The Supreme Model and Manipulating the Supply and Demand

Foreword: this is my fourth learning log for Capstone. In this pseudo-academic paper I analyse a real world example of a success story in the fashion industry. This is meant to be an exploration into a different format for these learning logs (I know it's a bit late for that but better late than never I guess) and less of an actual researched thesis paper. I wanted to break from the hole I've dug for myself.

The basis of the fashion industry lies in the supply and demand economic model. While virtually any transfer of goods can be seen in the lens of supply and demand, the fashion industry has used this economic model and in a sense, weaponized it and used it to build billion dollar franchises.

The idea of supply and demand is contingent on a few things: namely, the more people want and or need something, the more the supply will increase to meet the demand. The inverse is also in some cases true in which the more there is of something, the demand will decrease due to the oversaturation of the product. In most business models, the supply and demand concept is used to attempt to achieve an equilibrium where the price of an item is able to be as high as possible yet sell to as broad of an audience as possible. Some corporations like Costco achieve this by maximizing supply and decreasing the price thus attaining a loyal customer base. In the case of Supreme, they have essentially done the complete opposite and have become a giant in the fashion industry.

Supreme is a streetwear fashion brand started in the mid 90's in NYC by fashion designer and now millionaire businessman James Jebbia. The market that Supreme attempted to break into was the skater fashion scene. Supreme did just that by creating a tight knit community around their flagship store along with selling affordable and stylish clothing. This would change drastically starting in the late 2000's and early 2010's. Supreme at this point had a loyal fanbase of skaters and fashion fanatics alike. Many more stores opened all across the world in big cultural hubs like Tokyo, London, Paris and Los Angeles. This was the start of Supreme's world wide domination. What was so ingenious about Supreme's model during the 2010's was their limited supply. While they were still making an immense amount of clothing, each design was only available for a short amount of time since they made particular amounts of the clothing. These limited events were named "drops" and people would wait for each drop much like how people wait in line to buy the newest Apple IPhone. These drops quickly

garnered the attention of the "Hypebeasts" and "Clout Chasers" both of these groups are people who buy expensive streetwear and high-streetwear clothing for the prestige and "clout" over functionality and design. Today, Supreme is still using the same economic model and still continues to create buzz over the increasingly odd objects they seem to be able to sell- like in 2016 where Supreme came out with a brick with their logo printed on it which sold out almost instantly.

So why does the Supreme business model work? The magic is in the ability to create "hype" or in other words, create buzz around products. There are many ways to create buzz around your products; this can be through a smart marketing campaign, celebrities wearing your clothing or even causing public outrage. Supreme seemingly crossed all of these buzz creating schemes off their list when they come out with excessively expensive and outrageous products. They then create even more buzz by limiting the amount of products produced. Much like how people like collecting rare or prized possessions like handbags or cars, Supreme clothing has become a collectible item. Now, something we haven't discussed is the clothing itself. Most people and the media don't actually have an issue with the clothing itself. The construction is fine but most of the clothing Supreme sells are graphic print T-Shirts. I personally think that their designs are quite cool but my plight is the same as everyone else's. The price of these plain T-Shirts are inflated beyond belief. T-shirts can range from $100 USD to $11,000 USD. This isn't even taking into account the reselling market on sites like E-Bay where they inflate the price even further sometimes doubling or tripling the retail prices.

Supreme isn't the only brand that has used this model successfully though, brands like Anti-Social Social Club, a Supreme copycat has done exceedingly well by doing essentially the same thing except with less quality in their items. OffWhite is another example of a brand that employs this model. OffWhite is a bit different in the sense that they have a wider array of clothing, spanning from complete streetwear to high-streetwear. But it isn't just the street and highstreet market that's using this model. Gucci and Louis Vuitton also use a very similar model. Even though they don't have the same "drops" as Supreme and ASSC, they use the same hype producing schemes and decreased supply to hike up the prices of very simple items.

The fashion industry at the end of the day consists of many different business models but Supreme's model is the most aggressive and has created the highest reward with the least amount of effort. Will the Supreme model become the norm in the industry? Though I'm not

nearly qualified enough to be able to make any predictions, more and more high fashion companies are starting to incorporate the same strategies in their own models and it does seem like the industry has started to understand its power.

Reflection:

Time Spent ~ 3.5 hours

Process: Investigate and Report

Questions and Goals

My goal for this learning log was mainly to put a face or a brand in this case to what I was researching. While what i've done in the past is all well and good, I wanted to see in action just how the business decisions and strategies were being used.

List individuals that have helped you with your project and explain who they are and why you are consulting with them.

I haven't exactly had many people helping me with my project mainly because it's a research project and honestly most of the information is readily available online and in magazines found in public archives. I did get some help from Mme. Mainville who I am aware is reading this and it must be weird seeing you be referred to in 3rd person. But I genuinely really appreciate the suggestions I got to change up the format of these learning logs and the different resources/people I can look to for help for this project. (By the way, I have contacted Smoking Lily- I'm just waiting for a response). So thank you again.

What have I learned since the last learning log?

I've learned a lot, I've documented in my own way of thinking, how the Supreme model works and why it works so well. I've also learned quite a bit more about the internal dialogue that fashion companies have about making money. Big brands all have a business model and they are all quite fascinating to dissect. Doing research for this learning log taught me about the practical implementation of Supply and Demand and the different ways it could be used. I think

that knowing this information has taught me a lot more about how brands can manufacture synthetic hype and that it's crucial for today's consumer base. I also think that understanding the inner workings of supply demand economics will really help me in the future to figure out the best possible business model or generally just understanding the best way to run a business. Along with helping my understanding, I also think that more people should be aware of the almost predatory business strategies that these huge brands use to in a way, extort people of their money through huge inflations in the price of very basic items of clothing. Many people fall for the guise that Supreme and other brands make really quality items even though they really don't. It seems like many people are being blinded by the prestige of clothing like this and I think more people should be talking about it.

What's working and what's not working?

The thing that I feel better about is the format of these learning logs. I feel a lot better after speaking with you about the format of these things. I think I was just stuck and I was limiting myself to how to present these learning logs. I also think that I prefer this "reporting" style since it actually feels like I'm writing a more formal report. The research process hasn't changed too much though because I think the issue was never with my research process. This time I did actually take the time to take more detailed notes on a separate document which did help quite a bit with the process.

What am I learning about myself?

I think that I'm coming to realize the fact that I've been really struggling with staying focused on more than just one thing in my life at all times. I've had capstone in the back of my mind but there's a lot happening in my life and I've just mainly felt that I've lost control over how everythings going. I really do hope that this learning log is the start of a change of something-not sure what that is but hopefully something.

Further questions:

This hasn't changed since last time! I still want to research the stuff from last time since I researched something completely different for this learning log.

I want to research a bit about the opposite of what I've been researching so far;

- How do fashion brands lose money?

- What doesn't work when it comes to advertising

- Why do people not develop brand loyalties?

- What factors are likely to kill companies?

Next Steps:

Before I do anymore research, I want to compile everything I've learned so far through this inquiry and assess whether or not I have what I need to create a final project. I think that doing this will help me figure out where I'm at and what I need to do from this point forward.

When Will I Complete this Work:

By the 29th!

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