

Radboud Universiteit



How did 'taking an L' become more common than tying your laces?

Brand loyalty of sneakerheads and the rise of purchasing bots

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Preface

Before you lies the thesis, *Brand loyalty of sneakerheads and the rise of purchasing bots*, which is the final product of my master's specialization in Innovation & Entrepreneurship at the Nijmegen School of Management. I was engaged in writing this thesis from January to June 2022.

I want to take this opportunity to thank everyone involved in developing this research. First and foremost, I want to thank my supervisor dr. Franco for his genuine support, positive feedback, and valuable insights during this process. Besides being a great sparring partner, he provided me with guidance and solid advice. Second, I would like to thank dr. Migchels for his time and efforts and being a second examiner during the defence meeting. Furthermore, I would like to thank every participant that took part in this thesis research, for taking the time to help me search for results.

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Enjoy reading,

Bauke Bakker

Culemborg, June 2022

Abstract

The aim of this thesis is to investigate the scarcity effect, created by the activity of bots, on the brand loyalty relationship between sneakerheads and Nike. This study adopts a consumer culture approach to research the complex context of the sneaker industry. To answer the research question *How does the scarcity effect of purchasing bots affect the brand loyalty of sneakerheads?* a process model is developed, where the process of buying sneakers and the corresponding elements of scarcity and brand loyalty are shown. This model was developed based on data from 14 in-depth interviews and netnographic research. The results show that within the sneakerhead context, in contrast to prior work, consumers do not always have a positive attitude towards a brand, while simultaneously repeat purchasing from the same brand. Nike's lack of response with regard to the activity of bots frustrates sneakerheads but does not necessarily restrain them from trying to buy the newest Nike shoes. This thesis contributes to understanding the complexity of the brand loyalty relationship of sneakerheads, in an environment of scarcity caused by purchasing machines. Furthermore, it gives Nike managerial suggestions regarding how they could address the purchasing bot issue in the sneaker industry in order to improve brand loyalty among sneakerheads. Finally, this study indicates suggestions for further research on the effect of scarcity on consumers.

Keywords: Brand loyalty, Consumer culture, Purchasing machines, Scarcity, Sneakerheads,

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1. Introduction

‘Sorry, you were not selected’. Five words that are all too familiar for most sneakerheads. Sneakerheads are individuals who collect and wear sneakers with great enthusiasm (Choi and Kim, 2019). The notification above is often received after yet another unsuccessful entry for the newest release of one’s favourite pair of exclusive sneakers. The reason for this is twofold. First, the number of sneakerheads is increasing rapidly and second, the usage of purchasing bots is at an all-time high (Denny, 2021). A purchasing bot is a program that exploits the back end of sneaker retail websites to secure limited sneakers. In 2021, there were lots of cases where purchasing bots secured up to 90% of the stock of popular sneaker releases (SneakerTopia, 2021). Sophisticated sneaker bots are essential for creating the (artificial) scarcity that makes a sneaker or a brand extra valuable and thus often expensive. Essentially, the purchasing bots buy the majority of the stock and subsequently resell it through resell platforms.

The activity of these sneaker bots creates scarcity and makes it difficult for sneakerheads to buy sneakers at a retail price. Meaning sneakerheads have to buy their favourite sneakers via resell platforms, for a higher price. This thesis aims to research the effects of scarcity, (partly) created by the activity of purchasing bots, on the brand loyalty relationship between consumers and the brand. To understand the sneakerhead context, the details of this problem, how it affects consumers and brands, and the central concepts of scarcity and brand loyalty will be introduced in the rest of this chapter. After that, the concepts of scarcity and brand loyalty will be addressed, whereupon an overview of the structure of the thesis will be given.

1.1 Sneaker purchasing bots: An Industrywide Problem

About 10 years ago purchasing bots were not really an issue in the sneakerhead industry. The main reason being that sneaker releases were in physical stores. However, for various reasons the industry moved towards online releases. At this point, tech-savvy sneakerheads began using automatic checkout software (i.e. bots). The bots can check out faster than any human. Thereby bots can also easily put in hundreds of entries into a single release. When the covid-19 pandemic hit the world, many countries faced ‘lockdown restrictions’ and lots of sneaker shops were often forced to close their doors or have limited opening hours. This full shift to online, made the bots even more powerful, resulting in a situation where the sneaker resell market reached a frenzy on sites like StockX and GOAT (Wakabayashi, 2021).

To understand the rise of these purchase bots better, one must look at the growth in the sneaker market over the past years. Nike is the worlds’ leading sneaker manufacturer. Nike has

grown its sneaker revenue sales from \$11.53 billion to \$23.31 billion, between 2010 and 2020 (Tighe, 2021). Tighe (2021) indicates that this growth is not only solely happening at Nike but happens industry-wide. For example, Adidas' revenue sales grew in the same period from \$7.14 billion to \$13.67 billion. This powerful and continuous growth in the sneaker market is essential to understanding why the activity of bots has also grown strongly.

1.2 Purchasing bots affecting consumers

It is safe to say that bots are a nightmare for most sneakerheads. Sneakerheads are frustrated with the current state of the industry and often despise the use of bots. Whenever a sneaker sells out in minutes, sneaker forums are filled with people complaining that they “took the L”, meaning “loss”, on a new release (Parisi, 2019). The frustration that the sneaker game is essentially rigged, is not new. Fuelled by the expansion of the resell market the situation became worse. The resell market adds an extra layer between the brand and the consumer. A kind of middleman that charges a premium for access to limited edition shoes (Dunne, 2021).

Considering consumer culture theory (CCT), the consumption of sneakers can also be socially important for sneakerheads (Arnould and Thompson, 2005). According to Schouten and McAlexander (1995) sneakerheads can be seen as a part of a consumption subculture. Schouten and McAlexander define the subculture of consumption as virtually any group of people united by common consumption values and behaviours. The study of Schouten and McAlexander (1995) indicates that as a member of a subculture an individual's identity, motives and level of commitment evolve in patterns linked to goods and consumption activities. The fact that subcultures can influence any individual's identity, motives and commitment level, stresses the importance of this area within CCT. However, besides consumers, brands are also affected by purchasing bots.

1.3 Purchasing bots affecting the brands

According to Parisi (2019), the activity of purchasing bots also forms a threat to brands. Brands and retailers are not a fan of bots. They perceive bot-users as vultures who seek to buy large quantities of exclusive products to resell at a markup. Sneaker brand Nike even went as far as to cancel two drops in 2015. The concern was that too many bots would attempt to buy the limited-edition sneakers. Chriss Bossola, founder of Need Supply Co., has dealt with bots when hosting sneaker drops. He confirms this line of reasoning by stating: *“it's not helpful for us since those people are not reliable customers who provide long-term value”* (Parisi, 2019). Most sneaker brands and retailers have a clause against bots in their terms of the agreement as

well. Using a bot to buy shoes would technically be a breach of contract and would stand up in court if it were pressed by the brands. However, none have done so (Schwartzberg, 2017).

Besides the sneaker brands, website producers like Shopify and Cybersecurity try to defend websites against bots (Ng, 2018). There are examples of big brands trying to approach a certain release in a different way, but these are often occasional experiments, one more successful than the other. However, more and more websites are introducing raffles.

The raffle is the most common bot deterrent. Sneaker raffles give consumers a chance to purchase limited-edition sneakers at retail prices. In its most basic sense, Users sign-up with personal details to get their hands on the pair they want. The raffles often have some sort of game element in them to prove a user is an actual human instead of a bot. After the raffle time window shuts down, the brand will randomly select certain accounts as winners (Aldrich, 2021). As explained above, purchasing bots seriously affect consumers and brands. Especially the scarcity that is created by these bots is interesting in the sneakerhead context.

1.4 Scarcity in the sneaker industry

A useful concept to understand the purchasing bot issue in the context of the sneaker industry is scarcity. In the sneaker industry, bots buy large portions of the limited available stock. This creation of scarcity can take more extreme forms in the sneaker industry than in other industries. Current scarcity theories assume that scarcity could perhaps create extra brand value. Jung and Kellaris (2004) describe the “scarcity effect” as the influence of perceived scarcity on the subjective desirability of an object. Ku et al (2012) distinguish two different types of scarcity, demand scarcity and supply-generated scarcity. Demand scarcity results from consumer demand outstripping supply and supply-generated scarcity results from limited availability caused by the retailer. In the sneakerhead context, both scarcity types are present.

Not only the number of sneakerheads but also the total market value keeps increasing (e.g., Smith, 2019; White, 2020). Dominating sneaker brands such as Nike and Adidas produce a limited number of sneakers to create hype and keep the demand high (Leach, 2019). Besides that, only a small percentage of sneakerheads are able to acquire the sneakers, because purchasing bots are highly active in the industry. This only increases the supply scarcity. The (re)sellers on the secondary markets thrive when the resources, in this case, sneakers, are scarce and valuable. In its most basic sense, demand exceeds supply and creates this scarcity, which in turn increases the number of bot users. This also happens in the digital ticket market for example (Duffy et al, 2020). Biraglia et al (2021) have studied the downside of scarcity. The authors suggest products associated with scarcity appeals lead to consumers having higher

intentions to switch to competing brands. This desire to switch brands, due to an issue such as the activity of bots on a brand's sneaker releases is interesting with regard to brand loyalty.

1.5 Brand loyalty of sneakerheads

One of the key aspects that define sneakerheads is their strong preference to certain sneakers and the (high) degree of loyalty from sneakerheads towards their favourite brands (Matthews et al, 2021). According to Keller and Lehmann (2006), a brand's unique benefits and image may influence a buyer's purchase decision and evoke identification with that brand.

The concept of brand loyalty is one of the most cited concepts in marketing literature. Dick and Basu (1994) defined that loyalty to a brand should include positive buying behaviour and a positive attitude towards a brand. Chaudhuri and Holbrook (2001) add that brand loyalty is a conditional reaction to a product, due to positive perception about the brand of the product. The research on bots and the effect bots can have on (individual) consumers is limited. Although there is a lot of research with regard to brand loyalty, there are few examples of brand loyalty within the sneakerhead context. Especially studies on the possible influence of purchasing bots on a concept as brand loyalty are limited.

1.6 Current literature overview

The current literature that relates to this thesis topic does not provide a full account of a theoretical explanation for what is happening in the sneaker bot context. The literature regarding scarcity predominantly says something about creating positive brand evaluations (e.g., brand attitude and perceived value). Scarcity literature is mostly about the effect on purchase intentions, scarcity marketing and consumption behaviour. Biraglia et al (2021) is one of the few studies that consider the downside of the scarcity effect and suggest it could lead to consumers switching brands. This can be interesting in the sneakerhead context, because consumers tend to have a strong sense of brand loyalty towards their favourite brand.

The brand loyalty literature is often focused on the moderating or mediating effects that can influence brand loyalty. Brand trust, brand experience and brand image are popular concepts in this line of research. However, scarcity (at least partly) caused by purchasing bots does not occur in brand loyalty research. There is some research that considers the sneakerhead context, but few examine the brand loyalty relationship between sneakerheads and brands with regard to the scarcity caused by purchasing bots. Biraglia et al (2021) even indicated that future research may also look at how brand loyalty, brand awareness and brand familiarity can play a role in determining consumers' reactions to scarcity.

While looking at concepts such as brand loyalty and scarcity it might also be good to consider that social relations and cultural relations in relation to these concepts are underdeveloped. One of the studies that consider social relations and cultural meanings is the study of Obiegbu et al (2019). This paper elaborates how a discursive approach to how music fans construct loyalty in a digital context can contribute to an understanding of brand loyalty. This paper's socially constructed view of loyalty facilitates a more sensitive and nuanced application of loyalty, with implications for segmentation and targeting. However, more work on this underdeveloped research area needs to be done.

1.7 Research direction and contributions

With the above critique in mind, this thesis intends to address the limitations of prior work by investigating the impact of scarcity, created by purchasing bots, on brand loyalty in the context of sneakerheads. This thesis is expected to contribute to the field of consumer culture and marketing in general, by looking at the relationship between scarcity and brand loyalty in the sneakerhead context. As of now, this area of research is underdeveloped and that is why this research can contribute by extending the current research.

The academic and practical relevance of this thesis research is notable. A better understanding of the complex brand loyalty relationship in the sneakerhead context can contribute to current knowledge. Besides that, research regarding the influence of purchasing bots is also limited. Details on purchasing bots and the scarcity that they possibly create can extend current literature and be of value to practitioners in the field as well.

The central goal of this thesis research is to explore how the scarcity effect of purchasing bots affects brand loyalty of sneakerheads, to better understand the relationship between consumer and brand and how these fit in broader consumer culture research. In particular, this thesis asks the following research question: How does the scarcity effect of purchasing bots affect the brand loyalty of sneakerheads?

To investigate this research question with regard to the scarcity effect of purchasing bots and how this affects the brand loyalty of sneakerheads various theories, some of which are touched upon in this introduction, will need to be explained. This will happen in the chapter about the theoretical background, which is the next chapter. In the theoretical background, various theories will be explained. Multiple definitions will be given to ensure that a broad image of every theory is accounted for. After the theoretical background is addressed the chapter's methodology, findings, and discussion will follow.

2. Theoretical background

For this research, there are various relevant theories, perspectives, and lenses to consider with regard to the identified problem. For starters, brand loyalty is one of the most cited concepts in marketing, with both scholars and firms recognizing the diversity of benefits derived from it (Iglesias et al, 2011). Furthermore, the concept of scarcity is also relevant to this thesis. The scarcity effect in the sneakerhead context can take extreme forms. This is (at least partly) caused by the increasing activity of purchasing bots (Wakabayashi, 2021). Loyalty and scarcity are the central concepts in thesis research and will be the focal points of this chapter. These theories are important for a better understanding of the sneakerhead context. Lastly, the academic and practical relevance of this thesis research will be addressed

2.1 Brand loyalty theory

Important aspects that define sneakerheads are their strong brand preference and a high degree of loyalty toward sneaker brands (Matthews et al, 2021). Keller and Lehmann (2006) state that a brand's unique benefits and image may influence a buyer's purchase decision and evoke identification with that brand. Dick and Basu (1994) define that loyalty to a brand should include positive buying behaviour and a positive attitude towards a brand. The authors suggest that other brand loyalty-related advantages include positive word-of-mouth and reduced switching intentions of consumers. Especially reducing switching intentions can be very interesting in the sneakerhead context. Dick and Basu (1994) also imply that brand loyalty is greater when consumer-brand relationships are strong.

Chaudhuri and Holbrook (2001) add that brand loyalty is a conditional reaction to a product, due to a positive perception about the brand of the product. The authors examined two separate dimensions of brand loyalty, purchase brand loyalty and attitudinal brand loyalty. Purchase brand loyalty consists of repeated purchases of the brand and attitudinal brand loyalty is the degree of dispositional commitment in terms of unique value associated with the brand. Chaudhuri and Holbrook (2001) indicated that purchase loyalty could provide firms with greater market share, while attitudinal loyalty could lead to a higher relative price for the brand. Chaudhuri and Holbrook (2001) are not the only authors that made a distinction between two types of brand loyalty. Various researchers believe that repeat purchasing can capture the loyalty of consumers towards a certain brand. The study of Kahn, Kalwani and Morrison (1986) was one of the first studies that defined this type of loyalty. Later, Ehrenberg (2000) also contributed to the behavioural brand loyalty research. The behavioural loyalty is more or less the same as the purchase brand loyalty from Chaudhuri and Holbrook. Besides the behavioural

loyalty, other authors highlighted the importance of attitudinal loyalty. Dick and Basu (1994) stressed the importance to extend the concept of brand loyalty to include attitudinal influences.

The role of brand loyalty was also addressed by Aaker (1991). The author addressed the role of brand loyalty in the brand equity process. The author points out that brand loyalty provides firms with multiple advantages, such as reducing marketing costs, increasing customer acquisition and cross-selling possibilities. In the context of sneakerheads, this would mean that a high degree of brand loyalty could provide a sneaker brand as Nike not only reduced marketing costs but also possibilities to not only sell sneakers to a sneakerhead but for example also running gear. This could increase the customer lifetime value of consumers.

Akoglu and Özbek (2021) defined brand loyalty by looking at the brand resonance model. The model describes how brands could create intense, active loyalty relationships with customers. Furthermore, it explains that brand loyalty can ultimately be achieved via two different routes (Keller, 2013). The first route is the rational route, according to (Keller) 2013 the rational route includes components such as performance (price, efficiency, durability and reliability) and judgement (quality and credibility). The second route is the emotional route, which includes components such as imagination and emotions (i.e. fun and excitement). With brand resonance, customers can recognize the ‘salient’ aspect of a brand, perceive its superior level of quality, and show a high degree of brand loyalty (Jung et al, 2014).

2.1.1 Brand experience theory

Firms spend time and resources on improving brand loyalty through various initiatives, among them brand experience (Ramaseshan and Stein 2014). Brand experience is defined as subjective, internal, and behavioural responses of consumers associated with stimuli that are part of a brand’s design, identity, packaging, communication and environment. Generally, brands that provide excellent brand experiences are (positively) differentiated from other brands and are more favoured, thereby building brand loyalty (Brakus et al, 2009). The authors continue by suggesting that when consumers perceive greater value in the brand, they are not only more likely to purchase the brand but recommend it to others as well.

According to the findings of Akoglu and Özbek, (2021) brand experience directly affects brand loyalty. It is safe to say that sneakerheads have mixed feelings about some of the experiences from sneaker releases of their favourite brands, especially the consumers who repeatedly receive an L (loss) at new releases (Parisi, 2019). Ramaseshan and Stein (2014) state that since positive brand experiences lead to pleasurable outcomes, consumers should want to repeat these positive experiences. Consumers that have favourable brand experiences are more

likely to buy a brand again (purchase brand loyalty), more likely to recommend it to others (attitudinal brand loyalty) and are less likely to buy other brands (Chaudhuri and Holbrook, 2001). The findings from the study of Ramaseshan and Stein (2004) imply that brand experience has a strong positive influence on both attitudinal and purchase brand loyalty.

An important part of brand experience is the purchasing experience. In the context of sneakerheads, this experience is often far from ideal. Purchasing bots frequently interrupt these purchasing experiences and can make it nearly impossible to get a pair of sneakers from a popular release. According to Smalls (2021), every weekend sneakerheads complain on Twitter about their bad experience with a sneaker release. According to the research findings of Akoglu and Özbek, (2021) brand experience directly affects brand loyalty, which makes it interesting in the context of this research.

2.1.2 Fandom theory

Another interesting concept regarding brand loyalty and sneakerheads is fandom theory. There is no single definition that encompasses all that a fan is. A general academic term that describes a fan is a person who has a special relationship with the object of their affection, characterised by a high level of engagement (Obiegbu et al, 2019). Obiegbu et al (2019) found that discursive resources reflect a grounded account of experientially rooted brand loyalty, that extends beyond attitudinal and behavioural loyalty. The study of Obiegbu et al (2019) studied the music industry, which is somewhat similar to the sneaker industry when looking at the relatively high activity in online communities and the level of brand engagement.

According to Kaplan and Haenlein (2010), brands can serve as catalysts of social interaction and community through shared consciousness of brand use, loyalty, and engagement. McAlexander et al (2002) state that sharing meaningful consumption experiences strengthens interpersonal ties and enhances mutual appreciation for the product, the brand, and the facilitating marketers. In the sneakerhead context, sharing experiences can also mean sharing negative experiences and instead of appreciating the brand, complaining about the brand. This makes fandom an interesting concept because sneakerheads have a strong preference for certain sneaker brands (Matthews et al, 2021).

Apart from the paper of Obiegbu et al (2019), research about fandom has not been linked with the concept of brand loyalty. Fandom theory could enhance understanding of certain brand loyalty aspects of sneakerheads with regard to the scarcity caused by purchasing bots. The notion of scarcity in the context of brand loyalty is hardly present. Research that

includes the effect of scarcity (caused by purchasing bots) on brand loyalty is very limited and prior work does not account for this effect.

2.2 Scarcity theory

Scarcity has increased significantly since the sneakerhead industry has become more and more popular over recent years. The strong growth of the sneaker market is among the things that caused this scarcity. Current theories assume that scarcity could perhaps create extra brand value. Jung and Kellaris (2004) define the “scarcity effect” as the influence of perceived scarcity on the subjective desirability of an object. The authors describe it as a powerful social-influence principle used by marketers to increase the subjective desirability of products. Their findings imply that scarcity shows a positive effect on purchasing intent. Moreover, they imply that the scarcity effect is moderated by product familiarity, uncertainty avoidance and the need for cognitive closure. Ku et al (2012) define scarcity by distinguishing two different types of scarcity, demand scarcity and supply-generated scarcity. As mentioned before, demand scarcity results from consumer demand outstripping supply and supply-generated scarcity results from a limitation on available units caused by the retailer.

Besides defining scarcity Jung and Kellaris (2004), state that the perceived scarcity of a product will influence its subjective desirability such that purchase intent will be higher for a scarcer product. This is an interesting concept for the sneakerhead context because the scarcity effect that comes into play in this industry is based on perceived scarcity. Big brands such as Nike and Adidas are very careful about sharing information on available stock for a certain release. This leaves room for speculation and the perceived scarcity of the sneakerheads will influence the desirability such that the purchase intent of sneakerheads will be higher. By doing this, they create hype and keep the demand high (Leach, 2019).

The high demand on the consumer side and the low supply on the other side make the sneaker industry particularly interesting for purchasing bots. The bot users buy products at a retail price and resell the products through secondary marketplaces. One of the key aspects is that the resellers thrive in a secondary market, where the resources are scarce and valuable. In its most basic sense, demand exceeds supply and creates this scarcity, which in turn increases the number of bot users (Duffy et al, 2020).

Furthermore, the research of Jang et al (2015) examines the relative effects of limited time to purchase products and a limited quantity of products in messages for limited edition products. Both concepts are relevant in the sneakerhead context. The majority of releases of new sneakers have a limited time to purchase the sneaker, even in raffles. The results of the

study by Jang et al (2015) imply that limited-quantity scarcity (LQS) messages were more effective in creating positive brand evaluations (e.g., brand attitude and perceived value) and consumers' responses to limited edition products. These findings indicate that LQS messages can shape positive brand evaluations. The findings also imply that a LQS message is generally more effective in enhancing consumers' responses than limited-time scarcity (LTS) messages because consumers create a sense of competition under the LQS condition.

The first type Ku et al (2012) distinguish is demand scarcity. As mentioned above, the demand in the sneaker industry has been growing continuously over the last decade (e.g., Smith, 2019; White, 2020). The second type Ku et al (2012) distinguish is supply generated scarcity. Ku et al (2012) show that there are multiple layers to the concept of scarcity, which can also be present in the sneakerhead context. In their research, Ku et al (2012) integrate the regulatory focus theory of Higgins (1997) to include consumers' motivations underlying their responses to the two scarcity situations.

The regulatory focus theory of Higgins (1997) can be explained by two different types of consumers. Either promotion-focused participants or prevention-focused participants. Promotion-focused consumers relate to ideals hopes and aspirations and prevention-focused consumers relate to responsibilities, duties, and security. Higgins (1997) implies that consumers exposed to different scarcity messages demonstrate unique patterns of purchase intentions, depending on their goal orientation. Prevention-focused participants were found to be more susceptible to demand-generated than supply generated scarcity. And promotion-focused participants were found to be the exact opposite.

The view that scarcity solely creates extra value is maybe a bit too simplistic. Biraglia et al (2021) studied the downside of scarcity. The authors show that consumers who do not get the product associated with scarcity appeals have higher intentions to switch to competing brands. In the sneakerhead context, this would for example mean that consumers who (repeatedly) fail to acquire a pair of Nike's could decide to switch to New Balance. According to Biraglia et al (2021), this effect is mediated by consumer anger. Specifically, the study unravels the often-underestimated effect of product and promotion scarcity. The study highlights that consumers may experience anger in the event of scarcity appeal when they fail to acquire a scarce good. The authors continue by stating that this anger can have a damaging impact on the brand. This consumer anger may also be directed to the target brand and then lead to switching to another brand. This theory could be interesting for the effect of scarcity, caused by purchasing bots, on the brand loyalty of sneakerheads.

The literature about scarcity is predominantly about the different kinds of scarcity, how scarcity occurs, how marketers adapt to it and how consumers react to the phenomenon. The connection between scarcity and brand loyalty is not evident in the current literature. Some studies have elements of brand loyalty, but they do not explicitly bring it forward in their research. However, Biraglia et al (2021) suggest that future research may also look at how brand loyalty, brand awareness and brand familiarity can play a role in determining consumers' reactions to scarcity.

2.3 Critiquing current theories

As mentioned above, the current literature regarding the central themes of this thesis can be advanced. Especially the combination of scarcity and brand loyalty aspects are not linked to each other. It is important to find out what the effect of scarcity, caused by purchasing bots, can do to the brand loyalty of consumers in the context of sneakerheads. The findings might also be interesting for a broader context within consumer culture. Scarcity is a concept that also occurs outside the sneakerhead context. For example, the digital ticket industry is an industry where a similar phenomenon occurs. By researching this underdeveloped research area, this thesis research aims to extend current academic literature. Besides the academic relevance, the findings could be relevant to practitioners in the field of marketing or CCT.

The findings of the study could be useful for sneaker brands as well. A good example of a brand that is concerned about its relationship with the consumer is Nike. In an internal meeting in October 2021, Nike addressed the current state of their SNKRS app, which is Nike's app that provides all the information about sneakers, release dates and upcoming raffles. In this internal meeting, Nike's SNKRS app global VP Ron Faris admitted that while the SNKRS app has been successful and is a key part of the firm's push towards more online sneaker sales, it has also been a great source of frustration for sneakerheads. Faris continues by indicating that Nike is at risk of losing its most sneaker-obsessed consumers and that these consumers might move elsewhere as they view Nike's limited releases as part of a hype machine. During the meeting, Ron Faris also addressed that Nike's community is becoming disenfranchised by its low fairness numbers. And that these fairness numbers are not where they should be (Dunne, 2021). This example shows that Nike has concerns about their (changing) relationship with their customer. Information about how scarcity could possibly affect brand loyalty in the context of sneakerheads could be interesting for Nike. However, studies about the effect of scarcity on brand loyalty are limited.

Brand loyalty is an important aspect of the relationship between firms and consumers. Marketers are constantly seeking to understand customers and adjust marketing messages, so they appeal to their target audience. Marketers try to affect consumers through scarcity in marketing. Retailer Tesco experimented with “flash sales”, which tripled the redemption value of certain club card coupons. A countdown mechanism showed how quickly time or products are running out, building tension, and driving consumers to respond. Some of the “flash sales” offers sold out in only 90 minutes (Davenport et al, 2011). By doing this marketers or firms shape the perception of scarcity and create desirability for consumers (Chen et al, 2020).

Research about the influence of purchasing bots (in any industry) is limited. Purchasing bots are an important aspect within this research context and especially the scarcity effect they can possibly create is not widely studied. A better understanding of the influence of these purchasing bots within the sneakerhead context can be valuable for various stakeholders within the sneaker industry. This research could help extend current literature, while also adding value for practitioners that are active in the fields of consumer culture theory, consumer research and the field of marketing.

The main goal of this thesis research is to explore how the scarcity effect of purchasing bots affects brand loyalty of sneakerheads, to better understand the relationship between consumer and brand and how these fit in broader consumer culture research. This leads to the following research question: How does the scarcity effect of purchasing bots affect brand loyalty of sneakerheads?

2.4 Consumer culture theory approach

In this research consumer culture theory is the approach to answer the research question(s). CCT is not so much a theory, but a way of thinking about social relations and cultural meanings. According to Arnould and Thompson (2005), the pioneers of CCT encouraged investigation of the contextual, symbolic and experiential aspects of consumption as they happen across a consumption cycle that includes acquisitions, consumption, possession and disposition processes.

Furthermore, CCT explores how consumers actively rework and transform symbolic meanings encoded in advertisements, brands, retail settings, or material goods to manifest their personal and social circumstances, identity and (life)goals. This exploring how consumers actively rework and transform symbolic meanings can be a relevant approach regarding the sneakerheads context. CCT has advanced consumer behaviour knowledge by shedding light on sociocultural processes and structures related to consumer identity projects, marketplace

cultures, sociohistorical patterns of consumption and mass-mediated marketplace ideologies (Arnould and Thompson, 2005).

One of the streams of CCT research is the Marketplace Culture. In contrast to traditional anthropological views of people as culture bearers, consumers are seen as culture producers (Arnould and Thompson, 2005). This stream also addresses the ways in which consumers forge feelings of social solidarity and create distinctive fragmentary, often self-selected and sometimes transient cultural worlds through common consumption interests. This is highly relevant for the sneakerhead context, where the common consumption interest can be seen as the linking pin between individual sneakerheads.

Further research within this stream has shown that tribal aspects of consumption can be quite pervasive, highlighting how experiential consumption activities, fandom, countercultural lifestyles and temporary consumption communities foster collective identifications grounded in shared beliefs, meanings, mythologies, rituals, social practices and status systems (Arnould and Thompson, 2005). These tribal aspects of consumption can also be relevant in the sneakerhead context. In the sneakerhead context, these tribal aspects could appear in (online) communities, where sneakerheads are active. The brand community research of Munõiz and O'Guinn (2001) and Munõiz and Schau (2005), links back to the communities that form around brands that offer symbolic resources through which consumers can communicate with each other and share experiences. This corresponds to the tribal aspects of consumption.

To investigate this research question regarding purchasing bots, scarcity and brand loyalty, this thesis draws upon data collected and analysed from consumer interviews and netnography. This will be further elaborated on in the methodological chapter. In this chapter, the specific research context, data collection, data analysis and research ethics will also be discussed. After the methodology chapter, the findings and the discussion will follow.

3. Methodology

The methodology section will briefly touch upon the research context, the data collection, data analysis and lastly the research ethics and planning will also be covered.

3.1 Research context

Before the data collection and data analysis will be highlighted it is important to explain the sneakerhead context and purchasing bots in some more detail. Sharing these details helps to show how the methods are suited to studying this specific context. As mentioned in the introduction, sneakerheads are individuals who collect and wear sneakers with great enthusiasm (Choi and Kim, 2019).

However, the current state of the sneakerhead industry is not how it always has been. The modern-day sneaker is considered to have set foot in the mid-nineteenth century, then it appeared as a ‘Croquet sandal’. Canvas and rubber progenitors were unusual for that time (Garcia 2006; Smith 2019). The final quarter of the nineteenth century saw the rise of “the great sports” in Britain. This is primarily attributed to the invention and popularization of “sphaeristike”, an early form of Tennis. UK manufacturers capitalized on this trend and began producing rubber-soled tennis shoes. Slowly the public started wearing them outside sporting pursuits (Turner 2016). These shoes were there start of the sneaker industry in the 20th century.

By 1950 the American youth culture had emerged and casual dress became desirable. A decade later the first proper collaboration between an athlete and brand happened. This was the \$5000 deal of Walt “Clyde” Frazier of the New York Knicks with Puma (Denny, 2021). As with many consumer goods, the desire to acquire sneakers is bound up with narratives of hopefulness and the facilitation of beneficial social relations (Belk, Ger and Askgard 2003). In the mid-1980s Nike changed the game by offering the undrafted basketball player Michael Jordan the unprecedented deal of an entire brand with his name on it. Nike started to release a sneaker only for a particular year or season, a retail strategy intended to keep the consumer regularly coming back for more (Denny, 2021). Other brands quickly adapted to this retail strategy. This change in strategy, among other things, set in motion the rapid growth of the sneakerhead community which became a distinctive consumer group, that influenced the sneaker market since the 1980s (Wilson and Sparks, 1996).

Currently, Nike is the market leader in the sneakerhead industry. As of March 2022, Nike has a market capitalization of \$208.86 billion (Forbes, 2022). Nike is the biggest brand in the sneaker industry but is also scoring marked lows in perceived fairness among its consumers (Pralica, 2022). This makes Nike all the more interesting for this thesis research,

which revolves around brand loyalty and the scarcity effect of purchasing bots in the sneakerhead industry.

The sneakerhead industry has a large online component. Choi and Kim (2019) studied the information-sharing behaviours of sneakerheads within an online context. The study assesses sneakerheads through the method of netnography. A netnography is defined as an ‘ethnography adapted to the study of online communities’ (Kozinets, 2002). The research method will be addressed properly further up in this chapter. Through this method, Choi and Kim (2019) revealed keen behaviours that sneakerheads exhibit within their culture, predominantly online, especially looking at their decision-making processes. In their study, Choi and Kim (2019) viewed sneakerheads as a certain type of consumer group that actively forms around online brand communities.

Beneito-Montagut (2011), states that social life has been deeply penetrated by the internet. During the covid pandemic, this intensified. The use of online spaces to build communities and social relationships with people independently from a geographical location is still widely spreading (Beneito-Montagut, 2011). These virtual spaces take the form of small-scale communities without established parameters but are held together through shared emotions, styles of life, moral beliefs and senses of injustice and consumption (Cova 1997).

Sneakerheads are frequently active in online communities on forums and on social media platforms. In these communities, sneakerheads discuss and express their opinions about topics such as releases, sneakers, experiences, and brands. Through complaining or complementing, aspects of brand experience and brand attitude can also be seen (Smalls, 2021). Popular communities among sneakerheads are R/sneakers and NikeTalk. R/sneakers is a sub-community (subreddit) on the Reddit platform. Reddit is a collection of communities where people can share news, content, or comment on other people’s posts (Widman, 2021). The r/sneakers community is not solely focused on Nike, but since Nike is the most dominant player in the industry, most discussions are Nike-related. NikeTalk is an online forum that revolves around Nike. Because sneakerheads express their opinions more in online communities than in offline stores or events, a netnographic study is a suitable method for this research.

3.2 Research approach

As described above Nike is the market leader in the sneaker industry, but simultaneously also the brand that receives the most critique. This combination makes Nike the most interesting brand in the sneakerhead context. For this research, Nike is used as the reference brand. Similarly, how U2 was used in the paper of Obiegbu et al (2019). The authors used discursive

resources that were used by fans around loyalty and were identified from the online U2 forum and interviews. This thesis is in some respects similar to that paper in that it has a similar research approach, which includes in-depth interviews and netnographic research.

3.3 Data collection

Exploratory research will be conducted, and this will be done in a qualitative way. The approach and methods for this study were twofold. First, in-depth interviews were conducted to collect insights into how sneakerheads think, feel and express themselves (Arsel, 2017). Arsel (2017) continues by stating interviews have been an important data source for consumer research. Interviews are useful because they give voice to people's lives and their perceptions of experiences important to them. Furthermore, it allows researchers to understand and grasp the way interviewees see the world. Understanding the sneakerhead's relationship with sneaker brands and their opinion about purchasing bots, produced valuable data for this research.

Brand Loyalty is a complex concept that is hard to measure with for example a standardized survey. In-depth interviews give the researcher room to adjust questions and ask more in-depth about topics occurring in the interview that are interesting but were not considered beforehand. According to Hermanowicz (2002), the only way to uncover meaning is through detail. This detail can be uncovered when questions can be adjusted in the course of conducting the interviews. Scarcity is also difficult to measure. The degree of scarcity that a sneakerhead may feel towards a release of a certain sneaker can be tough to measure. Interviews can help the researcher change the formulation of questions regarding scarcity if the participants are not familiar with the concept. This does not only hold for scarcity but also for concepts related to brand loyalty such as brand experience and fandom.

The sneakerheads were selected through the personal network of the researcher. To get the most out of this personal network an open call on my Instagram was placed. There was a fair amount of response to this post, but if that was not the case the snowballing method, which is an effective method in this type of research, could have been applied (Choi and Kim, 2019). Some of the respondents were friends, some were friends of friends, and some were strangers who were proposed to by others. Guest, Bunce and Johnson (2006) indicated in their study that data saturation had for the most part occurred by the time they analysed 12 interviews. After these interviews, they had created 92% of the total number of codes for all their transcripts. Eventually, 14 interviews were conducted for this research. The interview guide, which can be found in the appendix, consisted of an introduction, five general themes and a wrap-up. All themes had a couple of open-ended questions that were related to that theme. Additional

questions were asked if a respondent did not respond to the initial question or did not cover certain topics of interest. All interviews were recorded, transcribed verbatim and coded afterwards.

Second Netnographic research has been conducted (Kozinets, 2010). This focused on sneakerheads' opinions towards industry developments such as the activity of bots. Choi and Kim (2019) view sneakerheads as a certain type of consumer group that actively form online brand communities. To investigate sneakerheads' online interactions in their natural settings, netnographic research was conducted.

According to Kozinets (2010) netnography extends the traditional notions of ethnographic study. It moves ethnography from the observation of co-located, face-to-face interactions, to tech-mediated interactions on online platforms and communities. A netnography is defined as an 'ethnography adapted to the study of online communities' (Kozinets, 2002). Examples of netnographic research are Tweet analysis, Facebook analysis and Instagram analysis. However, newer and slightly different forms of (social) media such as TikTok and Snapchat could also be used for netnographic research. Important advantages of netnography are that it overcomes geographical limitations, it is contemporary and there is a high scope of potentially valuable data (Stainton, 2020). According to Choi and Kim (2019), netnography is an adequate qualitative research method for examining the dynamics and nature of the online sneaker community. This examination of the dynamics and nature of the online community is essential in providing insight into sneakerheads' notion of scarcity and their brand loyalty relationship with the brand(s). Furthermore, netnography has been used to tackle a wide variety of topics from (consumer) culture to identity and social relationships (Addeo et al, 2019).

Netnography goes beyond just copy-pasting information in a digital context or scraping content from the internet. A time-tested and recommended way to help develop this insight is to write (reflective) fieldnotes. In these fieldnotes, researchers record their own observations regarding subtexts, pretexts, contingencies, conditions and personal emotions that occur during the research (Kozinets, 2002). These written reflections often prove invaluable to contextualizing the data and are a recommended procedure. Addeo et al (2019) continue by stating that netnography allows researchers to study social interactions online, immersing themselves in the virtual environment in which these interactions are performed. Netnography is not limited to the analysis of the individualistic and sporadic action of posting messages on the internet, but it explores continued and repetitive interactions performed through computer channels and technologies through the analysis of online communications.

Furthermore, brand community research by Munõiz and O'Guinn (2001) and Munõiz and Schau (2005) stressed the importance of the consumer-to-consumer axis in brand relationships. Facilitated by digital technologies and social media, communities form around brands that offer symbolic resources through which consumers can communicate with each other and share experience (Obiegbu et al, 2019). This is exactly why this study could gain valuable insight through the use of netnographic research.

Kozinets (2002) states that online communities should have a more focused and research question relevant topic or group, higher 'traffic' of postings, larger numbers of discrete message posters, more detailed and rich data and more between-member interactions. With these criteria in mind, the netnographic research was focused on the Reddit forum 'r/sneakers'. In this forum, sneakerheads can post, share, and discuss any sneaker-related topic. The forum is a sub-community (subreddit) on the Reddit platform and 2.6 million Reddit accounts are subscribed to this subreddit. The r/sneakers subreddit is interesting because lots of sneakerheads come together on the platform and share thoughts and opinions about sneakers, releases, brands and other industry-related topics.

These arguments, in combination with the high online activity of sneakerheads, make netnographic research an effective research method for this research. Combining in-depth interviews and netnographic research provides valuable data and thereby should make it possible to answer the following research questions: How does the scarcity effect of purchasing bots affect brand loyalty of sneakerheads?

3.4 Data analysis

After the interviews were held, they were transcribed (verbatim) and translated. To ensure that all respondents could express themselves in the best way, the interviews were held in Dutch. After that they were translated to English to make sure that the data is available in English as well. Next, the interviews were coded. The analysis of qualitative data can be challenging and frustrating. Findings and results do not always easily emerge from the transcripts and documents by themselves but require work to identify the most important elements. Coding helps to turn raw qualitative data into a structured, communicative, and trustworthy story (Miles and Huberman, 1994).

The netnographic research data was extracted from the r/sneakers subreddit. From this source, posts were saved, and the content was reviewed. Kozinets (2014) states that there are two fundamental techniques to save the data. The first method is to copy and paste the content into word processing software. The second method is to capture screenshots of data and save

this accordingly in an archive. For this research the content was placed into word processing tool Microsoft Word. Subsequently, the data was stored in a secure online cloud folder.

To analyze the data from the netnographic research Kozinets et al (2014) distinguish 3 types of netnographic data. Archival data, elicited data and fieldnote data. Archival data is anything the researcher can gather from the web that is not a product of his or her involvement in the creation of the data. Elicited data refers to content that is co-created by the researcher and members of the social media community through processes of social interactions. The third type of data is fieldnote data, which are generated directly by the researcher for the purpose of research recoding, reflection and analysis. This data is not shared with the social media community, although it may contain captures of data such as text screenshots and so on.

For this thesis research, the focus was on archival data and fieldnote data from the subreddit r/sneakers. The analysis of this data can process in a similar fashion to other qualitative research methods. Meaning that the data of the netnographic research can also be coded. This can be done with or without coding software. The purpose of this netnographic data analysis is to organize the collected products into a rigorous, meaningful, and useful form of research output. Eventually, the data for the netnographic research was not coded, because the netnographic data was not similar to the amount of data from the interviews. Thereby it was already structured and easy to grasp. The data for both research methods were analyzed and used for the findings of this research

3.5 Research ethics

Research ethics is an important aspect of any research, this research is no exception to that. The research ethics should be up to standards for both research methods. For the in-depth interviews, consent forms were sent to the participants. An example of this form is included in the appendix. It explains what the research is about and what participating in the interviews means. Among other things, the form asks permission to record and transcribe the interview. On top of that, this was also asked before the actual recording started. After the interviews, the respondents were also asked if they would like to receive that transcription.

Research ethics regarding the netnographic research were also considered. Kozinets et al (2014) state that research ethics are a complex and difficult topic in netnographic research. The authors continue by stating that, as with all social inquiries, ethical netnographic is grounded in the principle of informed consent and consideration of potential benefits and risks to individuals and communities.

Netnography demands new thinking styles and methodological innovation on issues of risk and privacy. For archived data, the researcher may approach web content as published content. However, although a web user is responsible for the consequences of publicly posting information on the internet, re-publication in academic work may have expected consequences. When harm is likely, researchers should use pseudonymization, protecting the names of individuals (Kozinets, 2014). Whether a post is harmful to the individual posting it depends on the context of the situation. To protect the users from the r/sneakers community, the comments from the netnographic research are not quoted verbatim. According to Markham (2012), quoting online posts verbatim could reveal the identity of the users, due to sophisticated search engines, which could lead someone back to the exact quote. That is why the quotes are slightly changed, while still capturing the right message.

Lastly, figure 1 provides the details of the interview respondents regarding their name, interview date, reseller, use of purchasing bots, feelings towards purchasing bots and interview durations. To ensure the privacy and anonymity of the interview participants pseudonyms were used for their names. The actual interviews and posts/comments and fieldnotes from the netnographic research are not included due to the protection of the privacy of the interview respondents and Reddit users. However, these can be provided, if needed.

Participant No/name	Date	Sneaker Collector?	Reseller?	Use of p.b.	Feelings towards p.b.	Interview Duration
1. Sander	20/02	Yes	Yes	Yes	Neutral (P)	50m55s
2. André	02/03	Yes	No	No	Negative	48m39s
3. Amin	03/03	Yes	Not anymore	No	Negative	33m58s
4. David	03/03	Yes	No	No	Negative	40m10s
5. Nadim	12/03	Yes	Yes	No	Neutral (N)	42m24s
6. Jack	13/03	Not really	Yes	No	Negative	39m45s
7. Jens	05/04	No	Yes	Yes	Positive	32m50s
8. Julian	10/04	Yes	No	No	Negative	41m10s
9. Jasper	13/04	Yes	Yes	Yes	Positive	41m40s
10. Sem	16/04	Yes	Yes	No	Negative	34m32s
11. Sven	20/04	Yes	No	No	Negative	31m06s
12. Quincy	25/04	Not really	Yes	Yes	Positive	52m44s
13. Thijs	25/04	Not really	No	No	Neutral (N)	27m01s
14. Tim	28/04	Yes	Yes	Yes	Positive	27m11s

Figure 1: Respondent table of all interviewees

In the next chapter, the most important findings of the study will be shown. After that, the discussion chapter will follow. The discussion includes the theoretical and managerial implications, the research limitations, future research directions and concluding thoughts.

4. Findings

To get a better understanding of the brand loyalty relationship between consumers (i.e. sneakerheads) and Nike, one should look at why sneakerheads choose Nike over other brands in the first place. Nike is the most dominant brand in the sneaker industry, and this can be confirmed by looking at the proportion of Nike sneakers in the sneaker collection of sneakerheads. For example, all interview respondents gave estimates that at least 60% up until 100% of the sneakers in their collection were Nike sneakers. Most of the interviewees even gave estimates of 80% and higher. Similarly, the content from the r/sneakers predominantly revolved around Nike sneakers.

It is useful to point out that the process of a new sneaker release is important, to understand the brand loyalty relationship between consumers and the brand within the context of sneakerheads. The activity of bots and backdooring during such a release is an important part of this process. The process, described in the process model, is a recurring phenomenon but often also a point of frustration for many sneakerheads. The aim of this chapter is to explain the process model, which was developed to describe this process. While describing the process each subsection of the phases and parts of the model will be clarified.

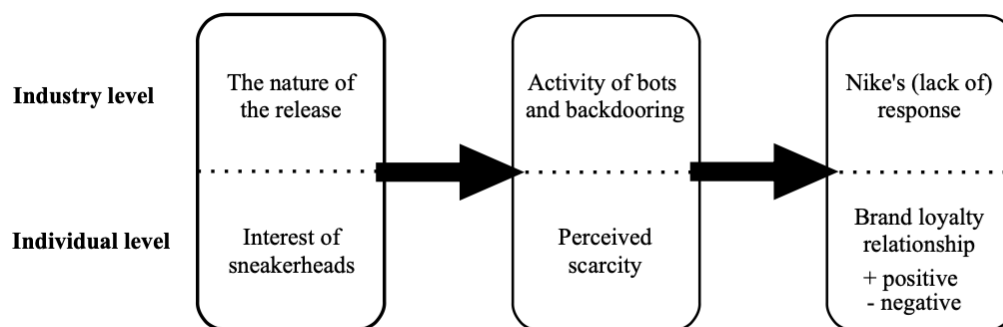


Figure 2: Process model brand loyalty relationship sneakerheads

4.1 The process

The process of a sneaker release in the sneakerhead context is similar to the customer journey of many other products and services, except for the fact that actually buying the product is the hardest part of this customer journey (cf. Lemon & Verhoef, 2016). The process model captures concepts both on an industry level and on an individual level. Meaning that within the process, there are parts that occur at an industry level and there are parts that occur on an individual level. For example, the nature of the release is a part of the process that occurs at an industry level. Individual sneakerheads have no control over the factors that define the nature of the release. However, Nike can have a big influence in this part of the process and could for

example influence the design, price and stock levels. In the same part of the process on an individual level, something else occurs. This is the interest of sneakerheads, which is developed on an individual level. The individual sneakerheads can influence this, but Nike cannot. Nike can't decide when a sneaker attracts the interest of a sneakerhead. They try to attract the attention of sneakerheads with every release, but there is no 'secret formula' that always works.

On the one hand, the individual level is important because sneakerheads can react or act in different ways during the process. For example, sneakerheads can have different interests that attract their attention or react differently to the activity of bots and backdooring, which can create a feeling of perceived scarcity. The individual level is therefore essential to the process model. On the other hand, the industry level is also important because that shows the parts that are bigger than the sneakerheads themselves and more or less out of their control. They, for example, do not influence the elements that define the nature of the release. Elements such as available stock, price and design are all controlled by the companies that release the shoes, in this case, Nike. This also holds for the second and third parts of the model. In the second part, the individual sneakerheads do not control the activity of bots and backdooring, while Nike can be more influential around this issue. And in the third part of the model, individual sneakerheads do not control the (lack of) response of Nike. The industry level and individual level combined fit together and improve the completeness of the process model.

The model is divided into three parts. The first part is the nature of the release, including the interest of sneakerheads. Here, the elements that are connected to the nature of the release are discussed and tied back to how they influence the interest of sneakerheads. The second part is the activity of bots and backdooring. The activity of bots and backdooring can influence the perceived scarcity of sneakerheads, which also comes to the surface in this part. The perceived scarcity of sneakerheads is, at least partly, caused by the activity of bots and backdooring. These two concepts will be explained in the respective subsection(s) later in this chapter. The last part is Nike's (lack of) response. The concepts that form the first two parts of the model can potentially have some kind of impact on Nike. Their (lack of) response is a relevant concept because it can affect the brand loyalty relationship of sneakerheads.

4.1.2 The process model: part 1

The process starts with 'the nature of release'. The nature of the release encompasses everything that makes a particular release relevant. These are perceptions about the product attributes of the release, elements such as design, price, predicted availability (stock), collaboration, history of the sneaker and hype. These elements are discussed (at length) in online communities, such as the r/sneakers subreddit. The elements were frequently mentioned

in the interviews and also showed that the nature of the release is an important area where Nike distinguishes itself from other sneaker brands.

In the interviews, the respondents mentioned that certain elements attracted their interest. The most important elements were collaborations (with brands, artists or athletes), exclusivity, history of the sneaker, design and the price. For example, Amin stated in the interviews: *“Nike really draws my attention with the collaborations that they have done with other people and companies.”* When Amin was asked if it mattered with whom Nike engaged in such collaboration he stated: *“yes of course, absolutely, and Nike does this a lot better than Adidas, in my opinion.”* By saying this Amin indicates that collaborations get him interested in the sneaker, but also shape a form of brand preference, even before the product (a pair of sneakers) is available. When he was asked why collaborations are more special, Amin stated:

I think it gives a certain image, I think that is it. When I look at myself, I think there is a difference if I wear a pair of normal Jordan ones that everyone can get or if it is an exclusive release with for example an artist. The latter is some kind of a statement or a tribute to the brand or the artist himself.

By saying this he indicates not only that these collaborations attract this attention, but that a certain level of exclusivity is also something that wakes his interest.

In these quotes collaborations and exclusivity come forward as elements that attract attention. Besides collaborations and exclusivity, there are also other elements that play a part, such as the history of the shoe, price and design. In the interviews, several respondents among them David, indicated that the history of a shoe is also important. David stated:

For example, in the SNKRS app, where the shoes are being released. Well, there is always a story about every shoe that includes the details about how it was designed and that kind of stuff, I think that is really cool.

Another important element mentioned in the interviews was the design of the shoe. This was for example confirmed by Thijs, who stated:

I am always on the lookout for special shoes. For example, the Patta collaboration is maybe not extremely special, but it is somewhat unique because of the wave design in the shoe.

The combination of multiple elements is something that can make a sneaker increasingly interesting. When asked about influential factors in his choice process. Respondent Sem stated:

Hmm. Yes, I think design, but price and availability as well. Because it is predominantly the more exclusive shoes that attract my attention. Also, because the Air Max 1 is not being manufactured very often.

This combination of elements is something that could create a ‘hype’. In its most basic sense hype is the intense promotion or publicity of a product or idea, often exaggerating its benefits. In the sneakerhead context, the ‘hype culture’ can be defined by the obsession with the next big thing, inciting high levels of excitement and adrenaline. (Bozinoski, 2020). The effects of these elements on the nature of release are different for every sneakerhead. That is why it is important to look at these concepts at an individual level instead of for example at a community level. One sneakerhead can thrive on the exclusivity of a sneaker, while another one is interested in elements such as the history of the sneaker. A combination of the elements of the nature of the release can have an impact on the interest of sneakerheads.

4.1.2 The process model: Part 2

In the second part of the process model, the activity of bots and backdooring comes to the surface in the process. The interest of sneakerheads does not go unnoticed by the bot users and people with backdoor access (or connections). These people are often also sneakerheads and therefore frequently part of the online communities. By being part of these online communities, it is easy to get a good sense of which new sneaker releases will be popular. Besides that, bot users also regularly use so-called ‘Cookgroups’ to receive and share information among sneaker bot users. Both Jasper and Jens stated in the interviews that they use cook groups to receive the latest information about sneakers, sneaker releases and other sneaker-related topics. Jens stated: *“Most information I get from a cook group.”* A cook group can be seen as a vital source of information for bot users. It is called a cook group because the term ‘cook’ refers to a successful checkout. Jasper described his Cook group as:

Basically, it is an online group that you pay a monthly fee for. And in my case, it is a private group. You only get in if you know somebody within the group. Usually, people are in multiple groups to receive all the information can get. I feel like I am in one of the most extreme groups in Europe. And well, this is where I get all my information from.

As seen from the quote, a cook group is essentially the most important information source of information for bot users. If bot users sense a release will be interesting to the majority of the industry, they will use their bots and buy as much stock as possible to resell the at a premium.

This also holds for the concept of backdooring, which is slightly different. The netnographic research indicated that a sneaker reseller, known as Ben Kickz, allegedly backdoored lots of pairs from the 2022 Nike x Union Jordan collaboration. In the sneakerhead

context, backdooring can be described as being able to pay for sneakers at retail price without having to wait in line, enter a raffle or show up and check each day. When someone gets a pair of sneakers backdoored all someone has to do is show up, buy the shoes and leave (Medium, 2021). This is often made possible through one's network in the sneakerhead industry. If bots are actively used and backdooring is happening, large quantities of stock on a release go to these resellers at a retail price. This means genuine sneakerheads miss out on the opportunity to buy the sneakers at retail price.

This is where the scarcity effect comes into play. In the process model, this can be seen as the point where the process moves from the industry level to the individual level. The scarcity effect is not solely caused by bots and backdooring. Nike tightly controls its stock for their most popular sneaker models such as the Nike Jordans, Nike Dunks and Nike Airmax. This tight control of their stock is one of the mechanisms that make the sneakers more exclusive. Exclusivity is one of the elements of the nature of the release and is something that awakes the interest of sneakerheads. Several respondents argued that this makes a new release more interesting. For example, Amin stated:

I actually like it when the sneaker is hard to get. This wakes my interest even more. I see that as well with the Adidas releases or Yeezy releases. If you want them, you can get them, it is not a really complex or hard process. With Nike, this is very different. I actually like to have a pair of shoes that not a lot of other people can get their hands on.

This confirms this line of reasoning by stating the following about one of his favourite Nike Air max sneakers:

For example, the watermelons. I would really want those Purely to wear them. I think that is an amazing shoe. Also, because they are a bit exclusive right. That is why I would really like to cop that one.

By saying this Thijs states that the exclusivity of this sneaker, among other things, is something that strengthens his interest in this particular sneaker. Due to the limited stock, the sneakers are already somewhat exclusive, which attracts the interest of sneakerheads. However, the activity of bots and backdooring leads to a situation where a small number of people possess a (relatively) large quantity of products. Demand strongly exceeds the supply, which makes the products even more scarce and thus valuable. Because of this effect, the resellers that use a bot or have backdoor access can sell the sneakers at a premium on the secondary market.

Eventually, this means that sneakerheads have to pay a (sometimes far) higher price for their favourite pair of sneakers. As mentioned above exclusivity is an element that attracts the

attention of sneakerheads. The exclusivity is partly created by the activity of bots and backdooring. These mechanisms increase the scarcity on the secondary (resell) market, which makes the sneakers (even more) exclusive. However, when the interview respondents got asked if bots were a bad or a good thing nearly all of the respondents indicated that bots were generally a bad thing. For example, André stated: *“Well, purely personal I think that it sucks.”* He continued by stating:

The people who just try to make a profit on the shoes and resell them are often the ones with bots. They are also the ones who can afford a bot. They cost a couple of thousand euros. And they cop 10 shoes with a profit margin of 3 times the retail price.

This confirmed this line of reasoning when he was asked if bots were bad.

for the sneaker industry, by stating: *“Yes of course, they kind off ruins the market.”* In Sem’s interview, he stated: *“Well personally I don’t like it, because I don’t use a bot myself. Some websites are completely destroyed by this, then it is simply impossible to intervene.”* By stating this Sem not only indicated that he is against the use of bots but also indicated that websites are being destroyed by them and that it is impossible to compete with them. As stated earlier, the bot users and people with backdoor access all do this to resell the sneakers at a premium via secondary markets. This is widely known among sneakerheads, but there are different points of view regarding this issue. Some sneakerheads are reluctant to buy sneakers at resell prices. Within the r/sneakers community, there were several comments about this. It is good to understand that within Reddit communities, popular comments receive upvotes. Meaning, that the community finds it relevant that the comment is being shared in that subreddit. Besides upvotes, there are also downvotes. When someone gives a downvote, someone finds that comment a bad submission and thus not relevant to the subreddit. If a post has more down than upvotes it shows a min, meaning that it received that number of more downvotes than upvotes. On a post about backdooring one Reddit user stated:

Paying resell nowadays is just stupid. You are basically giving these schmucks all your hard-earned money. Look at that face and tell me are giving hundreds of dollars to him. There are so many collaborations rolling out, it is okay to take the L and move on, do not feed guys like him.

Another Reddit user commented: *“Never paid resell and I never will.”* One of the things that come forward from these comments is the notion of fairness. In the opinion of these Reddit users, it seems unfair that they have to pay a premium for shoes that were acquired through backdooring or the use of a bot. These sneakerheads are pretty clear about what they think of

buying sneakers at a resell price. This can also be seen in another post in the r/sneakers subreddit. In this post, someone posted a sketch of the ongoing legal battle between Nike and StockX. The legal battle was about StockX, a sneaker reselling platform, that allegedly sold fake sneakers. One Reddit user commented:

The StockX-Nike legal battle is just bad. No matter who ‘comes out’ on top with it, the consumer is still going to lose. Resellers will find another platform, Nike will still artificially create hype and scarcity, we’ll still have to pay \$200+ for shoes we really want.

This comment shows that the Reddit user has no trust in the possibility of Nike changing the industry and the overpriced resell market. This comment had over 80 upvotes, which shows that a significant number of sneakerheads think alike. Another Reddit user reacted to this comment by stating: *“That’s the sad truth, most shoes I want to get are \$500+ and there’s no way I can afford that. I don’t see that ever-changing.”* This comment also showed that the Reddit user agreed with the first comment. Another comment on a different post from the r/sneakers community described this theme as well. The post was about the thoughts of the apology from the LA-based sneaker retail store Union, which they posted on their story. This apology statement of the store was placed due to the failing release of the Nike x Union Jordan 2022, which was heavily backdoored. One Reddit user commented on the post by stating:

Retail stores must be helping him as well. But I just wish that the people who wear sneakers didn’t have to buy them from a middleman who only bought the sneaker to sell it to me for a higher price. That’s lame.

This comment received 156 upvotes within 24 hours. Meaning, that in the eyes of a lot of sneakerheads it was very accurate, considering the current state of the sneakerhead industry. This was also confirmed by another Reddit user who reacted to this comment by stating:

You literally just described the sneaker culture. Websites like Stock X exists because Nike would rather intentionally make limited quantities so middlemen like StockX can thrive in a secondary marketplace and charge people extra to get those shoes. Culture!

This comment received almost 70 upvotes, also within 24 hours. These posts and comments indicate that sneakerheads are fed up with the current state of the sneakerhead industry and especially the secondary (resell) marketplaces. The fieldnotes also describe that throughout the approximately 200 comments (within 24 hours after the post) lots of comments aim their blame of this failing release towards both Union and Nike. It is interesting to see that the comments

do not blame the people who actually backdoored the release, but more aim their blame at firms that made it possible or did not prevent it from happening.

However, the situation is somewhat more complex, because for example in the interviews several respondents indicated that they bought sneakers at reselling price. It appears that the temptation and urge to buy the sneakers can be too much. In the interview Sander described the situation as follows:

But is the whole point. The situation will stay the same when people buy from resellers. If you don't buy a shoe from a reseller, then they won't do it anymore, because they don't earn money on it.

From the interview and the netnographic research data, it can be seen that there is some serious aversion regarding the use of bots, backdooring and the subsequent resell of the shoes. However, the sneakerheads have somewhat conflicting thoughts. As mentioned before sneakerheads can be attracted to the exclusivity of the shoes while also being averse to some of the mechanisms that help to create this exclusivity. These mechanisms are the activity of bots and backdooring. Kim (2018) defined the desire for exclusivity as consumers' pursuit of exclusiveness in consumption. The desire for exclusivity directs consumers to signal their superiority toward others via consumption. As a result, it drives consumers to look for something rare and scarce, which only they can access and enjoy, excluding others (Kim, 2018). In the context of sneakerheads the scarcity effect, partly caused by the activity of bots and backdooring, can make a shoe more exclusive.

4.1.3 The process model: part 3

The last part of the process consists of Nike's (lack of) response and the brand loyalty relationship of sneakerheads. Nike's response or often lack of response influences the brand loyalty relationship of sneakerheads. The response or lack of response from Nike towards industry developments such as the bot and backdooring issue could influence how sneakerheads view the brand. In this study, the industry development is the activity of bots and backdooring, which creates a scarcity effect. This effect is not the same for every sneakerhead and that is why the model also considers the individual level. For example, someone's experience can depend on whether someone uses a bot, whether someone enjoys exclusivity, and also on the boundaries of someone's brand loyalty relationship. Besides that, it also happens that sneakerheads have conflicting thoughts about the bots.

As described above the bots and backdooring contribute to a situation where shoes from certain releases become scarce and that makes those shoes even more exclusive. In the interviews, nearly every respondent indicated that purchasing bots, in general, are a bad thing

for the sneaker industry. However, the fact that the sneakers are exclusive wakes the interest of those same sneakerheads. Contradicting thoughts about this issue came forward in the interviews. One of the examples of this situation came from Sem's interview. In the interview Sem was asked what factors influence his sneaker choice, as shown previously, Sem stated:

Hmm, yes I think design, but also price and availability as well. Because the more exclusive shoes attract my attention. Also, because the Air max is not manufactured very much anymore.

Later in that interview, Sem was asked if he thought bots were a good or bad development for the industry. He answered this question by stating:

Absolutely a bad development of course. But it doesn't only happen with sneakers, also with tickets for concerts or for the new PlayStation 5. It is actually really bizarre and also unfair for the people that really want it.

When Sem got asked who should do something about the current situation regarding the bots he stated: *"And yes uhm, Nike needs to do something about it, otherwise everybody will be completely done with it, it will hurt their brand image."* In the above answers of the interview respondent, there are clearly contradicting thoughts. The respondent enjoys the exclusivity of the sneaker, but also thinks bots are a bad development for the industry. These same bots, (partly) contribute to this exclusivity.

It is interesting to see that the respondent blames Nike for not doing something about the bot and backdooring problem in general. In the process model, this is described as Nike's (lack of) response. In this particular example from the interview of Sem, it is the lack of response from Nike, that frustrates him. This was not also seen in the data of the netnographic research. In the fieldnotes of the netnographic research, a recurring theme is the blame aimed at Nike for not fixing problems that are present in the current sneakerhead industry. In this case, the activity of bots and backdooring. It is also good to highlight the fact that the activity of bots and backdooring depends on the type of (online) distribution channel that is used. For example, data from the interviews indicate that it is hardly possible to use bots at releases that are released through Nike's SNKRS app. In the interviews, Jasper, who uses a bot, stated: *"For example with the SNKRS app, you can't really bot there. That is just not possible."* The data from the interviews suggest that Nike already has a brand-owned distribution channel that is difficult to bot. Clearly, this is something that not all sneakerheads are familiar with because they still blame Nike for not fixing these bot and backdooring problems.

From the fieldnotes, it can be seen that the lack of response from Nike's side is a matter lots of sneakerheads are frustrated with, and they express these frustrations in the r/sneakers community. The interesting thing to see in the community is that the comments that are critical, but well-articulated and honest receive a lot of upvotes. As mentioned earlier upvotes are a sign of the community agreeing with the comment. It is interesting to see that the comments which openly blame Nike, have a relatively high number of upvotes. This reflects that although the critique is sometimes only mentioned by a few sneakerheads, it is felt by more sneakerheads in the community. An example of such a phenomenon happened on a post about the first collaboration of Nike with Travis Scott after the fatal incident that happened at one of his shows. In the post, the new shoe was shown, with the caption: What are your thoughts on Nike moving forward with Travis Scott? One Reddit user commented: *"My thoughts? Money Talks and Nike is Nike."* This comment had 662 upvotes. In comparison, a comment from a Reddit user that talked about the artist itself only had 2 upvotes.

Moreover, on different posts, there are similar comments from sneakerheads saying Nike should not turn a blind eye to the current situation in the sneaker industry, with regard to the activity of bots and backdooring. In a post about the allegedly intensively backdoored release of the Nike 2022 Jordan collaborations with Union one Reddit user from the r/sneakers subreddit stated: *"Nike has responsibilities as well. They could simply pull their future collabs and shred Unions Nike account for backdooring."* Another Reddit user commented on the same post by stating: *"Nike is completely aware the system is broken but they sell out every time there is a new release, so why bother acknowledging fans if the money will not change over it."* Another Reddit user commented by stating:

It is simple supply and demand. Nike limits the supply, while pumping up the demand, this leads to the absurd secondary market. The ball is completely in Nike's court, but they rather mistreat consumers to keep the hype up.

These quotes show that the sentiment is felt both in the online community on Reddit and by the sneakerheads from interviews. Nike's lack of response to the issue of bots and backdooring is frustrating sneakerheads more and more. In the interviews, respondents indicated that Nike should take responsibility for the bot issue that is currently present in the sneaker industry. Julian was one of the respondents that indicated this. When Julian was asked if action should be taken regarding this issue he stated:

Yeah I think so, I also think Nike is here to blame. In my opinion Nike itself should solve such a problem. And actually, I think Nike should have paid more

attention from the beginning on and they should have never let it come to this points.

By stating this the respondent is clearly blaming Nike for its lack of response regarding the urgent issue of bots and backdooring. While blaming Nike, still almost all respondents possess a sneaker collection with at least over 60% of Nike sneakers. This is interesting because although the sneakerheads are often unsatisfied, frustrated and sometimes disappointed in Nike, they continue to buy Nike sneakers. This line of reasoning can be confirmed by the following example of André's interview. André indicated that he collected sneakers for almost 10 years and roughly 70% of his sneaker collection is Nike. When he was asked if he ever paid retail price, he stated: *"Euh well yeah. Yes, I was actually thinking, and I have never won a release for Nike shoes, so I never got a pair of Nike for retail price."* A bit later in the interview he added:

I have never won a raffle. And every time I continue to try to win it. I think it is what you just mentioned, some form of brand loyalty. And even though I almost hate Nike by now because I never win. And I have cursed that SNKRS app countless times. Still every time I try.

The quotes of André clarify that the brand loyalty relationship between sneakerheads and Nike can be complex. In the Netnographic research there were lots of comments within the r/sneakers community on Reddit that complained they had taken yet another L, meaning loss. On various posts about new releases Reddit users stated they took L's. One Reddit user stated: *"I am constantly taking L's man. It is difficult to find raffles here in Australia and trying to buy online when the release drops is impossible."* On another post a Reddit user commented: *"I have a couple of apps I use. Still, I catch L's every single time. It is the nature of the game really."* The above quotes not only show that sneakerheads are often missing out on releases, but also show that sneakerheads are despondent about the current state of the industry.

In the next chapter, the discussion chapter, the theory from the theoretical background will be discussed considering the results of this study. The discussion chapter includes the theoretical and managerial implications, future research directions, research limitations and concluding thoughts.

5. Discussion

This chapter will touch upon the theoretical implications. Followed by addressing the managerial applications for Nike, the research limitations and finally highlighting the concluding thoughts.

5.1 Theoretical implications

In the theoretical implications, the central ideas from the theoretical background will be discussed in light of the findings of this study. The possible contrasts, contributions, new ways of thinking and future research directions will be attended to.

5.1.1 *Theoretical implications: brand loyalty theory*

As mentioned in the theoretical background, brand loyalty is one of the most-cited concepts within the research area of marketing, which demonstrates its importance. In the theoretical background, brand loyalty was discussed on the basis of several theories. According to Keller and Lehmann (2005), a brand's unique benefits and image may influence a buyer's purchase decision and evoke identification with the brand. Looking at the findings of this study, in the context of sneakerheads, this seems to be the case. The benefits and image that Nike has created, heavily influence the buyer's purchase decision. The elements that define the nature of the release influence consumer decisions, but also evoke identification with the brand. The latter, evoking identification with Nike, is something that Nike for example does through their collaborations with artists and athletes.

Dick and Basu (1994) defined that loyalty to a brand should include positive buying behaviour and a positive attitude towards a brand. In the context of sneakerheads, looking at the brand loyalty relationship between sneakerheads and Nike, the findings indicate that this is different for this study. The findings show that sneakerheads do not always show a positive attitude towards the brand. Meaning that within the context of sneakerheads a consumer can be loyal to Nike, but at the same time does not necessarily have a positive attitude towards Nike. The findings also indicate that the buying behaviour of sneakerheads does not really change if they are not entirely satisfied with the brand. The sneakerheads keep trying to buy their favourite Nike sneakers. This study possibly extends the brand loyalty definition of Dick and Basu (1994).

Dick and Basu (1994) continue their definition of brand loyalty by stating that loyalty is greater when consumer-brand relationships are strong. Within the context of sneakerheads, it is up for debate if this is the case. Eventually, loyalty will be greater under the conditions of a strong consumer-brand relationship. However, the findings from this study indicate that

sneakerheads are (sometimes extremely) loyal to Nike while at the same time being very critical about the company and how it deals with or responds to certain industry developments. Industry developments such as the activity of bots and backdooring, which contributes to even more scarce sneakers.

Chaudhuri and Holbrook (2001) add to their brand loyalty definition that it is a conditional reaction to a product due to a positive perception of the brand of the product. In the context of sneakerheads, this is not necessarily the case. The findings show that sneakerheads are content with the actual product, but not always due to a positive perception of the brand. They can be satisfied with the product for a variety of reasons. For example, because of the sneaker's slick design or because it is made in collaboration with one of their favourite artists. However, at the same time, their perceptions of the brand are not necessarily positive. The findings show that some sneakerheads are even disappointed in how Nike handles the issue of bots and backdooring, which is a pressing issue within the industry. Nevertheless, these same sneakerheads state that they still buy sneakers from Nike. These findings are in contrast with the definition of brand loyalty from the study of Chaudhuri and Holbrook (2001).

In the theoretical background, two different dimensions of brand loyalty are distinguished. Behavioural brand loyalty and attitudinal brand loyalty. Chaudhuri and Holbrook (2001) refer to behavioural brand loyalty as purchase brand loyalty. The most important indicator of behavioural loyalty is repeat purchases. Attitudinal brand loyalty is the degree of dispositional commitment in terms of unique value associated with the brand.

The findings indicate that sneakerheads keep registering for the raffles and online releases of their favourite new sneakers. This suggests sneakerheads have a strong sense of behavioural loyalty towards Nike. Furthermore, the findings indicate that the attitudinal loyalty towards Nike is not always as strong among sneakerheads. The issues with regard to the activity of bots and backdooring sometimes influence the attitudinal loyalty of sneakerheads. Especially the lack of response towards this issue could change the attitude of sneakerheads towards the brand. On the one hand, the findings indicate that sneakerheads critique Nike with regard to industry issues, such as the activity bots and backdooring (attitudinal loyalty). On the other hand, the findings suggest that the sneakerheads keep trying to buy their favourite Nike sneakers (behavioural loyalty). The findings of this study indicate that attitudinal loyalty and behavioural loyalty do not both have to be positive for sneakerheads to remain loyal to a brand.

Brand loyalty theory also reviews the brand resonance model, which describes how to create intense, active loyalty relationships for brands (Akoglu and Özbek, 2021). The model explains that brand loyalty can be achieved via two routes (Keller, 2013). The first route is the

rational route, with components such as performance (price, efficiency, durability and reliability) and judgment (quality and credibility). The second route is the emotional route, with components such as imagination and emotions. The components from the rational route are the components that receive the most criticism from the consumers. For example, the performance and judgment of Nike is not always in line with what the sneakerheads expect from the firm. With the term performance, one could think about the efficiency and reliability of the sneaker releases, which are not always up to standards at Nike. Looking at the term judgement, the findings indicate that Nike's lack of response to industry developments, such as the activity of bots and backdooring, frustrates their consumers. The emotional route, which revolves around imagination and emotions, is the route in which Nike really takes hold of the sneakerheads. With slick designs and impressive collaborations, they outperform the competition in attracting the attention of sneakerheads. The brand resonance model exposes strengths, but also points of improvement in the brand loyalty relationship between sneakerheads and Nike.

According to the findings of Akoglu and Özbek, (2021) brand experience directly affects brand loyalty. The findings of this study show that the brand experience of sneakerheads with Nike is not always positive. Especially the customer journey is not always a smooth and pleasant experience. Looking at the findings of the study of Akoglu and Özbek (2021) one could assume that a negative brand experience of sneakerheads with Nike (for example in the customer journey) would affect the brand loyalty relationship with Nike. However, the findings show that although sneakerheads have negative experiences with Nike, it does not directly affect their brand loyalty towards Nike. Meaning that the findings from this study are somewhat in contrast compared to the findings of the study of Akogly and Özbek (2021).

A concept closely related to brand loyalty theory is fandom theory. McAlexander et al (2002) state that sharing meaningful consumption experiences strengthens interpersonal ties and enhances mutual appreciation for the product, and brand. There are lots of sneakerhead communities, such as the subreddit r/sneakers used in this research, where consumption experiences are being shared. The findings of this study show that within these communities the sneakerheads genuinely share their opinions about the shoes, but also share their criticism towards the brands. In the r/sneakers community, the sharing of criticism is often recognized by the community through the number of upvotes the comments with criticism towards Nike receive. Upvotes can be seen as people (strongly) agreeing with a comment. The shared criticism in this community could potentially lead to a negative perception of the brand. The findings show that comments of users that openly criticize Nike receive lots of upvotes, while comments that like a design barely receive any. This indicates that a part of the community

agrees with the criticism towards the brand. The findings thus suggest that in the context of sneakerheads, the sharing of consumption experiences can enhance the mutual appreciation for the product but can also enhance the negative perception towards the brand.

Fandom is a concept that was also mentioned in the theoretical background. Besides the Obiegbu (2019) paper, there was not a lot of research that included both fandom theory and scarcity. Sharing experiences could also mean sharing negative experiences and the findings indicate that this is happening within the sneakerhead context. The study of Biraglia et al (2021) showed that the unhappy state of consumers could also backfire on the brand. The findings of this research show that this is not necessarily the case. A fair amount of sneakerheads is unhappy with how Nike reacts to industry developments such as the activity of bots and backdooring. However, this doesn't really backfire because the sneakerheads keep buying sneakers from Nike (the brand). This indicates that sneakerheads have a strong sense of behavioural loyalty, which contradicts some of the findings of Biraglia et al (2021), that state that consumers might switch brands. These contradictions between the findings of this study and the findings of Biraglia et al (2021) suggest an interesting future research direction. Investigating what makes consumers switch to other brands, within the sneakerhead industry could be interesting. Especially, because the findings of this study suggest that the phenomenon is not common. The sometimes-extreme context of the sneakerhead industry could complement brand loyalty theory.

In the theoretical background, several brand loyalty theories were discussed. Critique regarding brand loyalty literature is that it is predominantly focused on brand trust, brand personality, brand experience and consumer behaviour. These theories all lack the notion of the influence of scarcity on this relationship. The scarcity effect, which is partly caused by the activity of bots backdooring, is clearly present in the sneakerhead context. This is an area where this research extends the current brand loyalty knowledge.

5.1.2 Theoretical implications: scarcity theory

Scarcity is another key concept within this research. Scarcity can impact consumers and brands. This study indicates that it certainly impacts consumers and their experience. But how much it really impacts the brand(s) within this context is up for debate. Current theories assume that scarcity could perhaps create extra brand value, and within the sneakerhead context this is a complex matter. As discussed in the findings chapter, sneakerheads like the fact that the sneakers are exclusive. The findings indicate that the element of exclusivity attracts sneakerheads to certain releases. The exclusivity of these sneakers is partly created by Nike and partly caused by the activity of bots and backdooring. However, the findings also indicate

that the activity of bots and backdooring is something sneakerheads despise. On the one hand, the scarcity could create extra brand value in the context of sneakerheads. On the other hand, the mechanisms that (partly) create the scarcity are a frustrating issue for sneakerheads.

Looking at scarcity theory in general, this study within the sneakerhead context showed how complex of an issue scarcity can be for consumers. Besides doing research in the context of sneakerheads, scarcity could also be studied in different contexts, for example, the Dutch housing market. The current Dutch housing market is overheated, and scarcity is an important concept in this context (Groot and De Groot, 2022). Future research could be directed to investigating the scarcity effect in this context.

As described in the theoretical background, Ku et al (2012) distinguish two different types of scarcity, demand scarcity and supply-generated scarcity. Demand scarcity results from consumer demand outstripping supply and supply-generated scarcity results from a limitation on available units caused by the retailer. In the sneakerhead context, the demand certainly outstrips the supply. If demand did not outstrip supply, the activity of bots and backdooring would not be an issue since they only function in a scarcity-driven environment. As mentioned before, Nike tightly controls the number of pairs for every new sneaker release, which indicates supply-generated scarcity. An interesting phenomenon in the sneakerhead industry is that the activity of bots and backdooring intensify the supply generated scarcity. The demand for sneakers already exceeds the supply of sneakers, but the activity of bots and backdooring intensifies the supply-generated scarcity. The fact that a third party can influence or intensify a type of scarcity is something that Ku et al (2012) did not mention in their theory. Thereby this study extends the knowledge regarding the scarcity theory of Ku et al (2012).

Jung and Kellaris (2004) state that the perceived scarcity of a product will influence its subjective desirability such that purchase intent will be higher for a more scarce product. The study of Jung and Kellaris (2004), indicates that scarcity shows a positive effect on purchasing intent. The findings of this study indicate that this effect is also present in the sneakerhead context. Scarcity leads to more exclusive sneakers, which is an important element in attracting the attention of sneakerheads. The findings indicate that within the sneakerhead context the purchase intent will also be higher for a more exclusive product, which is caused by a certain degree of scarcity. However, there are more factors that determine the intensity of the purchase intent. In the context of sneakerheads, these are for example the elements that define the nature of the release, shown in the first part of the process model.

Biraglia et al (2021) show in their study that consumers who do not get the product associated with scarcity appeals have higher intentions to switch to competing brands. The

findings of this study show this is not happening in the sneakerhead context. Multiple examples from the findings show that consumers stay loyal to Nike, even if they are rarely able to actually buy the product they want. Looking at intentions to switch to competing brands the findings of this study suggest that this study diverges from the study of Biraglia et al (2021). Switching brands is currently not an issue in the sneakerhead context. However, the data from the interviews and netnographic research gave some notion that sneakerheads feel the current situation with regard to the current resell market is not fair. Sneakerheads indicated that it is not fair that some people buy lots of sneakers to let sneakerheads pay a (sometimes large) premium for their favourite sneakers. This notion of fairness opens up a possible future research direction. Investigating how this fairness aspect can influence the brand loyalty relation of sneakerheads could be a future research direction.

In the theoretical background, there was also a notion of critique of the current scarcity literature. There was especially a lack of connection between scarcity and brand loyalty. Biraglia et al (2021) already indicated that future research may look at how brand loyalty, awareness and familiarity could play. A role in determining consumers' reactions to scarcity. This study somewhat contributes to that future research direction. However, this study also shows how complex an issue scarcity is within the context of the sneakerhead industry.

5.2 Managerial implementations

Besides theoretical relevance, this study also has practical relevance. Since this study included Nike as the reference brand, it is even more relevant for managers of Nike. These implications can best be described with the process model, this makes the findings more comprehensible.

Looking at the brand's unique benefits and image Nike should try to maintain its competitive advantage when looking at the unique benefits and image that influence consumers' purchase decisions. The findings showed that especially collaborations can influence buying behaviour or evoke identification with the brand. This is something that Nike should pay close attention to, and this occurs mostly in the first part of the process model. Within this first part of the process model, Nike controls the industry level concept, the nature of the release. The nature of the release is an important part of the model because this is where the process starts. This is also the part where Nike attracts the attention of sneakerheads. Nike is mainly attracting the interest of sneakerheads through their collaborations and unique designs. The findings even indicated that this is where Nike creates a competitive advantage.

Chaudhuri and Holbrook (2001) state that loyalty relates to the positive perception of consumers towards a product, due to a positive perception of the brand of the product. The

findings indicate that the perception of the brand is not always positive. The findings indicate that although sneakerheads are attracted to Nike sneakers, they do not necessarily have a positive perception of the brand. The findings indicate that sneakerheads are frustrated with Nike's lack of response towards important industry issues, such as the activity of bots and backdooring. The framework suggests that the activity of bots and backdooring leads to sneakerheads who are frustrated with the (lack of) response of Nike, regarding these issues.

The frustration of sneakerheads with the brand, can eventually hurt Nike's brand image. Thus, Nike should try to improve their brand image among sneakerheads. One way to improve their brand image happens in the last part of the process model. Nike could consider trying to take away (some of) the frustration sneakerheads have with the brand. If not acting on the problem, Nike could at least consider being transparent about the situation and communicate to sneakerheads that they are working on the problem(s) at hand. The data from the findings showed that sneakerheads imply Nike is turning a blind eye to these problems. Being transparent and honest about the current situation could take away some of the frustration among sneakerheads. The impact Nike makes in this last part of the model could eventually have some influence on the future purchase decisions of the consumer.

The findings indicate that the performance and judgement of Nike are not always up to standards. Within performance, Nike could improve its efficiency and reliability during releases. Especially looking at their online distribution channels. These (online) distribution channels are important in the first part of the process model, during releases. The findings suggest that not all the online distribution channels are that reliable. Especially the websites and apps of partners of Nike are not well protected against the activity of bots and backdooring. This leaves them vulnerable to these issues. However, the findings also indicate that the SNKRS app of Nike itself is pretty well protected against the activity of bots and backdooring. The activity of bots and backdooring can disrupt releases by buying up great amounts of the already limited available stock, which leads to frustrated consumers. Besides transparent communication towards sneakerheads, Nike could also act on these issues by considering releasing all sneakers through their own SNKRS app. The findings suggest that it is difficult for bot users to successfully bot releases from this app. The SNKRS app is a brand-owned distribution channel and Nike is free to use that as much as they want. Nike should consider releasing more sneakers through their own SNKRS app, instead of via partners of the brand.

Nike should also consider looking at the effect of the scarcity that is highly present within the sneakerhead industry. This is shown in the second part of the process model. As mentioned earlier, scarcity can have a positive effect on purchasing intent. The findings of this

study indicate that exclusive sneakers are important in attracting the interest of sneakerheads. However, the findings also show that sneakerheads are frustrated with the mechanisms that (partly) cause this scarcity. These mechanisms, the activity of bots and backdooring, are a real point of distress among sneakerheads. Furthermore, the findings indicate a notion of some sort of fairness element in the sneakerhead context. The fact that bot users and people with backdoor access can buy up large quantities of stock is something sneakerheads are despondent about. The findings show that some sneakerheads blame Nike for turning a blind eye to the current situation regarding the activity of these bots and the activity of backdooring. Nike could consider setting up a service where sneakerheads can contact Nike about the activity of bots and backdooring during releases. This could offer sneakerheads a feeling of being heard and simultaneously provide Nike with valuable information on which releases have been influenced by the activity of bots and backdooring. By acting on the issue Nike would at least show that they are not turning a blind eye to the current problems within the sneakerhead industry.

As mentioned before, the study of Biraglia et al (2021) suggests that consumers who do not get the product associated with scarcity appeals have higher intentions to switch to competing brands. The findings of this study did not indicate signs of sneakerheads who were switching to other brands. However, Nike should not let it come to the point that sneakerheads do make this switch. The findings indicate that Nike is in some respects superior to its competitors, but Nike should not take this for granted and wait for the competition to catch up. The findings suggest that one of the elements that make Nike stand out is its collaborations with other brands, artists or athletes. Nike should try to keep on top of things regarding the collaborations because this clearly keeps sneakerheads with the brand.

Finally, looking at the scarcity theory Nike should consider focusing on maintaining the right balance when looking at the scarcity within the industry. On the one hand, sneakerheads are attracted to the exclusivity of the sneakers, which is partly created by the scarcity. This makes the sneakers appealing to the sneakerheads and is an important element within the nature of the release. On the other hand, the findings indicate that sneakerheads are fed up with the mechanisms that create this scarcity, such as the activity of bots and backdooring during releases. Maintaining the right balance can be essential in keeping the sneakerheads satisfied, while simultaneously keeping the sneakers exclusive enough. Nike could consider monitoring the industry every one or two months and make an analysis on the degree of scarcity. Nike could keep this analysis in the back of their mind, when preparing future releases and their corresponding stock levels.

5.3 Research limitations

Every research has its flaws and shortcomings also known as research limitations. One misunderstanding about research limitations is that they undermine the research value of the study. In this study, two different research methods were used, in-depth interviews and netnographic research. To understand the brand loyalty relationship this combination of interviews and netnographic research seemed the most suitable option.

When looking at this qualitative study a researcher is able to show different things to the reader to get a better understanding of the phenomenon. With the qualitative research it is possible to show a sneakerhead's variety of considerations, map their perceptions and gain insight into relevant industry mechanisms. This improves the understanding of what is happening. However, with the qualitative research conducted in this study, it is difficult to describe exactly how often something occurs. Furthermore, it is also difficult to explain or test all causal relationships. This is easier with quantitative research (Myers, 2020). Especially this testing could be interesting for the sneakerhead context. With quantitative research, it is easier to test the degree of a certain topic. For example, finding out what elements of the nature of release weigh the heaviest or finding out to what degree sneakerheads hold Nike responsible are both easier to find out with qualitative research methods.

It is also good to look at the research methods used in the research. The in-depth interviews were selected based on the researcher's network. Meaning that the researcher was biased when contacting their respondents. This could potentially lead to selecting respondents with the researcher's personal preference. Furthermore, the interviews were conducted via Zoom. Conducting interviews via Zoom does not necessarily have lots of limitations. However, in the context of sneakerheads, it could be useful to have interviews where the sneakerheads live. By doing this, a sneakerhead could walk the researcher through his or her collection, which makes it easier to gain insight into their life as a sneakerhead and could make it easier for a researcher to ask more detailed or specific questions.

Considering the specific context of this research it is also relevant to look at transferability. In terms of transferability, it could be difficult to apply these findings to another context (Tuval-Mashiach, 2021). The sneakerhead context is a little bit different in the way that it can be somewhat extreme. The relationship that the sneakerheads have with brands goes beyond a normal (and maybe healthy) brand loyalty relationship. Approximate or partial replication could be a suitable solution. Here the original study's operations and procedures are adhered to, but some variables are changed to allow for eventual comparability between the

two studies and their outcomes (Tuval-Mashiach, 2021). Furthermore, it could be the case that if this study was repeated in a different geographical location and with a different culture, different aspects might come out. This also holds for if another sneaker brand was studied.

As mentioned in the methodology chapter, sneakerheads seem to be very active in online communities. This makes these online communities interesting to include in the research. In this research, the subreddit r/sneakers was selected. The subreddit r/sneakers is the biggest sneaker-related community on the platform, with 2.8 million Reddit users subscribed to it. One of the limitations of this research is that, due to limited time and resources, only one community was considered in the netnographic research. Another limitation to consider, while looking at the subreddit r/sneakers, is that it is difficult to prove that every user within the r/sneakers community is actually a sneakerhead. There are no restrictions to join to the community, which means anyone could join the community.

Now the theoretical implications, the managerial implications and the research limitations have been addressed the concluding thoughts will follow.

5.4 Concluding thoughts

In general, this study partly agrees with the current brand loyalty theory but also partly extends the current knowledge of brand loyalty theory. It is good to mention that the context of this study, the context of the sneakerhead industry, is a special one. This context is hard to compare with other industries or environments. The brand loyalty from sneakerheads toward sneaker brands, such as Nike, can take extreme forms. The scarcity that is undeniably present and is partly caused by the activity of bots and backdooring, makes the sneakerhead context all the more interesting.

The process model, developed in this study, can help to understand the recurring process that sneakerheads undertake during the releases of their favourite sneakers. It maps the complex issues and elements that define the brand loyalty relationship between sneakerheads and Nike, considering the activity of bots and backdooring that intensify the scarcity effect within this industry. The intensity of this scarcity effect is a unique element of the sneakerhead industry, that is rarely seen in other industries. That makes the transferability of the findings from this study difficult. However, the insights gained by this study do provide a better understanding of the complex brand loyalty relationship between consumers and brands, considering the scarcity effect that is partly created by the activity of bots and backdooring.

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7. Appendix

7.1 Appendix A: Interview guide

INTERVIEW GUIDE DUTCH
Project: Brand Loyalty Sneakerhead Industry

Datum & Tijd:	
Overige opmerkingen:	

DETAILS RESPONDENT

Naam:	
Leeftijd	18-24 25-34 35-44 45-54 55-64 65+
Geslacht:	
Werk/studie	
Eerste paar sneakers gekocht in: (jaar)	
Favoriete sneaker brands:	
Uren per week bezig met sneakers?:	

Personal & Thesis research Introduction

Master in Business Administration (Entrepreneurship & Innovation) bij Radboud Universiteit.
Voor m'n master thesis doe ik onderzoek naar 'consumer culture' binnen de sneakerhead context.
Daarbij kijk ik vooral naar merkloyaliteit en de invloed van bots in de sneakerhead industry.
Deze interviews aan de ene kant en netnographic research aan de andere kant zullen als de primaire data van dit onderzoek dienen.

START RECORDING

1) Rapport building and General Sneaker Consumption Background

Can you tell me a little about yourself:

1. Kun je me iets vertellen over de plek waar je nu woont?
2. Wat doet je het grootste deel van jouw tijd? Bijv. werk/etc.
 - a. (Wees voorzichtig als de ondervraagde werkloos is en niet studeert).
3. Met wie woon je momenteel samen?
4. Wat doe je in je vrije tijd buiten het zoeken/verzamelen van sneakers?

General sneaker consumption background

5. Wanneer ben je begonnen met het verzamelen van sneakers?
6. Wat was je allereerste sneaker?
7. Hoe lang ben je al bezig met het verzamelen van sneakers?
8. Wat zorgt ervoor dat je sneakers blijft verzamelen?
9. Op welk paar schoenen uit je collectie ben je het meest trots en waarom?
10. Waar bewaar je je sneakers thuis?
11. Hoeveel paar sneakers heb je en hoeveel daarvan zijn samenwerkingen van verschillende merken?
12. Hoe kom je aan je informatie over sneakers?
13. Hoeveel uur per week besteed je aan sneaker-gerelateerde activiteiten?
14. Zoek/discussieer je over sneaker-gerelateerde onderwerpen met iemand anders, zoals vrienden of familie?

2. Brand Loyalty

15. Welke merken heb je in je sneakercollectie? En hoe is de verdeling (ongeveer) tussen de merken?
16. Hoe vaak koop je merk X (merk wat sterkste aanwezig is in de collectie)?
17. Wat vind je leuk aan merk X (merk wat sterkste aanwezig is in de collectie)? Hoe wekken sneakermerken je interesse en/of grijpen ze je aandacht?
18. Welke belangrijke factoren beïnvloeden je keuze voor een specifiek merk/release? (Design, merk, hype, prijs, beschikbaarheid/schaarste).
19. Hoe creëren sneakermerken waarde voor jou als consument?

3. Brand collaboration questions

20. Ben je geïnteresseerd in sneakers samenwerking? Wat voegt dit volgens jou extra toe?
21. Wat is volgens jou een succesvolle samenwerking tussen sneaker en design merk of sneaker en artiest? Waarom was deze volgens jou succesvol?
22. Wat is het meeste dat je boven retail(prijs) hebt betaald voor een paar schoenen? Waarom heb je dat betaald?
23. Vind je het belangrijk om bekend te zijn met beide merken als je een collaborative sneaker koopt?
24. Veel schoenenfabrikanten werken nu ook samen met high-end modemerken, hoe kijk jij aan tegen deze high-end merken als co-brands? Denk maar aan New Balance x Aime Leon dore of Nike x Off-White collectie.
25. Heeft de aankoop je er ook toe aangezet om van merk X te kopen?/ Hebben de meer recente drops van samenwerkingen met high-end kledingmerken u meer geïnteresseerd gemaakt in deze luxemerken?
26. Denkt je dat deze samenwerking jouw perceptie op dit/deze high-end kledingmerk(en) heeft veranderd? En waarom?

4. Purchasing machines (hoofdvragen)

27. Wanneer kwam je erachter dat je geld kon verdienen met het verkopen van sneakers?
28. Hoe kwam je in contact met verschillende inkopers en kopers?
29. Wat was je eerste mening over het gebruik van bots?
30. Denk je dat bots een goede of een slechte zaak zijn?
31. Hoe zal de sneakercultuur zich in de toekomst ontwikkelen/veranderen?
 - Is dit een goede ontwikkeling?

Purchasing machines (Als ze bots gebruiken)

32. Hoe is uw mening over het gebruik van bots in de loop van de tijd veranderd?
33. Wanneer besloot je bots te gaan gebruiken?
34. Zag je een groot verschil in je succesratio (van het kopen van beperkte sneaker)?
35. Hoe reageren andere kopers als ze horen dat u bots gebruikt?

Purchasing machines (als ze geen bots gebruiken)

36. Wat zijn de belangrijkste redenen voor jou om geen bots te gebruiken?
37. Wie is volgens jou verantwoordelijk voor het reguleren van en/of actie ondernemen tegen inkoopbots? (Merken, wederverkopersplatforms, overheden, kopers).
38. Wat zouden sneakermerken kunnen verbeteren en/of veranderen aan de huidige sneakerhead industrie?

5. Wrap Up

39. Is er iets dat ik heb weggelaten/ vergeten ben te vragen?
40. Is er nog iets dat je zou willen toevoegen/besproken? Iets anders waarvan u wilt dat ik het weet?
41. Is er iemand die u aanbeveelt met wie ik zou moeten praten?
42. Wil je het interview transcript opgestuurd hebben?

7.2 Appendix B: Interview consent form

Radboud Universiteit



Faculty of management sciences

PARTICIPANT CONSENT FORM

PROJECT TITLE: *Brand Loyalty of sneakerheads and the rise of purchasing bots*

This is a student research project contributing towards the fulfilment of the requirements of the Master degree being completed by the student researcher, Mr Bauke Bakker

Name of participant:

Name of investigator(s):

Student Researcher:

Name;

Email:

Supervisor:

Email:

1. I consent to participate in this student project, the details of which have been explained to me, and I have been provided with a written plain language statement to keep.
2. I understand that after I sign and return this consent form it will be retained by the researcher.
3. I understand that my participation will involve observations and I agree that the researcher may use the results as described in the plain language statement.

4. I understand that the data collected and analysed in this project might also be used by the researchers in closely related research projects.
5. I understand that my participation may involve audio, photo and/or video capture if possible and appropriate, and may involve a period of discussion with the researcher over the interview recorded.
6. I understand that persons under the age of consent (under 18) might be present during the interviews at home, and their responses may be collected, and their behaviours observed.
7. I understand that my participation includes:
 - This initial interview with the researcher(s).
 - A potential invitation for further interview(s) with the researcher(s). This is at my discretion.
8. I acknowledge that:
 - (a) the possible effects of participating in the *observations* have been explained to my satisfaction;
 - (b) I have been informed that I am free to withdraw from the project at any time without explanation or prejudice and to withdraw any data I have provided;
 - (c) the project is for the purpose of academic research;
 - (d) I have been informed that the confidentiality of the information I provide will be safeguarded subject to any legal requirements;
 - (e) I have been informed that with my consent the ***observations may be recorded and transcribed. Recordings*** will be destroyed after transcription (but no less than 5 years after the fieldwork). The transcriptions will be retained indefinitely in safe storage;
 - (f) I am aware that all reasonable measures to de-identify my responses will be taken, including removal of personal information in audio transcripts and using a pseudonym instead of my real name while the interview is being recorded.
 - (g) Due to the small sample size of this study and in consideration of all reasonable measures to de-identify my responses, I have been informed that there is still a risk that my responses and I may be identified through the outputs of this study.
 - (h) I am aware that there are legal limitations to the confidentiality of the data collected from me after all measures to de-identify my responses have been taken. This includes that the data provided can be subject to subpoena, freedom of information requests or mandated reporting by some professions.
 - (i) I have been informed that a copy of the research findings can be forwarded to me, should I desire.
 - (j) I am aware that this project has received clearance from the Human Research Ethics Committee. HREC no. (1648494.1).

I consent to the researcher observing behaviour **yes** **no**

I consent to interviews being audio-taped **yes** **no**

I consent to the use of a pseudonym instead of my real name after the interview has been transcribed and the usage of this pseudonym in resulting outputs of this study.

yes **no**

I wish to be notified when outputs of this research project are published and receive a summary of research findings (If yes, please also provide your email address below)

yes **no**

Participant signature: _____

Date: _____

Participant contact email: _____