever-present on the various internet forums and social media websites. Sneakerheads are passionate about shoes and they will let the whole world know.

1.2.5. Material Impact & Affecting Change

The objective of this study is to ultimately address whether sneakerheads had and continue to have an impact on the shoe industry but in doing so, we must address how we define impact. We could borrow a page from the Security and Exchange Commission in which their rule of thumb is a 5% threshold to on the overall impact to a financial statement (Katz, 1999). However adhering to this definition creates challenges of attribution in terms of correlation vs. causation.

A multitude of factors affect corporate income statements, which makes it virtually impossible to elucidate the amount of top-line growth resulting directly from the actions of sneakerheads, creating an insurmountable limitation to using this approach. Instead, I opt for a more subjective definition for impact. From the interviews I will identify key themes and examples of specific actions and the corresponding results. The ultimate goal is to capture whether the outputs of the sneakerhead community affects the shoes that are released, the ways in which the shoe manufacturers market their products, and possible new market opportunities.

1.3. Research Gap

This study will expand upon Hayagreeva Rao's research on the impact of social movements on new market opportunities. Sneaker subculture provides an interesting lens for additional study into Rao's phenomenon because unlike the social movements examined in *Market Rebels*, this study will look at the role of sneakerheads both at the infancy of the studied phenomenon as well as in its current mature state.

Further, an aspect of sneaker subculture has manifested itself digitally in the form of online forums, blogs, and social media. I will expand upon Rao's research by considering how social movements born before the widespread adoption of the internet evolved as the internet came into play.

1.4. Restatement of the problem

My research will address two primary research questions:

- 1) Do sneakerheads fit Rao's definition of *market rebels* and were they responsible for shaping sneaker subculture in its infancy?
- 2) Do sneakerheads currently have the power to impact the direction of the shoe industry or are they a vocal minority without any real clout over the market?

1.5. Implications of the Research

This thesis will provide a case study that looks at the way in which corporations engage new market categories. When social movements are budding, historical examples of corporate engagement have led to years of prosperity. This thesis will complement Hayagreeva Rao's research in understanding the role of social movements in market innovation. This thesis will reveal themes that were present in the infancy of sneaker subculture, which may help business leaders identify opportunities for disruption in the future. Further examples of how disruption led to tangential market opportunities will only help confirm Rao's hypotheses on social movements. In turn, managers can draw parallels to other industries and decide what level of engagement with disruptive forces is ideal for leveraging market changes.

1.6. Structure of the Thesis

The rest of this study is broken down into four main chapters. I will first discuss current literature on the topic to ground the reader in existing relevant research. Next, I rationalize narrative inquiry as my method for conducting research on this topic. Next in the results section, I tell the business history of sneakers as well as introduce a theoretical model to explain how Nike's strategy changed as this new market category evolved. Then, I discuss my results and how they apply to my research questions. Last, I provide opportunities for further research.

2. Literature Review

I begin the literature review by describing previous academic research on the concept of product markets, then transitioning to the role of consumers in how product markets are defined. The goal is for the reader to understand my reasoning of why I consider the sneaker market to be a new market category. Next, I discuss Hayagreeva Rao's existing research on social movements, which is essential in understanding my research question. Last, I shift towards recent research on shared meaning in new market categories and the convergence of product values.

2.1. Product Markets

Product markets are nothing more than theoretical constructs, developed and agreed to by market actors in order to make sense of producer and consumer behaviors (Rosa et. al., 1999). Inherent to these markets is a *substitutable* group of products that provide a homogenous consumer benefit (Day et. al., 1979). Consumers engage in a process of sensemaking within their environments, revealing unique needs that can be met through available products (Ratneshwar and Shocker, 1991). Thus, a product market is ultimately a collection of substitutable products that enable consumers to achieve an end-goal or result.

These cognitively contrived product markets have an implied structure and are ultimately defined by boundaries, which help establish values of goods as well as help coordinate the transactions between producers and consumers (Rosa et. al., 1999; Yoshida, 2008). Market boundaries are arbitrary (Day et. al., 1979) and researchers have questioned the extent to which these boundaries are shifting and continually being redefined, and additionally, how new products diffuse into existing markets (Rosa et. al., 1999). Even product markets that have shown a long period of stability are subject to dynamic change when new products are introduced (Day et. al., 1979; Rosa et. al., 1999; Yoshida, 2008).

Strategically, understanding product category structures allows managers to assess the level of competition and intensity for certain products (Ratneshwar & Shocker, 1991). The ability to assess competitive boundaries is central to strategy, and involves implications towards understanding the underlying profit-drivers in a given market (Michael Porter, 2008). When competition in familiar markets is intense, companies may have incentives to pursue opportunities in new and cognitively dissonant markets or product categories.

Awareness of the peculiar consumer needs enables companies to position themselves accordingly in the market. Within the shoe industry, companies can position themselves as either generalists or specialists. Ratneshwar and Shocker (1991) describe this as pursuing either a versatile or niche position, the former addressing diverse end-uses and the latter catering to a narrower set of needs. In the authors' research, the Reebok Cross-Trainer is mentioned as a generalist while the Rockport Walkers serve a more specialized role for the speed-walking enthusiasts. Ratneshwar and Shocker (1991) argue that niche products tend to garner greater brand loyalty.

This framework is useful for describing the differences between products in markets showing an adequate level of end-use homogeneity. However, the framework falls short when the desired consumer benefits are sufficiently dissimilar. In the context of this study, the benefits sought by consumers in traditional athletic footwear are vastly different than those consumers willing to pay \$200 for limited edition basketball shoes. Bringing forth and acknowledging the consumer-oriented approach towards defining product markets, I must then consider the role of the consumer.

2.2. Consumers

The very idea of boundaries distinguishing one homogenous consumer group from another entails sociological implications because individuals within social groups strive for distinction and to conceptualize their position within a social hierarchy (Lamont & Molnar, 2002). People use the intrinsic symbolisms in consumption to fulfill innate desires to be unique (Reid, 2002). Reid describes how people in the Soviet Union longed for western

aesthetics, with consumption behavior as a way to build identity in otherwise banal and austere daily life. Further and more specifically within the context of this study, Keenan (2007) notes that “as cultural signifiers, shoes are indubitably potent power and status symbols speaking volumes about life-styles and life chances.” However, ambiguity still surrounds the social conditions that necessitate consumers to building meaning through consumption practices.

In *How Brands Become Icons*, Douglas Holt prescribes the concept of cultural myth for strategic marketing and brand building purposes. Holt suggests that brands truly resonate with consumers when they can appease greater societal apprehensions, focusing more on culture instead of the actual product. Further, consumption can be used to build identity amidst social, economic, and political turmoil. These myths emerge from deeply entrenched beliefs and values, and one such example is the emergence of the celebrity athlete myth in the late 1980s and early 1990s. However, I shall return to the significance of “celebrity” in sneaker subculture later in this thesis.

The entire market for high-end sneakers ultimately depends on the consumer, whose collecting ambitions can be a function of both fanaticism and desire for economic gain. Schouten and McAlexander (1995) coined a “subculture of consumption” to denote a group of people that identify with certain products, brands, or consumption activity, through which they identify with other people. Thus, it is valuable to not only look at the sneaker market category through the boundaries that give it a concrete identity, but also through the activities of participants within the market. This subculture can be defined by what Lamont and Molnar (2002) call symbolic boundaries, which are conceptual structures that individuals use to categorize objects, practices, and people in order to make sense of reality.

The important distinction in my research will be to acknowledge the consumption differences of those deeply entrenched within the high-end sneaker subculture as opposed to casual consumers. The existing research gap exists in understanding those who use conspicuous consumption to build their identity.

2.3. Social Movements – Hot Causes and Cool Mobilization

As examined in the previous section, consumption can be used as a tool for identity creation. That identity creation can apply to individuals or broader groups in social movements, whereby deliberate consumption of a good creates the identity of the social movement. Social movements are coordinated group efforts solve social problems (Rao, Morrill, & Zald, 2000). “Social movements arise in markets when participants feel excluded from conventional channels of redress, deprived of support of the state, or starved of media exposure, or some combination thereof” (Rao H. , 2008). The goal of social movements is to change peoples’ beliefs and/or actions.

The ability of protagonists in social movements to affect change hinges on their ability to elicit emotional responses and rally support for their cause (McAdam, McCarthy, & Zald, 1996). The true power in movements stems from the ability to translate deeper frictions to the external world. Protagonists within social movements “spearhead collective attempts to infuse new beliefs, norms, and values into social structures, thus creating discontinuities in the world of organizations” (Rao, Morrill, & Zald, 2000). Rao refers to these protagonists as *Market Rebels* (Rao H. , 2009) Ultimately Market Rebels are influencers who are looking to change the way people think and act.

Rao refers to ideologies that provoke intense emotions of pride or anger as “hot causes” (Rao H. , 2009). These are the myths that are proliferated by social movements to attract attention to their cause. “Cool mobilization” refers to the actions or activities within social movements and the behaviors they are attempting to change. (Rao H. , 2009). Rao rationalizes that both are an integral part of social movements. “Hot causes intensify emotions and trigger new beliefs. Cool mobilization also evokes emotion, but by engaging participants in new collective experiences that transform beliefs” (Rao H. , *Market Rebels: How Activists Make or Break Radical Innovations*, 2008, p. 9).

2.4. Products as Symbols in Social Movements

Products can often be used as symbols of social movements. *In How Brands Become Icons; The Principles of Cultural Branding* (Holt D. , 2004), Holt identifies how brands such as Harley Davidson, Coca Cola, and Nike become cultural icons with the premise that they can serve to alleviate societal apprehensions resulting from change. Simply put, Holt argues that companies interested in brand building should focus on culture more so than the product itself. Actors in these social movements embrace brands and products already in the market. However, the context of these brands and products in the social movements is key. The way in which the players in the social movement use a product might be repurposed from its original intended usage. Similarly, the actors in the social movement might not represent the original targeted demographic.

These unintentional new markets fit into two categories. First, there are products that were intended for a certain market but gained traction in others. An example of such is the surprising success of the Dacia Logan in the sophisticated and developed German automotive market, an ultra-cheap car originally developed for emerging markets (Kurczewski, 2007). Second, you have products that are central to a cultural movement, used as the very representations and expressions of its ideals and values. Social movement protagonists borrow these symbolic tools from dissonant or ancestral markets to represent the virtues of the new movement. Sneakers fit into the latter category.

2.5. New Market Categories

As mentioned, the desired consumer benefit must be sufficiently dissimilar to justify the classification of an entirely new market category. A new basketball shoe with the latest technology might command a high retail price but it might ultimately be “just an expensive basketball shoe.” Ultimately, the desired consumer benefit is still somewhat similar to that offered by lower-priced and technologically inferior basketball shoes. However, interject a retro basketball shoe with 25 year old technology for the same price as the higher-priced

new basketball shoe and it becomes evident that the consumers in these instances are looking for different attributes.

Putting this into theoretical framework, the cheaper option basketball shoe is suitable for recreational players and can be characterized as a versatile option. The more expensive basketball shoe is geared towards those who demand superior performance in order to gain an incremental advantage on the court. Thus, these premium offerings can be described as a niche product. Reiterating the work of Ratneshwar and Shocker (1991), products existing on the fringes and serving a particular niche are more likely to develop brand loyalty. Thus, an interesting phenomenon to explore is the relationship between generalist and specialist products and their role in the emergence of new market categories, particularly fashion related. However for these products to transcend the normative market boundaries, there had to have been a change or evolution in consumers' collective perceptions.

“Scholars still understand relatively little about how shared perceptions of value come into being, why they tend to be stable enough to enforce continuity in market exchanges, and why they occasionally change” (Khair & Wadhvani, 2010). Khair and Wadhvani (2010) and Khair (2011) researched the topic of shared meaning in the emerging Indian culture industries, specifically Indian fashion clothing and high-end art, to gain further insight on the under-researched topic of how meaning is created in new categories and how that corresponds to valuation methodologies.

Rosa et.al. (1999) attributed the development of coherent market boundaries to consumers and producers, but Khair and Wadhvani (2010) found that other market players, such as auction houses, critics, historians, and museums, made significant contributions in the emergence of Indian high-end art. I deduct important implications from this research and reason that my research benefits from understanding the role of *similar* information purveyors, such as fashion and sports magazines, bloggers, and boutique stores.

Additionally, Rao et. al. (2000) describe organizational forms on the basis of four dimensions: goals, authority relations, technology, and markets served. The emergence of

the collector sneaker market is an example of *weak speciation* instead of *strong speciation* being that the new market category does not differ from the old by all four dimensions (Rao, Morrill, & Zald, 2000). Instead, the sneaker market only differed by goals (utility vs. fashion) and markets served (athletes vs. athleisure). Even though the sneaker market does not adequately meet the definition for *strong speciation*, it can be described as a spin-off movement similar to how the craft beer movement spun-off from the behemoth beer industry (Rao, Morrill, & Zald, 2000).

2.6. Product Values

The recent research on new market categories ultimately addresses the processes by which consumers give meaning to products, and then how this meaning corresponds to stable and coherent perceptions of values (Khair and Wadhvani, 2010). Relevant is the value problem, characterized by consumers designating different values to heterogeneous products in the same market, thereby raising questions on the social processes on how values are established (Beckert, 2009).

Beckert (2009) notes that in certain circumstances, values correlate with the functional utility of products, meaning that products that perform better and more adequately suit consumer needs command price premiums. However, he contends that this theory falls apart when subjective product characteristics are valued, such as in the fashion clothing and wine industries. Products in these industries are used to negotiate social statuses, with the value of products being driven by the social benefit of possessing these items. However, there arises a dichotomized problem between the producers and consumers in the valuation of these products. For example on the producer-driven side, a Versace jacket projects a higher social status than a jacket from H&M. However on the consumer-driven side, a celebrity who wears the H&M jacket and appears on the front of a tabloid might then increase consumers' perceptions of its value.

Velthuis (2003) further corroborates the implications on pricing in the art market to communicate non-economic values, and suggests that product values divulge intimate

information about the various stakeholders involved in the art market. Prices can serve as an objective and rational indicator on how goods and products are perceived by the collective stakeholders.

Central to how product values are determined is understanding the roles of institutions, networks, and cognition in market exchanges (Khair & Wadhvani, 2009; Beckert, 2009). To assess how consolidated meanings affected values within the high-end sneaker market, it is important to understand the various benefits or attributes that consumers desire, and then which of those benefits or attributes actually add value. Put succinctly, consumers may say one thing and do another. And since valuation is theoretically a multi-faceted social network of meanings, it is imperative to uncover the roles and thought processes behind a variety of stakeholders. Additionally, it does not make sense to merely understand the current cognitive processes within the subculture, but a more thorough historical and temporal approach is necessary to fully grasp the evolution of shared meanings and product values.

2.7. Market Comparisons and Synthesis

This study differs from previous research on new market categories in the sense that the high-end sneaker industry first emerged in the United States rather than existing elsewhere and simply migrating or shifting its market boundaries from another geographical location into a new context, as was seen in the Indian fashion industry (Khair, 2011). On the other hand, the Indian art and fashion industries are similar enough to draw meaningful comparisons and to add to the existing research. In both cases, market actors establish meanings that are qualified through pricing mechanisms in the market. These values are arbitrarily contrived through social negotiations.

The demand in the collector shoe industry is driven through artificial scarcity in much the same way as the art market and by communicating limited supply product launches, the shoe companies are catering to people's desires to be unique within their social settings. Similarly, artists may leverage an increase in popularity by churning out more paintings,

but discretion should be practiced as overzealous production quantities may saturate the market and have a diminishing effect on overall values.

Another similarity between the two markets pertains to the markets through which economic exchange of goods takes place. Although my study focuses on the retail sneaker market, the secondary market has larger implications on product valuation. Prices on the secondary market actively communicate market stakeholders' sentiments and confidence towards products. Observing the evolution of secondary market prices and then understanding the underlying cause-and-effect relationships is perhaps the most valuable resource in addressing the convergence of shared meanings. However, Khaire and Wadhvani (2010) admit that establishing cause-and-effect in such a study is an exercise in futility due to limitations in data collection.

The key difference in the art and sneaker markets is that art pieces are generally not reproduced by the original artists; they generally remain as individual unique pieces. In the sneaker industry, companies reissue legacy product lines. As such, the quantity for original content is limited in the art world whereas the shoe companies can ultimately produce as few or as many reissues as they desire, through which they can gain momentum and increase hype. This provides an avenue for shaping and influencing the ongoing values and meanings within the market.

3. Methodology

3.1. Agenda

In this section, I will discuss my choice of narrative inquiry in conducting my research. I will then go through my data collection method including access, limitations, and ethical considerations.

3.2. Choosing Narrative Inquiry as Research Method

In choosing how to approach my research question, I asked myself how I could best extract information on the sneaker market category. In the late 1980s and early 1990s when sneaker subculture first began to gain significant traction, the current technological mediums for exchanging information like blogs, web forums, and social media platforms were obviously unavailable, thereby inhibiting my ability to gather meaningful transcripts from those within the subculture. As such, I reasoned that the most efficient and effective way to gather information about the subculture at the early stages was directly through people who were involved. Therefore, I wanted to make sure that I interviewed individuals who had intense inside knowledge and experience of sneaker subculture at both its metamorphosis as well as current day.

The decision to use narrative inquiry to answer my research question was based on prior conversations with my confidant and primary divulger of sneaker information, Dan Dover. Whenever Dan and I engaged in discourse about the latest trends and fashions in sneaker culture, stories seemed to be the most natural way of describing the early stages of the subculture; specifically in providing the background on why certain sneakers are so desirable or how the release of a certain shoes caused pandemonium at his store. Stories are the way in which people share and express their experiences and narrative inquiry is a way of understanding such experiences (Clandinin, 2007, p.42). Naturally, favoring detailed narrative makes a topic more interesting and helps provide context for the listener.

3.3. Research Context

In order to understand subcultural disruption within the sneaker market, my research could not simply look at what the shoe manufacturers did and their subsequent measureable output. Doing so would neglect to gather any meaningful data on why certain events within the new market transpired. Instead, I must understand the psychology and behavior of those actually participating in the subculture. Gaining access to those intimately intertwined with this subculture enabled me to draw meaningful conclusions from the organizational actions and how they trickled down in the subculture.

I limited the context of my research to the United States. I considered including interviewees from Europe and Asia since there has been a recent emergence in popularity of collectible sneakers, particularly in the UK, Germany, France, and Japan. I did consider the geographical origin of the shoe manufacturers as well in making this decision, particularly since two of the key players, Reebok and Adidas hail from Europe. However, I ultimately dismissed this aspect since the sneaker phenomenon had its origins in the United States. Thus, to examine the birth of the subculture and how this new market category evolved, it made sense to study the phenomenon within the scope of the United States.

3.4. Narrative Inquiry as Research Method

3.4.1. Stories Provide Rich Detail

“Narrative inquiry embraces narrative as both the method and phenomena of study” (Clandinin, 2007, p.5). The power of story enables elucidating details from the community as well as providing a compelling story on how the community evolved. In deciding which qualitative method to use in answering my research questions, I asked what the best way to extract information from the interviewees. If I were to simply ask, “How did event x impact outcome y” then this might only reveal some superficial details of cause and effect. However, by provoking the interviewees to describe their experiences, it yielded rich and

contextual data from which I was able to uncover themes and make meaningful conclusions.

Fenstermacher (1997) describes the initial difficulties in describing past experiences, but by approaching the task through narrative it invoked deeply coded memories and brought them to current conversation in vivid detail. This is especially relevant given the time that has passed since the early stages of sneaker subculture. Since memories might be suppressed, narrative dialogue will help summon those memories which linger somewhere in the interviewees' cerebral cortexes. I had to then address what my research is and what it is not. As Clandinin (2007) points, one must understand the fundamental difference between narrative analysis and analysis of a narrative. I concentrated on the former, focusing on narratives for both the data collection and data analysis in my research.

3.4.2. Stories and Myth Creation

Shoes are nothing more than fabrications of leather, rubber, plastic, and other synthetically derived materials. The intrinsic value is minimal yet they sometimes sell for thousands of dollars. Collecting the experiences of those entrenched within the subculture uncovers themes that can be used to understand how shared meaning within this new product category was established. These experiences are uncovered through stories. These stories uncover the creation of certain myths, which facilitated an agreement on value between subculture participants. The narrative leverages the power of stories, stories which entail personal experiences of consumers longing for rare and collectible sneakers, watching their idols dominate on the court in their signature shoe, or merely wanting to excel as an entrepreneur and finding a way to deliver value to customers.

3.5. Narrative Framework

The conceptual framework for my research will be centered on the dimensions of temporality and language.

3.5.1. The Importance of Time

To explain how athletic shoes became collectible products one must first understand the story of how sneaker subculture emerged. The reader must have a reference point, the beginning, on which to base any further developments of shared meaning. The story is something that must be experienced temporally. If left with just the beginning and the end, a significant occurrence “somewhere in the in-between” is just a blip on the timeline. The reader is left without any type of context, reference, or understanding on the impact of that moment. It was therefore in both mine and the reader’s best interest that I approached this topic with careful consideration to the temporality of the narratives.

There is debate in narrative research as to whether the research conclusions should be presented chronologically or whether grouping data by themes is more appropriate. I mentioned that a temporal flow can enhance the narrative, but I think it can be an effective technique to separate the analysis by themes, and then present each of these themes temporally.

3.5.2. The importance of Language

Language was an important consideration in my decision to use narrative inquiry as my research methodology. By transcribing the accounts of my interviewees, it helped preserve a level of authenticity that might have been lost otherwise. There was a conscientious attempt to use the terminology that is actually used in sneaker subculture as a way to capture its essence and provide outsiders a deeper and richer experience.

Sneaker subculture is a part of urban counterculture, where colloquialisms are commonplace and used by participants to communicate and construct meaning. As such, a narrative approach to this topic is logical and is confirmed by Eriksson and Kovalainen (2008) that “narrative knowing acknowledges the value of all oral and written texts and language practices in constructing our understanding about reality.” Just think about the title...sneakers are slang for athletic shoes but only outsiders and the tragically unhip would dare refer to some Jordan basketball shoes as ordinary athletic footwear.

3.6. Data Collection

Being already familiar with the people in my research, I conducted what is referenced to by Eriksson and Kovalainen (2008) as backyard research. All of my access comes from my preexisting relationships with Dan Dover, Sandy Dover, and Derec (last name withheld).

3.7. Collection

Data was collected through semi-structured narrative interviews. Although Eriksson and Kovalainen (2008) claim that narrative interviews are open-ended by nature and researchers should avoid obstructing the story-telling process at all costs, I went into the interviews with a general framework of open-ended questions. This was to give the story a starting point and help stimulate further narrative in case the interviewee required a catalyst to bolster further insights.

The interviews were conducted both in person as well as via Skype chat when geography prohibited face-to-face contact. I recorded the interviews on a voice recorder, after which I transcribed the interviews.

3.8. Interviews

Eight total interviews with three interviewees were held. The interviewees have been involved in the subculture since the 1980s and are still involved in some capacity. The

decision for each interviewee was deliberate as they represent different aspects of sneaker subculture, including as a business, as a subject of journalism, and as a hobby.

3.8.1. Dan Dover, Store Manager at the Finish Line

Dan is a 29 year old male from Columbus, Ohio. Dan started as a store associate at the Finish Line in 2007 and currently manages the store located at Polaris Fashion Place in Columbus, Ohio. Finish Line is one of the largest sneaker retailers in the United States operating more than 600 stores nationwide. Dan's store is one of Finish Line's flagship stores and has over forty employees. Dan has won Finish Line's prestigious *Manager of the Year* award three times in his career. Dan is a lifelong sneaker aficionado and has a side business in restoring collectible sneakers. Sneakers began as a hobby but have since transpired into his livelihood. At the height of its fervor, Dan's collection of sneakers surpassed 300 pairs.

As a full disclosure, I have known Dan for over fifteen years and consider him to be a close friend. His passion for sneaker subculture has always intrigued me and having access to someone so knowledgeable and involved in the heart of the sneaker subculture was invaluable in the overall direction of my research. In total three interviews were conducted: a preliminary interview to provide overall direction to my study, a second interview to dig deeper on the initial topics, and then a follow-up interview for additional details and clarity.

3.8.2. Sandy Dover, journalist and sneaker fanatic

Sandy is a 33 year old male from Springfield, Ohio. According to Sandy's LinkedIn page, he is "formerly a staff writer/web TV correspondent and columnist for former ESPN affiliates Nets Are Scorching and The Shadow League, but is better-known for his years-long work with the world-renowned magazine SLAM, which hosted his self-titled SLAMonline column, the San Dova Speak-Easy. SLAM magazine is one of the most popular American basketball magazines in distribution.

I chose to interview Sandy for his credibility and authority on the connection between sports and sneaker subculture. Sandy has been a self-admitted sneaker lover since elementary school and followed his passion for sports and fashion by becoming a freelance writer. Sandy is currently the digital strategist for Think Tank, Inc., which is a non-profit fighting poverty in communities across the United States.

3.8.3. Derec, collector and sneaker fanatic

Derec is a 30 year old male currently living in Columbus, Ohio. Derec started obsessing over sneakers before the age of ten and has a voracious appetite for acquiring rare and collectible sneakers, currently boasting a collection of over 600 pairs. In his apartment, he has converted a bedroom to just house his shoes. Unfortunately the accommodations were insufficient and his collection of shoes currently overflows to other rooms in the house. Out of all of the interviewees, Derec has been closest to the actual collector market, offering unique insights into the psychology of both resellers and collectors. Derec is a good friend of mine and enthusiastically agreed to be interviewed.

3.9. Limitations of the data

A challenge I faced was in constructing adequately practical implications from my narrative findings (Eriksson & Kovalainen, 2008). In other words, can businesses, researchers, and students gain anything from my research? Is my narrative ultimately just a story of how the current sneaker market came to be or does it contain any useful insight that provides an answer to a burning business question? Perhaps this is being overly critical and naïve to the degree in which my research will have an impact, but at the end of the day there should be some sort of real-world value to this thesis.

However, the issue itself might be deeply rooted in the overall critique of narrative inquiry as a rigorous research method. There is a danger in this type of research to accept narratives and biographical accounts at face value instead of subjecting them to systematic analysis (Atkinson and Delamont, 2006). Thus, a key limitation to my data collection method is the

truthfulness of the interviewees' narratives. This is not to implicate intentional dishonesty, but rather acknowledges the limitations of human memory. Further, it is important to distinguish and emphasize truth over meaning (Essers, 2012), and avoid interpreting the narrative in a way that simply plays lip service to my hypotheses. This brings on ethical considerations with doing narrative research, which will be discussed later.

Lastly, by adhering to a semi-structured format to the interviews, the natural story-telling tendencies of my interviewees might have been hindered. To overcome this, I was conscientiously encouraged the participants to speak without obstruction, only providing guidance and stimulation when the natural flow of dialogue ceased.

3.10. Ethical considerations

An important consideration for my research is to respect the wishes of certain interviewees to remain anonymous. For security reasons, Derec did not want to disclose his last name, particularly given the high value of collectible sneakers in his home. While he is recognized as a prolific collector amongst his social circle, he did not want to have his complete name and information published. If you figure a conservative \$200 per each of his 600 pairs of Nike Air Jordan shoes, then he has over \$120,000 in collectible basketball shoes at his residency. This does not include his other non- Jordan branded shoes, of which he also has hundreds of pairs. Derec was concerned about the possibility of theft so I had to respect his privacy.

Next, Dan Dover's personal insights on sneaker subculture were not to be interpreted as official opinions and views of Finish Line as a corporation. My research had to maintain integrity and consistency in when he is speaking on the record about the interviews versus him speaking off the record. As an ethical researcher, I must only use information and insight from when he knows he is speaking on-record. This difficulty is further exacerbated by my friendship with Dan, and although there might be a temptation to use a remark from off-the-record dialogue, the research must uphold a high level of ethical integrity as to not abuse my access and privilege to sensitive information.

There is also this issue of being fair to the interviewees in the way in which they are depicted through my narrative. The challenge is to explain the interviewees' narratives as objectively as possible, without including my own biases and interpretations and letting my perceptions distort reality. However, Thomas (2012) points out that there is no way to completely remove ourselves (the authors) from the analyses.

3.11. Data Analysis

I performed a thematic analysis of the interviews to draw conclusions, which “focuses on identifiable themes and patterns of living and/or behavior” (Aronson, 1994). Aronson says the steps to thematic analysis include classifying patterns, identifying all data that relate to the patterns, and then combining and cataloguing the patterns into sub-themes. Once the sub-themes were combined, a comprehensive understanding of the different narratives began to emerge. The last step was to then build a valid argument for the given themes, using literature to build my arguments.

After conducting several interviews, I began a thematic analysis of the collected data, which enabled me to ask for direct feedback on the preconceived themes. However, I recognize the peril in going forth in such a manner and hence, it is imperative that the feedback on certain themes was requested only after natural progress of the narratives had culminated. This process enabled my research to be deeper and more effective as the interviews proceeded. In essence, this is a process of continual reflection and improvement. As Clandinin (1990) confirms, “because collaboration occurs from beginning to end in narrative inquiry, plot outlines are continually revised as consultation takes place over written materials and as further data are collected to develop points of importance in the revised story.”

My research logic is characterized most by abduction. This process is described by Eriksson and Kovalainen (2008) as “moving from the everyday descriptions and meanings given by people, to categories and concepts that create the basis of an understanding or an explanation to the phenomenon described.” This is the whole essence of my research

method, extracting meaningful insights from the stories in order to explain the phenomenon of sneakers emerging as collectible items.

4. Findings

This section contains the results of my research. As mentioned in the methodology chapter, the results are arranged chronologically, further split into two main sections. Section 4.1 contains the historical narrative of sneaker subculture, covering the birth and proliferation of the sneaker market and then transitioning to how sneaker subculture evolved with the advancement of technology. Figure 1 is the model that depicts my results (and overall themes) chronologically. Then, Section 4.2 contains a theoretical model to explain how Nike's strategy changed throughout the history of sneaker subculture.

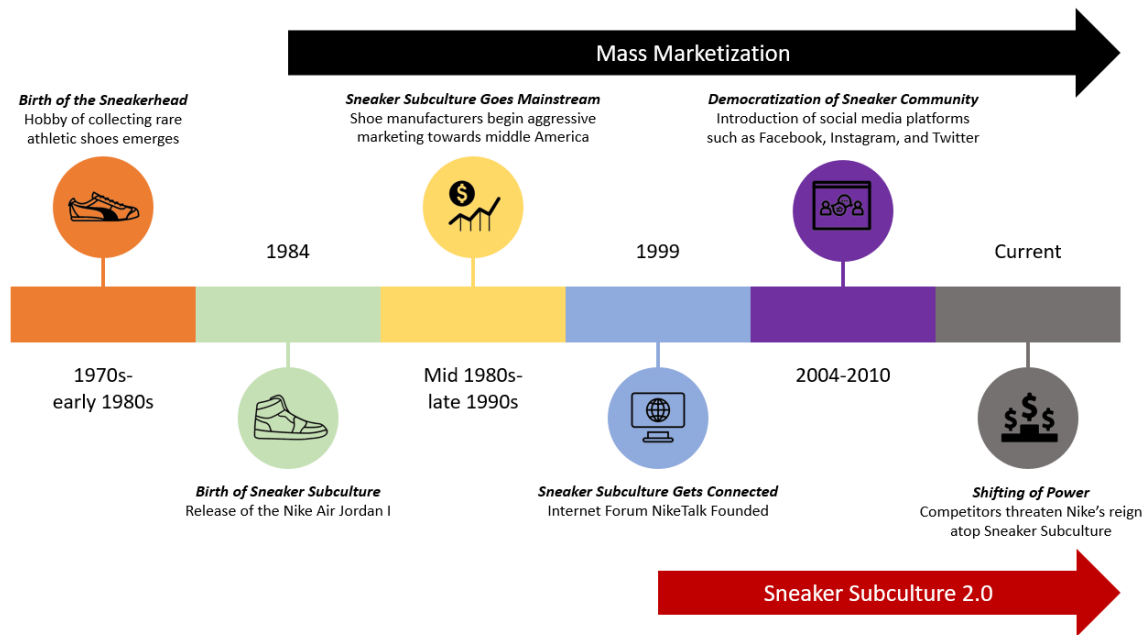


Figure 1 Timeline of Sneaker Subculture

4.1. The History of Sneaker Subculture and the Sneakerhead

To understand the role of sneakerheads within sneaker subculture, it helps to understand the impetus behind how this new niche market category arose. I will first explore the economic, social, and cultural climate in the United States during the time preceding and during the emergence of the sneaker craze.

4.1.1. Rebuilding a Nation and Socioeconomic Disparities

America in the 1970s was recovering from the turbulent 1960s, constituted by important social and technological advancements. On the social spectrum, key civil rights movements included the abolition of legalized segregation and the advancement of women's rights. On the technological side, the space race was in full swing with the ultimate goal of putting a man on the moon being achieved by the United States in 1969. A superficial glimpse into the decade might make it seem as if the United States was emerging into a new era of prosperity and progress, a time of social evolution characterized by increased tolerance and collaboration.

Then the United States entered a severe recession in the 1970s that had a heavy impact on households across the nation. The social and economic progress of the 1960s appeared to be built on a house of cards which then collapsed in the decade thereafter. Although President Lyndon B. Johnson signed the Civil Rights Act of 1964 which prohibited discrimination on the basis of race, gender, or religion, impoverished inner-city communities still felt oppressed and slighted throughout the 1970s. Jumping straight into 1980s, this continuous feeling of marginalization was compounded by the introduction of crack cocaine. With people's insatiable appetite for the new addictive drug and a seemingly limitless supply of entrepreneurs willing to risk their lives and freedom to fulfill that demand, the proliferation of the crack epidemic had devastating effects on inner cities across the United States.

Kids in inner city communities had dim prospects in terms of social mobility so a lucrative opportunity in drug dealing was hard to resist for many. It became engrained in these oppressed communities' psyches that the only feasible options for escaping the hard-clenching grasp of poverty was either through the drug trade or athletics.

4.1.2. The Image of the National Basketball Association (NBA)

The NBA is the most well-known basketball league in the world, attracting the very best players from around the globe. The league tries very hard to maintain its positive reputation and does so successfully. However its current favorable reputation was not always the case. In the early 1980s, the NBA was seen as a “black league” and a “crack league.” The NBA saw these perceptions as detrimental in appealing to a broader audience which also hindered its ability to garner corporate investment. To combat these negative connotations the league adopted policies they hoped would improve its image. One of these measures was the enforcement of on-the-court uniform regulations, which placed guidelines on such things as the maximum length of a player's shorts or the color of his shoes. These regulations were effective in improving the league's reputation but even as the NBA began to shed its undesirable perceptions, it lacked a formidable spokesperson that could help the league attract new fans while still being corporate-friendly. The NBA needed an ambassador that would bridge the gap between Main Street and Wall Street.

4.1.3. Birth of the Sneakerhead

The early sneakerhead has its origins in the poor neighborhoods of New York City. In the beginning, sneakers were worn because it was a practical thing to do with consumption largely driven by need. Recreational athletes would purchase sneakers for their utility and performance. There existed a small fringe group of people that would also wear these athletic shoes in social settings. These people wore them because they liked the way they looked. Shoes served as a way for these people to externalize their individuality. The more rare and obscure the colors, the better.

A common practice for these fashion-forward individuals was to dig through stockrooms at shoe stores, searching for shoes that were no longer in production, called deadstock inventory. These rare backroom finds were the ultimate treasures because one knew that they would not see anyone else wearing the same shoe. It was all about exclusivity. The use of sneakers as tools of self-expression was a way for those who could not afford expensive jewelry or other material possessions to display their individuality. These people were the first sneakerheads.

There were hints at an emerging trend already in the early 1970s with NBA Hall of Famer Walt “Clyde” Drexler and his shoe, the Puma Clyde. The idea of NBA athletes having their signature shoe started with Drexler. The Puma Clyde was released in the early 1970s and would go on to achieve commercial success and is still available to buy in retail stores today. Puma already had a robust lineup of athletic shoes before Drexler’s shoe was released so the Puma Clyde was seen mostly as a product line extension rather than venturing into a new market category of its own.



Figure 2 Puma Clyde by Walt “Clyde” Frazier (Source: hypebeast.com, 2016)

4.1.4. Michael Jordan

All interviewees agreed that the true genesis of sneaker subculture as we know it can be traced back to when the Nike Air Jordan 1 (Figure 3) was released in 1984. Michael Jordan was fresh into the NBA in 1984 and quickly established himself as a superstar. Jordan was a clean-cut up-and-coming superstar, starkly contradicting the perceived delinquent image that surrounded the rest of the NBA. Jordan was the first true superstar that fit the corporate mold, with both Nike and Adidas recognizing his market potential.

Both companies submitted lucrative endorsement deals and although Nike’s signing bonus was less than that of Adidas, Nike offered Jordan a percentage of future sales, a clause that would eventually help make Jordan a billionaire.



Figure 3 Nike Air Jordan I by Michael Jordan (Source: solecollector.com, 2015)

The Nike Air Jordan I was both a technological and design breakthrough. The shoes gave the very best on-the-court performance whether you were an NBA superstar or a weekend warrior. By today's standards, the design of the Nike Air Jordan 1 is subtle. However at the time it marked a radical disobedience from contemporary design. The combination of cutting edge technology, audacious design, and endorsement of a superstar was something American society didn't know they wanted until it came to market. The shoe transcended basketball and became part of popular culture. It was a shoe that all demographics clamored after. According to D. Dover (personal communication, 2016, July 10), "Jordan was wearing shoes unlike anything anyone had ever seen. You had this 21 year old guy just dunking over people, absolutely dominating everyone. It created a paradigm."

There exists a myth that the NBA had banned the first iteration of the shoe because it violated the color requirements in the league's uniform regulations. Based on my research, this was a complete myth perpetuated by both Nike and Michael Jordan himself (Jordan,

1986; Barias, 2016). The myth was that Jordan continued to wear the Air Jordan I even though the NBA levied fines for each game in which Jordan broke the uniform rule. The last part of the myth was Nike's willingness to pay these fines as the free media exposure on Nike's and Jordan's rebelliousness made this a worthy investment. However, the truth was that Jordan's first shoe was never banned and there is no documentation that he ever wore the supposed banned colorway during an official league game.

Certainly people were wearing athletic shoes in casual settings before the Nike Air Jordan 1 was released. Additionally, Jordan was preceded by numerous professional athletes with signature shoes. However the breakthrough with the Air Jordan 1 was that it was the first shoe people genuinely desired. Now, someone could buy a single shoe that would provide the very best technology on the court as well as make a fashion statement off the court. Sneaker subculture was no longer constrained to the practice of rummaging for old inventory in the backrooms of retail stores. The Air Jordan was the inflection point in sneaker subculture when sneakers escaped the confines of inner-city New York and onto the store shelves of suburban malls.

The crux was that sneakers were expensive. The Nike Air Jordan I cost \$70 in 1985, equivalent to \$140 today adjusted for inflation. This amount of money for athletic shoes was unheard of. The Air Jordan had become mainstream but the sneaker phenomenon was still mostly constrained to urban areas. Given the high cost of entry, sneakers were not easily accessible to most in the inner city. Those who lived in the impoverished areas and had discretionary cash flow generally acquired their wealth through illegal means, which helped engrain sneakers into drug culture. It became typical to showcase one's wealth through what he/she was wearing, so the ultimate display of wealth could be as simple as wearing a rare and expensive pair of athletic shoes.

“People desire luxury. They want to feel better than other people. Jordan and Nike aspired to be a brand of luxury, which is the reason why kids still spend \$150. These kids who often have nothing want to be part of the luxury demographic. It is self-esteem through consumption. Poor people want to be part of something, so they buy products to be part of that world” (S. Dover, personal communication, 2016, September 11).

Following up on the commercial success of Jordan’s signature shoe, Nike released subsequent versions of the Air Jordan named after the chronological order in which they were released, e.g. Jordan I, II, III, IV and so forth. Other shoe manufacturers also took notice and made their own moves to capitalize on this hot new trend. Reebok, Adidas, and Converse all had signature shoes for celebrity endorsers such as Shaquille O’Neal, Penny Hardaway, Charles Barkley, and Allen Iverson. Sneaker culture had come a long way. There was an almost unlimited selection of sneakers available to anyone who could afford them. In the early days of sneaker collecting, one gained credibility within the subculture through sheer sweat equity, inherent to the tedious process of hunting for rare shoes. Now, one could buy their way into this subculture.

The irony of the Air Jordan 1 was that it both popularized sneakers in American culture while also starting the demise of the term sneakerhead as we knew it. As sneakers were popularized in popular culture, the meaning behind the term sneakerhead was lost. The moniker quickly became diluted, akin to the modern day *foodie*. The term sneakerhead began to be resented within sneaker subculture. Something that had humble and genuine roots was now used as a marketing term. The early sneakerheads wanted to ditch the title while at the same time a new group wanted to buy their way in. Anyone could call themselves a sneakerhead. There was no vetting process. It was not a regulated term and once sneaker subculture broadened its reach, those things that made it special began to evaporate. Sneaker subculture was built on individuality, so the combination of homogenized products with mass marketing began to erode the authenticity of the subculture.

Big business was coopting this thing that was once cherished by inner-city communities, employing celebrities who looked like them to buy authenticity. While this worked tremendously well for the mass commercialization of sneakers, it served as the death knell for sneaker subculture as we had known it. Sneaker collecting was no longer just a fun hobby, it became big business.

“Jordan had a corporate identity. It was big business taking over, coopting style of a person who represented a minority part of society. It still happens. Rather than investing in those (minority) communities, companies will take someone from the same ethnic group even without any cultural ties to represent the product” (S. Dover, personal communication, 2016, September 11).



Figure 4 Nike Air Jordan III by Michael Jordan (Source: solecollector.com, 2014)

4.1.5. Sneaker Subculture 2.0: The Internet Age

Before the internet, sneaker fans might read about shoes in magazines or receive information about upcoming shoes through friends or personal contacts. In changing how the world exchanged information, the internet also connected sneakerheads across the world. The most important avenue for the dissemination of information was the online forum, NikeTalk. As Derec (personal communication, 2016, July 10) noted, “you can’t talk about sneakerheads without talking about NikeTalk. It was a bunch of people who were insightful and had been consumers for a long time. It gave them a platform and a way to connect with one another.”

NikeTalk was started in 1999 by guys who cared about sneakers. The online forum enabled sneaker subculture to transcend its physical boundaries and enter the virtual world. While the sneaker community was very much alive before NikeTalk, it opened up the subculture to anyone who had an internet connection. Now someone not located in a major city had access to this once distant subculture.

Members were not vetted before they were allowed to contribute, often anonymously and concealing their real-life identities. One could be anyone they wanted to be online. Anyone could claim themselves to be a sneakerhead without any type of credentials. “To understand what happened to the term sneakerhead...it became so heavily commodified. It’s like what Morgan Freeman said, ‘if you want to be an actor, you’re an actor.’ There is no gauntlet with a protocol” (S. Dover, personal communication, 2015, December 13). The sneakerhead moniker was already hollow amongst the hardcore collectors but now the internet enabled those on the fringes to borrow this term. This brought on the resurgence of the term sneakerhead.

Since there was no standard definition on who could be called a sneakerhead, a person who was merely a fan and owned a few pairs of collectible athletic shoes might claim the sneakerhead title. There was no quality control over the term, which is exactly why it eventually came to be scorned and resented among the online hardcore sneaker fans. There

were two stages of sneaker subculture rejecting the term sneakerhead: 1) When sneakers first exploded in popularity and enabled people to buy their way into the community, and 2) when online anonymity and the absence of vetting permitted anyone to call themselves a sneakerhead. Nonetheless, NikeTalk was monumental in allowing members to get connected and share information and opinions on the latest sneaker trends.

In the beginning, NikeTalk members were all “civilians,” or individuals not employed by the shoe companies. By nature the conversations on NikeTalk were unfiltered. However as the web community continued growing, the shoe manufacturers began to pay attention. “The companies had and still have people who monitor the internet as a way to keep their ear to the street – they pay these “mediaheads” to go into these forums and chat rooms” (Derec, personal communication, 2016, July 10). As an example, a NikeTalk member named Retrokid started out as a civilian but was eventually recruited and hired by Nike for his industry insights and awareness. There were numerous others like Retrokid who ended up on shoe manufacturers’ payrolls. These people were early influencers, akin to the original sneakerheads during the early days of sneaker fandom, the common thread being their ability to keep a finger on the pulse on the way people were buying sneakers.

The great irony behind all of this was that sneaker manufacturers were in essence the gatekeepers of who could be considered a sneakerhead. It was up to Nike, Reebok, or Adidas to validate members’ value as insiders and influencers. Sure, influencers had to prove themselves as worthy in the community, but the corporations were the ones writing the checks. The shoe companies did not have to pay money to recruit. Essentially you had members of the subculture trying out, sometimes inadvertently.

4.1.6. Social Media

The rise of social media brought in yet another metamorphosis of sneaker subculture. The internet connected people. Social media gave them a voice. The industry saw the birth of new influencers once platforms like Facebook, Twitter, and Instagram rose to prominence. The early NikeTalk influencers leveraged these social media platforms, but no longer was

one's value to the sneaker community validated by the sneaker companies. Social media democratized the sneakerhead validation process. The number of followers one had determined their industry clout. Now it was also trial by your peers in addition to the corporations. New influencers also emerged through social media and the shoe manufacturers responded by putting these people on their payrolls.

4.1.7. Nostalgia to Sell Sneakers?

Recently the success of the Jordan brand has hinged on “retro” releases, which is the act of re-releasing old sneakers, often in very exclusive colors and quantities. Many current sneaker consumers never saw Michael Jordan play a game of basketball but they will still wait outside of a store over-night to buy a replica of the shoe he wore in 1990. This is sometimes a game of market arbitrage, where 12 hours of waiting in line might net someone a few thousand dollars in the secondary market if they speculate correctly. For the other times, it is either irrational exuberance or genuine sheer passion for the product.

However as time passes from the last time Jordan stepped on the court, the allure of his shoes dissipates. Nike Air Jordan retro releases still sell out the majority of the time, but there are hardcore collectors who have become jaded with the entire cycle.

“Brands are throwing pies at the wall, just following preexisting templates. They would do whatever it took to sell shoes every six months since kids keep buying the same crap over and over again. Nostalgia is based on love for the original product. The original Air Jordan was loved because it was innovative. Jordan was the greatest player alive and he had the best shoe. Nostalgia for Jordan's shoes will last as long as Jordan is alive” (S. Dover, personal communication, 2016, September 11).

4.1.8. Innovation Still Prevails

Recently, Nike has been surpassed by Adidas as the trendy brand amongst the sneaker community. Adidas dethroned Nike by focusing on two key strategies: 1) innovation in order to provide the very best shoes for athletes and 2) signing key celebrity endorsers. The most notable example of the latter includes a signature shoe for Grammy Award winning artist Kanye West (See Figure 5 for his signature shoe). Kanye's shoes are the new must-have sneakers amongst the sneaker community. Adidas still sells its heritage line of sneakers that play to the nostalgic shoppers, but the momentum and excitement is behind its new and original releases.



Figure 5 Adidas Yeezy 750 Boost by Kanye West (Source: solecollector.com, 2016)

Other competitors are also putting pressure on Nike as is further evidenced by performance apparel company Under Armour making waves by stealing top NBA player Stephen Curry right from under Nike's nose (See Figure 6 for his signature shoe). However Nike has not sat idly as competition heats up, having signed superstar LeBron James straight out of high school to a lucrative endorsement deal.

“Compare sneakers to the car industry in which car manufacturers’ racing teams drive innovation that ultimately trickles down to their consumer products. The old adage ‘you win on Sunday, you sell on Monday’ applies to the shoe industry. The performance division drives brand equity for the entire company. This is why it’s so important for brands to be present in sports and pop culture. As long as your brand equity remains high, the higher your chances will be to create shoes that resonate with the collector market” (Derec, personal communication, 2015, December 13).

The industry has realized that sneaker subculture is not just centered on the Air Jordan brand and in doing so, opened the floodgates to a nuclear arms race of sorts to sign the next superstar, to design the most innovative shoe, and to inspire the next generation of sneakerheads. The irony is that all these characteristics contributed to the preliminary success of the Nike Air Jordan I back in the mid-1980s.

“Getting new athletes and celebrities signed and improving your product quality...those are the keys to getting consumers to gravitate towards your brand. You will still have lifestyle shoppers that buy old technology because they like the way the shoes look, but innovation is how you get new shoppers into the brand” (Derec, personal communication, 2016, July 10).



Figure 6 Under Armour Curry 2.5 by Stephen Curry (Source: footwearnews.com, 2015)

4.2. Nike's Strategy Evolution

In the beginning, the core vision of the Nike Air Jordan brand was to create the very best basketball shoes for the very best basketball players. Throughout the shoe's history, the technological and performance focus seemingly took a backseat to servicing the demands of hardcore collectors, who were primarily enamored by the shoes' aesthetics and desirability amongst peers. While Nike Air Jordan still continues to launch new basketball shoes, they now fail to garner the same attention in the sneaker community as they did when Michael Jordan was still dominating the NBA.

One can draw parallels from sneaker subculture to the business world for what happens to companies that lose sight of the initial pillars that brought success and instead focus on recreating previous successes. Borrowing from Mintzberg and Waters' research on deliberate vs. emergent strategy (Mintzberg & Waters, 1985), the Air Jordan brand started

out with what I argue to be a predominantly entrepreneurial strategy on the deliberate-emergent spectrum. The brand was the vision of Phil Knight, the co-founder of Nike, and several designers such as Tinker Hatfield and Peter Moore. The choice of materials, design cues, etc. were all carefully chosen by these leaders. The decision to hire Michael Jordan as the brand ambassador was highly calculated. There was clear vision and intent in crafting the Jordan brand, which led to the brand being seen as the pinnacle of athletic footwear in the late 80s, throughout the 90s, and the early 2000s.

However by 2016, the Air Jordan brand had veered away from its initial strategy to what I argue most closely resembles a consensus strategy. In the late 2000s and early 2010s, Air Jordan's brand reputation began to suffer as Nike implemented cost cutting measures to improve overall profitability. Product quality suffered for sneakers that were both intended for the athleisure demographic as well as the most-current basketball shoes that Air Jordan produced. As a result, hardcore collectors were turned off from the retro re-release sneakers and serious athletes found the newest shoes to be underwhelming.

This continual process of brand dilution eventually resulted in the sneaker community becoming fatigued with the brand. The newest shoes were not particularly sought after by competitive and recreational athletes since better alternatives existed, and the hardcore collectors were turned off by ever-increasing prices but lower quality. However, the casual sneaker fans were still lining up to buy Jordan sneakers in droves. Nike saw that it didn't really matter what it was releasing, people were lining up to buy them. What started out as a deliberate strategy to innovate and be the best sneakers in the industry evolved into a rather abrupt cessation of technological progress. The Air Jordan brand is now synonymous with luxury and athleisure rather than proper gear for the serious athlete. The Air Jordan brand was built on two key tenets: 1) innovation and quality and 2) winning. The reality was that Air Jordan was not innovating at the same pace as it once, the shoes were lower quality, and the years since Michael Jordan won his last champions were accruing.

Nike has overly relied on nostalgia to sell sneakers. Many current hardcore collectors never saw Michael Jordan play a game of basketball yet they spend thousands of dollars on his

shoes with twenty year old technology. As long as Air Jordans continue to be fashionable, the shoes will sell. However, Nike has seen competition surpass them as the “it” brand among sneaker aficionados. The lesson is that nostalgia can only be leveraged as long as consumers still possess a bond with the original product. As that bond weakens, corporations must focus on the key tenets of innovation and marketing if they wish to win.

Applying the famous BCG Matrix, retro releases of the Nike Air Jordan lineup could be described as cash cows for Nike. Compared to innovating and releasing new designs, very little effort is required to re-release sneakers. Companies like Nike continue to profit from these almost-guaranteed revenue streams. However, it is evident from speaking with the interviewees that nostalgia eventually wears off, as it has for Nike as of recent. The greater implication here is that companies cannot just rely on a strategy of recycling previous successes. Especially in volatile markets where success is dictated by fast-moving trends, agility in setting strategy is a prerequisite for longevity.

5. Discussion

The purpose of this study was to explore the history of sneaker subculture and whether its rise to prominence fits within Hayagreeva Rao's framework for explaining social movements which lead to new market categories, additionally addressing whether the protagonists of sneaker subculture are congruent to Rao's "market rebels," and lastly whether sneakerheads influenced sneaker subculture in its infancy and still continue to carry clout.

5.1. Hot Causes and Cool Mobilization

5.1.1. Hot Causes

I argue that the emergence of sneaker subculture fits within Rao's framework of hot causes and cool mobilization as a way to explain how new market categories emerge, with sneakerheads befitting of Rao's "market rebels" moniker. The whole premise of Rao's work on social movements hinges upon the alienation of a group of people for social and/or economic reasons. Often these people rally behind a cause and "ignite emotion" as Rao notes (Rao H. , 2008). The hot causes in the emergence of sneakers as a predominant fashion form are: 1) systemic social and economic disparities, 2) the innate desire for individuality, and 3) the instinctual drive for a better future.

The first hot cause in sneaker subculture was the socioeconomic disparity prevalent in the United States in the times leading up to and during when sneaker subculture took off. These inequalities were illuminated when society began to borrow elements from urban culture and interjected them into popular culture. The fact that minorities in the inner-city had dim prospects outside of athletics and illicit drug trade created a crippling cycle of poverty. When the rare individual did escape this cycle and became a professional athlete, certain stigmas around race and social status followed. Thus, the portrayal of the NBA as a "black league" and a "crack league" was merely a symptom of the system, representing deeper innate national tensions. Put succinctly, the aforementioned hot cause at a macro

level was institutionalized oppression and injustice against underprivileged minorities and the inherent lack of opportunities for those people.

Next, society alienated inner-city citizens and in doing so, made it easy for them to not find any commonality with broader societal trends, thus incenting the development of their own styles. With few avenues for expression of self, those who felt slighted by society found sense of self behind fashion. An apparent contradiction was that early sneakerheads achieved individuality through shoes yet in doing so they became part of a collective identity. At its very core, sneaker subculture arose out of the desire for underprivileged kids to feel like they had something they could call their own.

Last, athletics served as a gateway out of the inner-city. Getting a scholarship for college athletics and eventually becoming a professional athlete was the ultimate dream for those stuck in cycles of poverty. Survival is inherent to human nature so with limited resources available to procure a better future, the gravitation towards any plausible method of escape seemed logical. However the contradiction was that a better future through athletics was very rare whereas becoming wealthy through illegal means was more common. It is this intense drive for self-preservation and survival that constitutes the final theme.

5.1.2. Cool Mobilization

As cited in the literature review, cool mobilization refers to the actions taken by the activists within a social movement to advance their cause. The cool mobilization aspect of sneaker subculture was part of a larger fashion movement in which parts of urban culture absconded into popular culture, the impetus behind which was a demographic who could not relate to contemporary trends so they invented their own. The early and predominant focal point of this fashion movement was sneaker subculture and by cool mobilization I am referring to the various aspects of sneaker collecting, from rummaging through shoe store backrooms to actually wearing the sneakers in public. The cool mobilization aspect of sneaker subculture was made up of the actions of sneakerheads as well as the sneaker manufacturers.

Spreading awareness can be a challenge for any social movement but I argue that this was not the case with sneakers. Sneakers were cool. The early sneakerheads wore sneakers because they liked the way they looked and the way sneakers made them feel. By default, sneakerheads exuded desirable traits such as confidence so it should come as no surprise that outsiders who faced similar life struggles perceived this radiating confidence and wanted to emulate it. It was building self-esteem through material possessions. It was the modern embodiment of the idiom, “clothes make the man.” Sneaker subculture did not spread by any active solicitation of the movement by members but rather by sheer desirability of its virtues.

As stated in the results section, a specific example of cool mobilization that was largely responsible for the success of this new market category was unorthodox marketing tactics by Nike when the Air Jordan I was first released in which Michael Jordan supposedly wore a banned colorway of his signature sneaker. Both Nike and Jordan perpetuated this rebel myth and enabled a form of viral marketing to occur. While sneakerheads were not responsible for this form of marketing, the tactic enable the shoe to explode in popularity without Nike having to go through traditional advertising avenues.

These cool techniques of mobilization played off each other. Sneakers served as a vessel for the transcendence of inner-city culture. First it was urban denizens wearing collectible athletic footwear for individuality. Then once Michael Jordan exploded in popularity and his shoe hit the store shelves of stores across the nation, kids all over America dreamed of jumping through the air like their new idol. The caveat here is the stark difference in the myth that accompanied kids in the inner-city to those in the suburbs. For the former, sneakers were a utilitarian tool that ultimately served as a symbol of hope and survival. Sneakers represented the dream of escaping poverty. This hope manifested in a slightly different form in suburban America. Since kids outside of the inner-city had lesser concerns with survival and escaping poverty, they could instead dream of the accompanying fame and fortune inherent to becoming a professional basketball player. Sneakers were the tool with which one could achieve their dreams. This is not to say that those growing up in

abject poverty merely dreamed of survival and did not long for fame and fortune. However I argue that the success of sneakers stemmed from this myth of greater aspirations.

5.2. Sneakerheads as Market Rebels

The market rebels Rao defines in his research had an active role in promoting the advancement of their cause. In sneaker subculture, sneakerheads were responsible for the genesis of a very particular style but were not active advocates in the progress of the sneaker market. The shoe manufacturers spotted a market opportunity, developed a monetization strategy, and leveraged industry insiders to better understand consumers' demands. Even though sneakerheads were not active proponents for the advancement of sneaker subculture, I reason that sneakerheads still fit Rao's definition of market rebel for their involvement in bringing entrepreneurial activity to this niche subculture.

Sneakerheads exposed a unique market opportunity. It was not a new idea that material possessions could be used in identity creation and to help self-esteem. However, what sneakerheads did was highlight an opportunity for shoe manufacturers to bridge two separate myths with one product, the first of which was allowing one to achieve their dreams and the second being the pursuit of individuality. Sneakerheads essentially served this opportunity to shoe manufacturers on a golden platter, thereby enabling mass marketization of these myths to the mainstream. These myths are universal which meant they could be translated to demographics outside of the inner-city and were the primary reason for sneaker subculture's rapid expansion across the United States.

If anything, sneakerheads were resentful of their beloved subculture going mainstream, as is evidenced by their eventual disdain for the sneakerhead moniker. The whole idea behind wearing rare and collectible sneakers was the feeling of individuality from wearing exclusive shoes. While the sneaker community is very open and welcoming to outsiders, the vast homogenization of their subculture by the shoe companies was contradictory to the core values behind the movement. Sneakerheads planted the seed but corporations ultimately cultivated that seed into a multi-billion dollar industry.

In Rao's research, the common trait of the social movements is that the agendas behind the movements were born from personal interests and were actively advocated by the movements' protagonists. In contrast, sneakerheads did not take such active roles in promoting their passion. There were no beer festivals as there were in the craft beer movement or car clubs as in the early days of the automobile (Rao H. , 2008). Sneakerheads inadvertently created a social movement through their zeal for rare and exclusive footwear, thus being directly responsible for the cultural appropriation of their passion. In a way the entire movement was a fluke because one of the main underlying virtues of the subculture was individuality. Instead what transpired was the ever-growing group of like-minded individuals and as the movement grew, the subculture's contradiction with its initial values only grew larger.

5.3. The Continued Impact of Sneakerheads

As I established, sneakerheads were influential in the early stages of sneaker subculture and even though sneakerheads continue to be a highly vocal group within this market category, their influence has waned over time. Instead, the current direction of the industry is dictated by the major shoe manufacturers who employ industry influencers to spot trends more so than actually create them.

Upon the advent of online sneaker communities such as NikeTalk, shoe manufacturers were directly going to these forums and recruiting online influencers and subsequently using their insights to better anticipate the direction of the market, thereby validating the influence sneakerheads had at that moment in time. Thus, the true impact of sneakerheads can be seen at both inflection points in the history of sneakers. First in the birth of sneaker subculture, they introduced the lifestyle of stylish and collectible sneakers to the world. This infancy stage spans from the point at which sneakers are introduced to the point of mass marketization. Second, the phase which I refer to as Sneaker Subculture 2.0 started with the internet age and is characterized by sneakerheads leveraging current technologies and contriving a new way to interact with other sneaker fans around the world. It connected

the truly passionate sneaker fans around the world. Both movements were organic and fueled by self-interest and passion for the product.

The first phase was characterized by the conceptualization of how we think about sneakers. Absent this phase, it is impossible to conclude whether or not the new market category would have eventually risen. However, I reason that the authenticity inherent to this phase was detrimental to the proliferation of the subculture. Additionally, sneaker subculture would not have evolved to its current state without the preliminary cultural appropriation the sneakerheads led during the first phase.

For the second phase, it was inevitable that this subculture follows the mass adoption of the internet in becoming connected. Had sneakerheads not led the second phase of sneaker subculture, I reason that the community would have still gotten connected. The internet created an unstoppable force of like-minded individuals online communities congregating around their common beliefs and interests. However a question one might ask is whether the communities would have been as tight had the companies started this phase instead of being something born organically from within by members of the subculture. There is certainly a greater level of authenticity and the reality is that sneakerheads paved the way when the internet brought many different communities and fan bases together. I reason that the explosion of sneaker popularity during Sneaker Subculture 2.0 largely stemmed from its basis in authenticity.

NikeTalk started out with pure intentions but as shoe manufacturers became involved and hired top contributors, the overall tone of the community transformed. Members were still posting content because they were sneaker fans, but it started to become an arms race with the other members for who would first get an offer from Nike or Adidas. This is when I argue the second phase lost its purity and sneakerheads began to lose their influence. Members were now posting as a way to advance their own agendas rather than that of the subculture. As stated earlier, some of these influencers would eventually go on to work in the industry in some capacity leaving behind a subculture devoid of its ancestral virtues.

5.4. Limitations of the Study

One theoretical limitation of this study pertains to the relatively small sample size of interviews. Although much thought and consideration was placed into choosing the interviewees, the fact that the findings are based on three interviewees might not adequately represent the broader opinions on the subject. Each interviewee was chosen for a very specific and diverse perspective on sneaker subculture, but there still exists a risk of bias.

5.5. Future Research

In conducting my research, I uncovered a few potential areas of future research that were outside of the scope of my study.

First, future research could look at how the sneaker market evolved in Japan and whether sneakerheads influenced how certain trends were established. Sneaker subculture invaded Japan in the mid-1990s so studying how the market evolved could shed light on the transferability of market activists in new settings. In other words, if market rebels are responsible for a movement in one setting, could they simply be unleashed in a new setting with similar success. One could look at the key cultural differences and what aspects of sneaker subculture gained traction.

Next, this study has mainly examined the impact of sneakerheads on the primary sneaker market but an interesting area for future research is the role of sneakerheads in the secondary market, where sneakers routinely command prices in the thousands of dollars. My research has looked at the role of sneakerheads in influencing the sneaker market mostly in terms of demand creation, but some sneakerheads pursued more than just marketing roles within the subculture. Some sneakerheads have opened boutique stores across the world so future research could delve into how they are shaping the sneaker market, specifically whether they impact the direction of shoe manufacturers.

Then, further research could look into how shoe manufacturers currently leverage social media to build hype and drive demand on new releases. The conducted interviews unveiled a trend that whenever Nike releases a highly anticipated sneaker, their website crashes like clockwork. The overwhelming amount of traffic on Saturday mornings when big announcements are made lead to the eventual overload of Nike's servers. Considering this topic further, one might look at the differences and similarities at how Nike and other manufacturers use their own social media accounts versus that of their influencers.

Last, further study into how sneaker prices are determined in the secondary markets would provide additional clarity on the role of sneakerheads within the subculture, specifically looking at the role of resellers. Resellers' motives and involvement within the subculture vary but they are brokers, serving as middlemen between consumers, retailers, and the shoe companies (Gallagher, 2014). Many sneakerheads are resellers but not all resellers are sneakerheads, so it would be interesting to research whether sneakerheads had more favorable track records in reselling than those subculture outsiders simply practicing market arbitrage. In essence, it would address whether industry insiders and influencers are needed to understand what makes sneakers valuable. If the success rates are at parity, then it suggests that sneaker values are formulaic in nature, thereby allowing an opportunity for shoe companies to monetize on those learnings.

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Appendices

Appendix 1: List of interviews

Interviewee	Date of Interview
Dan Dover	7.10.2014
	17.7.2015
	10.7.2016
Sandy Dover	13.12.2015
	11.9.2016
Derec	17.7.2015
	13.12.2015
	10.7.2016