Regarding Air Jordan Brand Unorthodox Luxury Sneakers, What is the Correlational Relationship Between Men’s Perceptions of Traditional Luxury Factors and Price?

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ABSTRACT

In the field of luxury goods, the factors of brand value and flashiness are seen to increase the value of traditional luxury goods. No research has been conducted to understand this relationship in unorthodox luxury sneakers. These sneakers command high resale prices in comparison to base models. This research analyzes the correlational relationship between perceptions of these factors in unorthodox luxury sneakers and their price. A survey conducted on US adult males was used to obtain perceptions, and prices were taken from multiple resale sites. The averaged values were then put through a Pearson Correlation test. For both factors, there was little to no relationship found and a statistically insignificant P-value. However, the results completely contradicted previous research regarding luxury goods and what factors derive their value. With this, the knowledge can be tested on a larger scale with a broader population to see if the trend continues. If so, this new knowledge could greatly affect the information available to firms and thus have a direct impact on future business strategy formulation, specifically in the UL sneaker market.
Introduction and Literature Review

Definition and Context of Unorthodox Luxury Sneakers

For this paper, unorthodox luxury (UL) sneakers will be defined as sneakers with no affiliation to designer brands that still command higher prices than the base model of the sneaker. While these shoes do have brand affiliation at times, they are with non-designer brands with less recognition. These shoes are often only found on sneaker resale sites such as StockX or Stadium Goods, among others. Only sneakers on resale sites will be included in this research. Although other methods of acquiring these sneakers exist, the lack of market share and available data makes them unviable for this research. The reason resale sites are popular is because people will wait for the release of these shoes from the original producer and buy the entire inventory, with the intent to sell them on such resale sites for profit, as noted in the economics website fivethirtyeight.com (Chow, 2014). This journalistic investigation displayed people waiting outside this store for hours on a UL sneaker release specifically to resell them, providing evidence that this resale market does have a high demand and impact on UL sneakers and their pricing. Since these shoes are being almost exclusively sold on these sites, it is no longer factory pricing that is involved, but rather their demand on the resale market. Although releases may have different inventory sizes, this is not accounted for in this research as the demand and desirability of the shoes are what will be assessed, rather than the supply among other potential factors. The laws of supply and demand state that an increase in demand without a change in supply will increase the price. Therefore, with these sneakers sold in limited releases and then posted for resale, the demand plays a large role in its pricing. This sparked research regarding why these shoes command extremely high prices in comparison to their base models as seen in Graphic A. The UL sneaker on the right is selling on resale for roughly 50 times the price of the base model of the sneaker, directly from Nike, on the left. This stark difference in price between two shoes of the same design and similar colors is why the value of UL sneakers must be assessed to understand the source of their pricing and resale value.

Graphic A
A comparison between a UL sneaker on resale and its base model from Nike

Graphic A. This figure shows a base model on the left, and a UL sneaker on the right. The Air Jordan 1 Mid on the left from nike.com sells for $140, while the Jordan 1 Retro High Off-White Chicago from resale site StockX.com has an average sale price of $5,800. Prices are accurate as of April 29, 2020.
Population and Scope of the Research

This research will take place solely in the US, as it has strong cultural values of individuality and masculinity, giving them a higher propensity to spend on luxury goods (Horning et al., 2013). This idea of individualism is supported by Young Jee Han (Han et al., 2010) stating that people buy luxury items to associate with higher class groups. This shows the high level of individualism in the US is key in the selling and desirability of luxury goods, making it a prime option to assess luxury value. A key point to acknowledge is that these sneaker brands are largely based in the USA, and thus will have high relevance and impact as well. There is also the aspect of masculinity in the US, as men attempt to associate with masculine objects such as athletes, and with sneakers in specific (Miner, 2009). In the same article, the masculine appeal of Air Jordans is noted. Masculinity is reinforced by sports that appeal to ideals of toughness and aggression, while also being a place for social interactions among men (Hartmann, 2003). It is seen that in the United States men attempt to display their masculinity through sports and sneakers, specifically Air Jordan’s. This research will be conducted specifically on Air Jordan sneakers, which revolve around Hall of Fame basketball player Michael Jordan. As a famous athlete, men want to associate with Michael Jordan due to his dominant masculine traits such as athleticism, and success (Miner, 2009). The impact of a basketball star is also focused on as other sports do not utilize sneakers as often or on such a large display. While the Air Jordan brand was selected for this research, no differentiation could be made between the value or appeal of each model of Jordan shoe. However, earlier models up to the Jordan 13 are most seen on resale sites, and thus these shoes were mostly the ones assessed due to availability of data. This research will exclude other athlete’s sneakers, such as Kevin Durant or Lebron James, due to the recency of their careers and limited impact. Michael Jordan’s historical legacy creates a broader appeal which makes this brand ideal as it will have more impact on men in the USA. Backing this is the sneaker sales of the three athletes in the past year, with Jordan’s $130 million in annual sneaker revenue dwarfing James’ and Durant’s $32 and $26 million in respective earnings (Forbes, 2019). Moving forward there will not be a limited age group for the research either, as it is noted that a man’s style does not change over time, but rather follows current trends of masculine culture (Twigg, 2018). However, only adults over 18 will be involved with this research as it is assumed adults spend their own money, and children do not. This ensures it is the appeal to the consumer that impacts the purchase of the shoe, with no outside influence as could be seen with a guardian.

Current Knowledge and Gaps

The current field of knowledge has no formal research stating what makes UL sneakers so expensive. However, there have been assessments of what drives the prices of traditional luxury goods. Some traditional luxury goods can be items such as cars, accessories, or articles of clothing that people pay a price premium for (Han et al., 2010). With this comes the question of what makes these UL sneakers desirable in resale markets. It is shown that people pay the premium for luxury goods to create an image of wealth, which differentiates them from others (Fassnacht, 2013). This is supported by the notion that luxury and fashion trends diffuse from the rich, and lower classes then adopt these styles to associate with wealth and status (Crane, 1999). People will buy luxury goods to appear of a higher class and differentiate or improve self-image and perception. Supporting this is the concept that luxury goods provide higher marginal utility, and this is what creates a price premium (Ait-Sahalia, Parker, & Yogo, 2004). These studies indicate how the ability to differentiate from lower classes and associate with higher ones by showing off what they own adds value, as people pay more to own these UL sneakers. Flashiness is a key trait to display what you own, making it an important factor in luxury value. Being able to differentiate from others by wearing non-conforming items is something people aim to do to confer a higher status (Bellezza, Gino, Kienan, 2014). However, the factors that make them valuable have not been defined in these articles. Pertinent to this is the factors that increase price in traditional luxury goods which are conspicuousness, perceived quality, perceived extended-self, perceived uniqueness, and perceived hedonism (Vigneron & Johnson, 2004). These factors revolve around the ability to show to others what you own, and the ability to associate with the brand value of a product. With this, the five concepts of Vigneron and Johnson were
compressed down to the general terms of flashiness and brand value, which will be defined next in the methods section. Although this relationship is present in traditional luxury goods, such a relationship has never been assessed in these UL sneakers, as unorthodox luxury goods with no designer association. With this, the research will assess the perception of traditional luxury factors of flashiness and brand value in UL sneakers, and examine the relationship between men’s perceptions of these factors and price for these shoes. By knowing what factors drive the market, one can utilize this to better perform in the industry moving forward. This is because the amount of knowledge about a market affects strategy and innovation (Garriga, Von Krogh, & Spaeth, 2013). Based on this, knowing what affects the prices of these shoes is vital to future development and strategy for this market in the future. If someone can understand how the market will develop in the future based on specific factors, they can harness this to take control of or greatly influence the market, making the understanding of UL sneakers crucial moving forward.

**Methods**

**Previous Results and Current Aim**

This research was a non-experimental correlational study since the factors of flashiness, brand value, or the price cannot be manipulated, but instead, the correlational relationship between them was interpreted. In the past, research has shown some factors specifically contribute to the prices of luxury goods. One specific source previously mentioned factor that contribute to luxury prices, which were concentrated on flashiness and brand value (Vigneron, & Johnson, 2004). These factors were incorporated into the research on unorthodox luxury (UL) sneakers. For this research, flashiness was defined as something that aims to draw attention and admiration, while the brand value is what makes people pay a premium to associate with a certain brand (Cambridge English Dictionary, 2020). Although these factors are defined and are seen to increase price in luxury goods, there has been no research regarding the impact of these factors in UL sneakers. This research will apply the concepts of Vigneron & Johnson to determine the impact of these factors on UL sneakers.

**Population**

The research aims to find US men’s perceptions of these factors for these sneakers and their correlational relationship to their price. As stated earlier, all US males ages 18 or over will qualify for this study (Twigg, 2018; Miner, 2009; Horning et al., 2013). To collect data, an electronic survey was sent out assessing US men’s perceptions of flashiness and brand value for 10 different UL sneakers. These shoes were randomly selected to ensure an array of prices, designs, and brand affiliations. The survey was then spread through Reddit and Facebook, as these platforms had groups of people interested in these UL sneakers. This was a convenience sample, as all responses that were recorded were incorporated into the data analysis. Although bias may be created where only those with a preference for these sneakers participated, these actions were necessary to obtain as many respondents as possible. These efforts and choices were made to find data that may have a large enough sample size to be statistically significant, or at the least applicable in the future.

**Survey Design**

This survey presented an image of one sneaker at a time, alongside the brand or celebrity it is associated with. An example of one page of the survey is shown in graphic B. These participants were expected to rate the flashiness and brand value of each sneaker on a scale from one to five. For the brand name, the celebrities or brands connected to sneakers were assumed to be known and were not explained. This is because the definition of brand value used earlier implies people understand the brand and desire to associate with it. If they do not recognize the brand, then the brand
value has no impact on the consumer. The survey was designed on a 5-point agree-disagree scale as this size was shown to receive the highest quality responses in comparison to other scale sizes when assessing the general public, as respondents can differentiate between each value more clearly (Revilla, Saris, & Korsnick, 2014). It is assumed, the public is addressed since anyone can participate, and although they are likely interested in sneakers. Knowing the perceptions of these participants anonymously was key, as this allowed for privacy to be maintained, which also likely made responding to the survey less risky, resulting in more response data. With this research, the average values for flashiness and brand value in each of the shoes featured were calculated.

Variables

The average price was taken for each shoe as well across multiple resale sites. The average price per pair of sneakers was then necessary to calculate. The varying availability and demand on each resale site causes some sites to charge overall higher prices for the same sneaker, making an average most representative of the entire resale market. These values were used for the correlational tests later with consumer perceptions. Price was taken outside of the survey and not included so that people from every socioeconomic class could participate without price impacting perceptions or judgment. Once calculated, each set of values for each sneaker was put into a chart. A chart with each average perception of flashiness by shoe was created, along with one for brand value and price. These charts had the shoes in the same order, which is essential to run a correlation test as it must test each relationship between these factors and price for each shoe’s perceptions and its respective price. With these factors already linked to an increase in price by former research, an increase in the perceptions of them in this survey would have an expected rise in the price of the sneakers, although not definite.

Graphic B

An example of one sneaker within the survey
Graphic B. This image displays an example of one piece of my survey, with the image and associated brands presented. The question asks for perceptions of both brand value and flashiness for each sneaker on a scale of 1 to 5, with 1 being the lowest perception and 5 the highest.

Security and Ethicality of Survey

This survey was first approved by the Institutional Review Board (IRB) of Bergen County Technical High School (BCTHS) Teterboro. This allows for the assurance of an ethically sound survey being delivered to respondents. There will also be a full consent form before the survey begins confirming the consent of each participant in this survey, and that they are adult males in the US. Although participants could lie, it is expected they are telling the truth. This limitation lies in all online surveys but is a noted limitation. The survey was spread online to reach across the US and not solely local areas for it to be representative. To continue, this survey was completely anonymous, not recording any personal data that could be used to identify an individual such as names or emails. Once recorded, these anonymous statistics were kept on the researcher’s secured laptop for protection of the data. This helps provide an ethical and secure collection of data for the participants.
Logistics, Method, and Value of Research

The survey was spread and circulated as soon as it received approval from the IRB on February 20, and responses were closed on March 6 for data analysis. Once the data set was complete, the average scores for flashiness and brand value were taken for each of the 10 UL sneakers, as well as an average price. Mean was used for both as opposed to median or mode to find a value that is representative of every value, without excluding extreme survey responses or prices, as they are still existing prices and valuations within the market. Once this is done, the researcher conducted a Pearson Correlation test on each factor with the data collected from all sneakers. All values for perceptions and prices were rounded to the hundredths place, as the dollar value of the price only goes to this decimal place. This was done to standardize the values across all three datasets. The values for perceptions were an average of every response for both brand value and flashiness in each sneaker and the sets of values were used in separate correlation tests. Average prices were collected using the price of each sneaker across every available size on resale sites StockX, Stadium Goods, Goat, Flight Club, and Sole Supremacy. These sites were chosen as they were the most searched and popular resale sites on Google at the time of data collection, lending the largest impact and relevance. Some sneakers were unavailable at certain sizes due to availability as of March 2, 2020, meaning the price at this size was not recorded for that specific size of the shoe. This leads to some shoes having fewer responses due to limited availability, but average prices were still calculated for each sneaker. Once calculated, the same average prices were used for the flashiness and brand value correlation test. The Pearson Correlation test which will be used gives a coefficient between -1 and 1 showing the strength of the linear relationship between two sets of values. The higher the value of the coefficient, positive or negative, the stronger the relationship, and the closer to zero, the weaker. A positive value indicates a direct correlation where both move in the same direction, while a negative value indicates an inverse relationship where values move in opposite directions. This test will determine if the rising of these factors, or an increased value perception, in UL sneakers correlates with an increase in price or not. This is valuable, as an increase in the knowledge of the industry will alter a company’s innovative performance (Gorriga, Von Krogh, & Spaeth, 2013). Thus, helping find the relationship between these factors and the price of UL sneakers will allow involved firms of the market to better understand where the value of UL sneakers lies and how to strategize accordingly.

Results

Data Collected

At the time the survey was closed for data analysis, there were 74 respondents. These respondents each gave their perception of brand value and flashiness for each UL sneaker. Upon receiving the survey responses and shoe prices, averages were taken for each set of values. The average price of each shoe was taken from 5 different sneaker resale sites, to eliminate potential skew from one site with limited demand or higher prices. After this, a correlation test for both flashiness and brand value with the price is done, as seen in the scatter plots of Graphic C. These plots show each of the sneakers, with their average perception on the X-axis and the average price on the Y-axis.

Graphic C
Scatter plots of shoes and average values with formula and key
Formula:
\[ r = \frac{\sum_{i}(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_{i}(x_i - \bar{x})^2} \sqrt{\sum_{i}(y_i - \bar{y})^2}} \]

**Graphic C.** The scatter plots show each sneaker based on average factors perceptions as the X-value, and average price as the Y-value. Average flashiness and average price are shown on the left, while average brand value and average price are shown on the right. Although this formula and key is the same for all Pearson Correlation tests, these images were found on [socscistatistics.com](http://socscistatistics.com). This site was used to run the Pearson Correlation and P-value tests.

These values were then put into a Pearson Correlation test calculator to find the correlational relationship between these values and the price of UL sneakers. The equation is shown in Graphic D.

**Statistical Results and Analysis**

Once these tests were run, an R-value was generated showing the correlational relationship. 1 means a perfect direct correlation, -1 a perfect inverse correlation, and 0 states no correlation. The closer to zero, the weaker the relationship. Upon analyzing the data, it was found there was a weak positive correlation between flashiness and price, \( r(74) = 0.1545, p = 0.667 \). Also found was almost no correlation between brand value and price, \( r(74) = -0.0021, p = 0.996 \). These correlational relationships shown by the \( r \) values state that there is little to no relationship between these factors and the price of a UL sneaker. However, the high \( p \) values indicate the tests were likely by chance, as a \( p \)-value indicates the percent chance of coincidence, with a score of 1 meaning something is 100% by chance. With this, we can see that these statistical tests defeated previous notions of the value behind flashiness and brand value (Vigneron, & Johnson, 2004). This will be elaborated further in the next section addressing conclusions and future directions.
Conclusions

Limitations

However, this work does have limitations in its population, data reliability, scale, and unaccounted influence of other factors. To begin, this survey was expected to be taken by only US adult males, but people online could have taken this survey even though they did not fit the criteria. However, this was a sacrifice that had to be made to maintain the anonymity of the respondent. Also, a limitation lies in people not recognizing some brands or celebrities, or have strong connections to others, potentially skewing the brand value within these UL sneakers. Different participants may have had different understandings of the brands present, but the brands were not explained to represent the value of the brand without explanation. Explaining each brand may have swayed responses and changed consumer desires. The Air Jordan Brand, associated with Michael Jordan, was present in all the UL sneakers and was assumed as an associated brand. Another problem present is that certain sneakers were unavailable on different sites, varying by size and availability, thus yielding no price. With this, some sneakers had less than 10 prices to average and others with well over 100 available prices to average. This limited selection comes with the resale sites and is something that is a constant of the market. With this, there may have been different results given a fuller set of prices. Also, these sites made up a large portion of the market, but some sites were excluded due to limited impact as well as difficulty in finding price information. Furthermore, there were only 74 participants, and thus the averages of the perceptions may not have been entirely representative of the overall population of adult males in the USA but were what could be done in the given timespan. The survey was also voluntary, likely attracting only those interested in sneakers, which could skew the perceptions. A greater limitation lies in the scale, as there were not enough pairs of different models for this research to have a significant p-value or to be representative of the population of UL sneakers. This implies that the statistics are likely to have occurred by chance. The final noted limitation is that other factors, such as release size, affect the price and were not accounted for. These are key as this would change supply, and thus affect demand’s influence on price. Also, important to understand is that women, as well as people outside the US, are not accounted for, although they are still potential consumers in the market. Regardless of these limitations, this data adds an intriguing layer of development to the field of UL sneakers, as by breaking the traditional luxury mold with their lack of correlation to traditional luxury factors.

Discussion

As stated earlier, previous sources state that the factors of flashiness and brand value increase the price of traditional luxury goods (Vigneron, & Johnson, 2004). However, this was noted in traditional luxury goods. UL sneakers do not have designer brands to associate with, as a traditional good would have to command high prices (Han, Nunes, & Dreze, 2010). The subsequent survey that was sent through Reddit and Facebook provided data that repudiated previous conclusions of the field. The correlational values of brand value and flashiness respectively with price showed little to no relationship between these factors and the cost of a sneaker. But the high p-values of these tests imply a large possibility of random occurrence in these relationships. Nonetheless, these shocking new findings must be inserted into the field of knowledge for future usage and application.

Applications of Conclusion

As stated early on, knowledge of what drives prices is crucial to future development of strategy within the market of UL sneakers. A common strategy any firm, especially a luxury firm, utilizes is the use of a brand name to display the superiority of the product (Walker, & Ruekert, 1987). However, the research has shown that an increase in the value of the brand has no relationship whatsoever with an increase in the price and value of a product. This contradicts the
common conception of what drives prices in luxury. With this, the new information provided by this research may have an impact on the future function of firms, and their strategy. This is defended by the concept that knowledge outside of a firm will affect its strategy-making decisions (Leiponen, & Helfat, 2010). This shows that with this increase in the knowledge of the market and how these products function, firms will be able to adjust strategy to cater to this new information. Despite this research being new and not statistically significant, it presents a new idea that could alter how firms market goods. It must be further tested to see its validity and then can be applied to the industry. This use of new knowledge is also supported by the statement that information is crucial to the survival and success of a firm (Garriga, Von Krogh, & Spaeth, 2013). If firms see this new information in a market, and it is shown to be statistically significant and valid, this could alter the direction of many firms. This is because having a new strategy and higher understanding over competitors that proves successful gives a competitive advantage, leading to higher prices, sales, and success of a company. As the data goes against most major claims, it could be a shocking alteration to how the market functions and what its strategic goals are firm by firm. Knowing this would allow firms to better conform their plans to data showing what will be most desired, thus commanding the highest prices and sales. Therefore, this new information could affect strategy in the UL sneaker market to better appeal to consumers for their benefit and the firm’s as well, with the potential to radically alter the UL sneaker market.

Future Directions

There are several future directions this research could take. A first path would be to expand upon the current method and analyze enough sneakers where there is a statistically significant value that will help generalize the relationships of brand value and flashiness to prices of UL sneakers. With this, it could help see if the initial claims found in this dataset hold or were merely by chance. Next would be to expand the population of this research beyond its current limits. One way to do this is by assessing the impact of culture on different sneakers. Culture is seen to affect the strategy of a firm, and that firms will adjust to the culture of a market (Rindova et al., 2011). This could thus affect how firms interpret the findings of this research and could be highly influential to the work. Culture also affects the values and economic views of people within a country, including specifically what they value and purchase in terms of luxury (Klamer, 1996). Thus, the region where this research is conducted in the future will directly affect the results of people in this research. This relates directly to the market of Air Jordan sneakers, as they have a specific masculine impact in the US (Miner, 2009). With this, it must be noted that certain Air Jordans have more appeal and cultural value than others. This could be due to the era they were released in, the significance of the sneakers to the public, and so on. Each model of the Air Jordan is assessed and valued differently, and this must be addressed in future research for the value of each shoe in different markets. This same source also brings in the question about the sex of the consumer. Although males were targeted in this study due to their specific appeal to Air Jordan’s, women can buy these shoes too. For more generalizable and applicable research, future work must address the values of these shoes to women. Adding to this are the other unaddressed factors that may affect the price of a shoe and must be accounted for. As stated earlier, these shoes are sold in limited releases which are bought out by people with the intent of reselling them (Chow, 2014). Thus, the release size of each shoe has a large role in its price. The release sizes of each sneaker vary greatly. According to concepts of supply and demand, the less the supply, assuming a steady demand, the higher the price of a good. With this idea in mind, two sneakers could have the same demand and appeal to consumers, but one will have a higher price simply due to its supply. In future work, release size must be assessed as a key factor in the pricing of UL sneakers. Lastly, not all UL Jordan sneakers have a specific brand associated with them, besides the Air Jordan recognition. But, since all these shoes are affiliated with Michael Jordan, his presence was not assessed in brand value or recognition. However, they will still command these high prices. These were excluded from the research, as previous research stated that brand value was key in the value of a good. These sneakers without celebrity or brand collaboration must also be evaluated to accurately assess the field of UL sneakers. But regardless, these sneakers command a high price that has yet to be explained by traditional luxury factors. Future research must address how these sneakers derive value, and which environments inflate or decrease their impact on price.
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References


