

Student Name

ECON 2302

Supreme Supply and Demand

Supreme is “[the] most sellable clothing brand in the world,” (Wilpert). They are known for exclusivity in their “product drops” and the extreme increases in price on secondary markets, such as Ebay.com or Amazon.com. The founder of Supreme, James Jebbia, saw and filled a need in the market for high end streetwear and opened the first Supreme store in New York City. Now the brand is worth \$1,000,000,000 (Huddleston). Jebbia has built this billion dollar company by manipulating the law of supply and demand through sporadic releases with limited quantities.

Supreme is a streetwear brand, which essentially means that the consumers of the brand are interested in not being mainstream, in being an underground brand. Despite being the number one clothing brand on the market today, Supreme is still considered “other.” When Jebbia first opened Supreme in 1994 (Wilpert), he took a simple design and marketed it. His strategy of not restocking popular items, therefore limiting availability, created the success and hype of Supreme today. When entrepreneurs started to take notice of this trend that formed, they created a secondary market. Complex produced a documentary, Sold Out: The Underground Economy of Supreme Resellers, which takes the secondary market and splits it into four pieces. Convention, Direct to Customer, EBay, and Consignment (Oberg).

Because of the elusive nature of Supreme products, many people stock piled Supreme products only to resell them on EBay. This market has expanded to whole

resale websites devoted solely to Supreme, one of the most lucrative being StockX. On StockX alone, resellers move about \$3,000,000 worth of Supreme merchandise every week (Youn). The difference in retail price and resale is known as The “Supremimum,” which is demonstrated by Hasan Minhaj in comparing the prices of retail vs resale. The Supreme North Face jacket was sold originally for \$298 and then was sold again for \$1,677, a crowbar with the Supreme logo on it sold originally for \$32 and was resold for \$360 (Minhaj). This reselling of product from one person to person is the consignment element of the business model.

In this world with social media growing ever relevant, consumers have begun to approach individuals that have posted pictures of themselves in Supreme merchandise, thus creating another element to the resale market which is known as Direct to customer. There are also conventions held annually for those that have the need to find, purchase, and/or trade their Supreme items (Dhillon). The consumers are many times unconcerned with the cost of Supreme merchandise which creates an inelastic demand for the products. Consumer expectations shift demand which causes an increase in price.

Supreme is built from “hype,” which is basically the hyper inflated demand for the products which causes hyper inflated resale prices. Because of this “hype,” Supreme can work in a similar way as the stock market in which middlemen, the resellers, invest in the markup from resale (Youn). With the economy doing well, Supreme, a luxury good, has created an artificial shortage.

Supreme is built from hype, which is intangible, but is apparently worth \$1,000,000,000. As the demand for Supreme products increases, the supply drastically

decreases. Despite the easy solution of increasing supply to make fast money, Supreme never rereleases items. This is seen by fans as “not selling out” (Wilpert), which only keeps the intrigue of Supreme at a high. Though this form of business model is in no way sustainable, Supreme has done the remarkable and sold a lifestyle.

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