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STRATEGIC BRAND MANAGEMENT:  
MASTER PAPERS

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**The Art of Scarcity**

From fashion to luxury collectors' items

*Alexandra Brüchert, Lorenzo Dirksz,  
Nsunge Kaniki*

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# Strategic Brand Management: Master Papers

The Strategic Brand Management: Master Papers is essential reading for brand strategists in both private and public sector organisations, and academics in universities and business schools.

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The intent of the series is to bridge the gap between academic teaching and research.

The series is a result of co-creation between students and teachers in the course Strategic Brand Management (BUSN21 – 7.5 University Credit Points; 8 weeks 50% study time), part of the master program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The published papers represent the result of the intellectual work of students under supervision of the heads of course. The content of the papers is to be read as student reports albeit the journal format. The papers are free to download and should be cited following international conventions.

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Lund School of Economics and Management

# SBM

STRATEGIC BRAND MANAGEMENT

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## **Abstract**

### **Purpose:**

The purpose of this paper is to explore the phenomenon of scarcity in branding within the fashion industry. Secondly, the aim is to show how fashion brands can utilize scarcity as a branding tool to transform products into luxury collector's fashion items.

### **Method:**

A mixed approach is used in this paper. The qualitative research is based on literature review as well as case studies of the artist Banksy and the fashion brands Supreme and Nike. The qualitative research is based on a questionnaire. The case studies and the questionnaire are later discussed and connected.

### **Findings:**

The research shows that there are several connections between the presented cases. By combining the time and quantity scarcity appeal as well as the application of a single channel distribution system, fashion brands can elevate their products to collectors' items status. Branding, pricing and community & media, connect the three elements.

### **Originality/Value:**

The originality of the paper derives from an analysis of how fashion brands can incorporate scarcity as an instrument to be perceived as a luxury brand, filling the research gap of collectors' items in fashion branding.

### **Limitations:**

The research paper is based on case studies of only two fashion brands and one artist, while the conducted questionnaire was based on a partially homogenous and small group.

### **Keywords**

Scarcity, Luxury Branding, Fashion Branding, Contemporary Art, Limited Editions

### **Paper type**

Research paper

## Introduction

According to industry reports, exclusivity and desirability are emerging as criteria for luxury fashion instead of high prices (Dutzler, Kofler, Leeb, Nitschke & Menendez, 2019). Streetwear brands such as Supreme and regular fashion brands are perceived as a “new luxury” (Maloney, 2019). Many of these fashion brands are using the concept of scarcity in their business model and as an important element of their branding to become more popular (Dutzler et al. 2019).

In order to be a successful fashion brand, it is important that items are not only commodities and easily accessible for the owner, but also perceived as art and loved (Dutzler et al., 2019). According to the Streetwear Impact Report by pwc, scarcity is one of the factors that fashion brands should follow for success (Dutzler et al., 2019).

The theory of scarcity expressed as limited editions in the fashion industry is a previously regarded topic. It is known that marketers can strategically use scarcity to raise the demand and interest for certain products (Howard et al., 2007). However, it can be observed that several fashion brands like Supreme, Nike and Off-White use the principle of scarcity differently. Firstly, their limited editions become so desirable that the items are elevated in value to a collector’s items’ status. Secondly, through the secondary sale market, regular premium fashion items are perceived as luxury collectors’ items by many consumers. This can be perceived as a trading up from Kapferer’s (2012) view of regular fashion to luxury as rational investments become superlative collectors’ items.

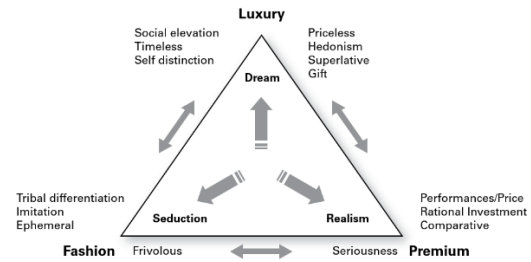


Figure 1: Differentiating luxury, fashion and premium (Kapferer, 2012, p.67)

The idea of collectors’ items and the psychological desire for scarce items is a known phenomenon in the art industry. The art market is based on the principle of scarcity and art items are often valuable investments for the collectors (Hesmondhalgh, 2007).

The phenomenon of limited editions in fashion becoming so rare and desirable that items become luxury collectors’ items lacks in-depth research. Additionally, the literature covering the concept of collectors’ items and scarcity can mainly be found in the field of art. As the 2020 economic sciences noble prize winners Paul R. Milgrom and Robert B. Wilson work “for improvements to auction theory and inventions of new auction formats” shows, the theory of auctions and the connection between art and economics is of high relevance (Nobel Media AB, 2020)

The aim of this paper is to examine how fashion brands can apply principles of scarcity similarly to those found in the art market and incorporate these as branding tools to turn their items into luxury collectors’ items. This is done by presenting cases exhibiting the phenomena of brand elevation through the uses of scarcity. Lastly, the goal is to develop a framework which summarises the scarcity usage to create luxury collectors’ items, which can potentially be used by other fashion brands.

## Literature review

### *Scarcity*

Scarcity creates the basis upon which economics is built, the understanding of the finality and limitation to resources (Daoud, 2011). Scarcity comes about when human desires out ways the resources available to satisfy said desires (Daoud, 2011).

People are constantly looking for ways to improve and enhance their living conditions with upscaled products and services (Daoud, 2011). Therefore, wants are constantly in flux, leading to an imbalance between resources and wants (Daoud, 2011).

There are three connections that can be made between scarce resources and supply and demand. Firstly, once a resource is deemed scarce, it can be appropriable (Montani, 1987). Secondly, being appropriable means, it can be seen as valuable and therefore exchangeable (Montani, 1987). Finally, the limited resource can be reproduced and commodified (Montani, 1987).

Thus, when looking at a commodity, the valuation does not solely depend on the intrinsic value that it produces, but incorporates the scarcity of it (Montani, 1987). Verhallen (1982, p.39), in relation to commodities theory says, “[t]he main premise of the theory is that any commodity will be valued to the extent that it is unavailable”. This shows that the scarcity surrounding a commodity allows for the pricing of it to be raised to a great extent due to its rarity (Verhallen, 1982).

Scarcity can also be looked at in a psychological dimension and how it affects the consumer. Roux, Goldsmith & Bonezzi (2015) speak about how scarcity in relation to human nature shows its ability to activate a competitive orientation amongst people. Once a resource is scarce, people will spend more time and effort to acquire it (Roux et al., 2015).

It then follows that the scarcer a commodity is, the more desirable it can be over a resource that is readily available (Lynn,1989). People hold value to the feeling of uniqueness and the sense of status that is produced when possessing a scarce commodity (Lynn,1989). People want to feel special and enjoy the status that comes with having a product that not many can have (Lynn, 1989).

Another factor related to the desire of these commodities, is the thought that scarcity means higher prices (Lynn, 1989). Once a product is in a high price bracket, it becomes a status symbol therefore relating back to the desire for said status symbol (Lynn, 1989). Normally people are aware of the need for information when deciding on a product, coupled with the use of price to determine quality (Árdal & Kristinsdóttir, 2017). But once scarcity is introduced, the need for information is overridden by, the want for the scarce good (Árdal & Kristinsdóttir, 2017). Scarcity affects the buying process as it limits the freedom of the consumer to have a product, which means when they are able to get them, they are more likely to reject the need for information and assume quality due to the scarcity coupled with a high price (Árdal & Kristinsdóttir, 2017).

### *Art*

The majority of artists produce very few copies of their work (Stallabrass, 2013). Many pieces are sold for very high prices and the ownership of expensive pieces grants status to the collector while the price creates status to the work (Stallabrass, 2013). The demand for art is based on taste, fashion mood and cultural importance (Mamarbachi, Day & Favaot, 2008). According to Baur and Els (2015, p.539), significant factors influencing the demand of art are “increase in the popularity of the artist, an increase in cultural or social significance of the art”. If the demand for a piece of art increases, the market price increases.

There are two main motives by collectors for buying art (Baekeland, 1994). First, people buy and sell art to make profit (Baekeland, 1994). They buy art as an investment to sell when they have risen in value (Baekeland, 1994). The second type are people who buy art and collect items for non-monetary reasons (Baekeland, 1994). These people collect art for the pleasure of collecting and displaying objects (Baekeland, 1994).

Pomian (1994) observes that the possession of art brings a certain prestige to all types of owners by serving as “proof of their good taste, of their considerable intellectual curiosity, or even of their wealth and generosity, if not all these qualities at the same time” (Pomian, 1994, p.163). According to Pomian (1994), several people who are longing to possess these types of pieces are willing to spend their fortune in the process of buying them and also for others too long after their belongings.

#### *Art & Scarcity*

Scarcity is what makes art “a good that can be bought, sold and exchanged” (O’Dwyer, 2018, p.875).

The art market is based on scarcity for various reasons. Firstly, the artist can decide how many art pieces they produce as they have full control over the production and can easily regulate it (Hesmondhalgh, 2007). Secondly, the development of copyright gives the artist control over the quantity that reproduced (Hesmondhalgh, 2007). Furthermore, accessibility to art can be limited by regulating the location and the access to technologies that facilitate the reproduction (Hesmondhalgh, 2007).

The limited supply makes the art market highly unusual, so much so that many economists have been reluctant to explain the market using the usual terms (Stallabrass, 2013).

Stallabrass (2013) explains that the laws of supply are disrupted by the fact that many pieces of art are unique.

#### *Fashion*

Fashion is defined as “a form of segregation and social equalization that is in constant flux” (Joseph, Manlow, Muratovski & Peirson-Smith 2014, 2014, p.9). Fashion is in fact a result of consumer demand and is essentially driven by a society that is class-driven where the desires for diversity and replication are high (Joseph et al., 2014).

The feeling of perceived rarity and diversity is especially high in the luxury fashion market and is important to consumers (Yaro, 2016). According to a study by Yaro (2016), luxury fashion items boost and drive confidence especially among young consumers. Similar to magicians, fashion brands aim to communicate an illusion where perceived rarity is influenced by the actual scarcity of a given product (Radon, 2012).

However, effectively communicating exclusivity and rarity alone is not enough. According to Kapferer (1997, p.255), in order for the distinctive sign of luxury brands to work, they must be known by all, stating that, “[...] luxury brands must be desired by all but consumed only by the happy few”. As a result of the threat from non-luxury brands, luxury fashion brands need to effectively refer to their core to identify how this relates to the projection and perception of exclusivity (Radon, 2012).

In connection with the art market, a parallel can be drawn between the art market and the fashion resale market. Today, there are several digital platforms, such as StockX offering fashion enthusiasts the possibility to buy and sell fashion pieces. Looking at fashion brands, Bug (2018) argues that there are well-defined benefits for these brands when their items are sold at a high price in the secondary market.

This is because such sales typically result in a halo effect for the brand, positively affecting both their image and popularity (Bug, 2018). As a result, the limited production leads to significant value for the secondary market (Bug, 2018).

### *Fashion & Scarcity*

Scarcity in the fashion market is used deliberately and intentionally when compared to the art market (Gupta & Gentry, 2016).

During the last decade, multiple fashion brands introduced limited edition items since consumers associate limited products with better quality and value (Shin, Eastman & Mothersbaugh, 2017). Arguably, it can be said that when clothing brands offer limited edition items, there is an increased urgency in consumer behaviour to purchase these (Childs & Jin, 2015).

Scarcity can be categorized in two dimensions; limited-quantity scarcity (LTS) and limited-time scarcity (LQS) (Jang, Ko, Morris & Chang, 2015). LTS is used when suppliers attempt to motivate consumers to purchase as many limited-edition products as possible to generate maximum revenue within a given period (Jang et al, 2015), whereas LQS focuses on the number of the products available (Schins, 2014). LQS is used by brands in form of limited editions, which are products with a limited quantity and thereby creating an atmosphere of scarcity (Oruc, 2015).

We can trace limited edition back to 1929 and the creation of the Limited-Edition Club, which focused on finely illustrated and signed copies of classic literature (Majure, 2005). This club was in reality a marketing strategy to increase the quality of the books and turn them into investment items (Grossman, 1999).

Limited-edition products are a form of extension to a brand which creates the air of exclusivity and uniqueness to the consumer beyond the allure of the regular product (Jang, Ko, Morris & Chang, 2015).

According to Jang et al (2015), the limited product is different from the basic product as it has added features to match the exceptional craftsmanship. Limited editions positively affect luxury brands by reinvigorating interest due to the demand it brings to the brand (Shin, Eastman & Mothersbaugh, 2017). Researchers further argue that luxury consumers associate the ownership of limited-edition products with their own sense of individuality, fortune and high status (Shin et al., 2017).

Aksu, Pektas and Karaboga (2011) show how fashion brands in the 21<sup>st</sup> century, utilise LTS to create artificial scarcity, in order to keep up with changing styles and ensure repeat purchases (Aksu, Pektas & Karaboga, 2011). Companies only release items for a short period to create a time crunch (Aksu, Pektas & Karaboga, 2011).

A final trademark of scarcity is single channel distribution. An example for this is the diamond market, which is a competitive market (Bergenstock & Maskulka, 2001). If all producers sold directly, there would be a price war which would reduce the scarcity of the product (Bergenstock & Maskulka, 2001). Therefore, the company De Beer dominates the distribution market, collecting from 75 percent of producers to become the sole channel for the sale of diamonds (Bergenstock & Maskulka, 2001). They create only a few sessions a year, in which diamonds can be bid and bought (Bergenstock & Maskulka, 2001). The demand for diamonds created is so large “sight dates for each year are formally announced during December of the prior year” (Bergenstock & Maskulka, 2001, p.3).

## Methodology

The foundation of this research paper is built on an extensive literature review of scarcity, as well as scarcity in the art and fashion market. The purpose of the literature review is to gain an overview and understanding of these three research areas to uncover the connections between the fields (Easterby-Smith, Thorpe & Jackson, 2015).

Furthermore, the literature review was conducted to gain an understanding of collectors' items and the functions of the art market and the use of limited editions in fashion. According to Easterby-Smith et al. (2015) a literature review provides deeper insights into previous research and helps draw conclusions in further research.

In order to approximate the phenomenon of scarcity in the fashion industry, three cases of scarcity in fashion will be presented, that of Supreme and Nike. The use of multiple cases provides the opportunity to attain better understanding of the theory of knowledge that can help with the analysis of the situation (Easterby-Smith et al., 2015).

In addition to the case study approach, a quantitative research in the form of a questionnaire with 205 participants was performed to complement the secondary findings and to collect primary data. According to Liamputtong (2019) quantitative research can be used to achieve a greater accuracy of results and a better understanding of the consumer perspective of this research topic and potential patterns.

Furthermore, a quantitative approach was chosen because with this method empirical verification of the findings of the literature review and the findings of the case study approach is possible (Saunders, Lewis & Thornhill, 2012).

## Case studies

### *Banksy*

Banksy can be described as one of the most well-known modern-day artists of today. Since the beginning of his career, his identity has been kept a secret from the rest of the world (Tully, 2014). Some of his most recognized work today includes the girl with the balloon and love is in the air (Tully, 2014). According to Williams (2014) cited in Tully (2014), “[h]e is constantly in the headlines, that is reflected in how his work sells.” Williams (2014) cited in Tully (2014) further argues that his work is loved by buyers, especially because of the story behind them.

In 2007, a collaborative work called, ‘Keep it spotless’ achieved a sale of 1.9\$ million, which was then the single most expensive piece of art Banksy had managed to sell (Tully, 2014). The increasing demand, as well as prices for Banksy’s work, are, in fact, influenced by the limited supply (Sutton, 2020). According to Marks (2020) cited in Sutton (2020), “[i]t’s not like his prints are coming into the market all the time”. Banksy has become so popular that his work attracts collectors from all over the world, not just those in Britain and Europe (Sutton, 2020). As stated by Marks (2020) cited in Sutton (2020), “[p]eople are very much connecting with his work at the moment”.

Another reason why his print work is so rare is that Banksy typically produces only between 600-750 unsigned prints per edition (MyArtBroker, 2020). Only around 150 of these are signed, making them even more rare and resulting in a much higher selling price (MyArtBroker, 2020). Both signed and unsigned limited edition and scarce prints are considered extremely collectible (MyArtBroker, 2020).

Those who wish to buy or sell Banksy’s art, have limited options through which to do so (MyArtBroker, 2020).



Most recently, resellers have managed to sell some of his most iconic work at a price of nearly ten times higher than their initial price (MyArtBroker, 2020). According to Marks (2020) cited in Sutton (2020), achieving this level of sale is due to several factors, including the image and messages that art collectors associate with his work. Another reason is the endless cycle of news related to him and his work. In addition, the demand for his work is increasing both the value and price (Sutton, 2020).

In 2018, one of Banksy's most famous pieces, namely a canvas of a 'Girl With Balloon' was sold for 1.4\$ million. Right after its sale, the piece slid down its frame and shredded into pieces (Calfas, 2018). According to Benrimon (2018) cited in Calfas (2018), "it was meant to be a criticism of the art market, and I think it's going to double the value of the work." The controversy behind this stunt, witnessed by millions around the world, increased the value and price of the canvas that was initially sold at 1.4\$ million, particularly because the now shredded canvas is one-of-a-kind (Calfas, 2018).

### *Supreme*

Supreme originated as a streetwear fashion brand and operated in a niche market (Cochrane, 2017). Only in recent years has Supreme surpassed the niche market and is now catering to a broader demographic (Cochrane, 2017).

Nowadays Supreme is known for selling valuable limited editions with extraordinarily high resell values. The distribution model of Supreme is based on scarcity (Nicolaou & Kao, 2017). As stated by the founder of Supreme, James Jebbia, if Supreme is able to sell 600 items, 400 will be produced (Nicolaou & Kao, 2017).

According to Foley (2020), Supreme releases two collections a year in addition to collaborations with other brands.

These co-branded collections are usually the most popular and scarce collections (Foley, 2020). On the release days, people camp in very long lines in front of the twelve Supreme stores and online (Supreme, 2020). During the launch, the items are usually in the premium price segment (Supreme, 2020). There is no official information on what quantities are released for each item in each collection. The scarcity of the items can only be estimated by regarding the sell-out times. In the past years, most collections have sold out in seconds (Tuzio, 2019).

Because of the high demand and the scarce supply, the true phenomenon of the brand Supreme can be found in the resell market where items reach very high added value. For example, the current price for the "Supreme 20th Anniversary Box Logo Tee White" is currently 2878.1 percent higher than the original retail price (StockX, 2020a).

### *Supreme X Louis Vuitton*

In 2017 Supreme launched a co-branded collection with Louis Vuitton, the world's most valuable luxury fashion brand (The Fashion Law, 2020). The product quantities of the collection were very limited (Sebra, 2017). According to the Financial Times (2020) "each shopper was allowed to purchase a maximum of six items".

In contrast to Supreme, Louis Vuitton items are usually not scarce and there are barely any limited editions (Louis Vuitton, 2020). Unlike Supremes' previous co-branded collections, Supreme X Louis Vuitton was initially scheduled to be available in pop-up stores and after two weeks, in selected Louis Vuitton stores (The Fashion Law, 2017). This sales concept ensured the exclusivity and hype of the collaboration (The One Centre, 2017).

After the successful launch of the collection in the pop-up stores, the launch of the products in the Louis Vuitton stores was suddenly cancelled and the products were no longer available (Fisher, 2017).

The co-branded collection has been described as “the perfect storm of high demand and low supply, luxury goods and hyped-up releases” by industry experts (Sebra, 2017). The resell values of the collection pieces have been very high since immediately after the launch (Mattheis, 2019).

The collection was a limited one-time release and is no longer sold anywhere outside the resell market since the first release (The Fashion Law, 2017). The co-branding of Supreme and Louis Vuitton for their scarce collection was responsible for the positive development of brand image and sales of both brands (Mattheis, 2019).

According to Kapferer (2012), brands can use co-branding to generate growth, creating the possibility for brands to enter a new market. Louis Vuitton's profit increased by 23 percent after the co-branding, which is said to mainly be due to the collaboration between the two brands (Estiler, 2017).

### *Nike*

Nike is a house of brands hosting Jordan, Hurley, NIKE, and Converse (MarketLine, 2020). In addition to the regular fashion and sports clothing market, Nike has become an important part of the streetwear fashion industry (Dutzler et al., 2019).

This division of Nike is characterized by premiumization and scarcity (Cimet, 2019). The most popular Nike sneakers in the streetwear industry usually have a higher price and a more individualistic design than the regular Nike sneakers (Cimet, 2019). This can be seen as premiumization which, according to Kapferer (2012, p.232), can be used to move products “towards higher quality, image and prices”.

In 2015, Nike introduced SNKRS, a lottery that randomly picks those who signed up for a new release and allocates them a slot to purchase the shoes (Dutzler et al., 2019). They are releasing the sneakers in a scarce quantity in order to increase their desirability (Dutzler et al., 2019). The sneakers are only available from the brand directly in order to create direct communication with the community (Dutzler et al., 2019).

An example, which is connecting this case to the case of Supreme is the Supreme X Nike collaborations “Nike Dunk SB Low Supreme Black Cement” which is currently being sold for 8,600\$ (StockX, 2020b).

### *The Nike MAG*

Another example for the high resale value of Nike sneakers is the Nike MAG. The shoe is inspired by the shoes worn by Michael J. Fox in the 1990s movie *Back to the Future* (Nike, 2016).

The shoe was originally released in 2011, followed by a second release in 2016 (Nike, 2016). The 2016 version of the shoe is currently sold for 67.500\$ on StockX (2020e) while the 2011 version is sold for 16.670\$ (StockX, 2020c). In 2011, 1500 pairs of the shoe were sold on the platform eBay (Skidmore, 2011). There was no fixed price for the shoes, the whole process was based on bidding (Skidmore, 2011). The initial bidding price for the shoe ranged between 2,300\$ and 9,959\$ (Stonebrook, 2011). The shoes were sold over a time period of ten days (Stonebrook, 2011).

When the second edition of the shoe re-launched in 2016, a limited-edition 89 pairs was released (Nike, 2016). The shoes were sold through a digital draw process and at three live auctions (Nike, 2016). The shoes were also only available for ten days and were mostly available for customers in the United States and Canada (Nike, 2016).

According to Nike the shoe should not be worn for "recreational purposes" (Nike, 2011). The shoes were produced mostly for display (Nike, 2011). In this second release the auction prices ranged from 52,000\$ to 200,000\$ (Sneaker News, 2016).

## Questionnaire

In addition to the case studies presented above, a short, empirical study through a quantitative survey was performed in order to collect data directly from the general public.

This survey aimed to identify the interest and motivations of consumers when interacting with high-priced fashion items affected by scarcity, with the use of the quantity scarcity appeal; limited edition.

The survey mainly targeted members of the general public instead of those who already possess or actively seek out limited products to understand the basic psychological effects scarcity has on the layman when faced with it and how the layman reacts thereof.

The survey was designed and performed through an online platform to reach the greatest number of respondents over the allocated time. The survey ran for over a week and gathered data from a total of 205 respondents from various demographic backgrounds. The exact questions and results of the questionnaire can be located in the appendix in figure 3 to 8.

## Findings

Figure 3 provided a basic idea of respondents' feelings towards fashion. It can be seen that most respondents value the interaction with fashion on some level which provides a scope as to who may be affected by scarcity within the fashion sector.

In figures 4 and 6, the aim was to examine the extent to which the price and scarcity influence decision making.

Figure 4 focused on items which were high-priced. The aim was to analyse how the respondents react to high-priced items even with the funds to buy them. The findings reveal that 62.93 percent of respondents would not purchase a high-priced item even with the financial means to do so, while 37.07 percent would purchase the item.

Figure 6 presents the same scenario but incorporates a scarcity appeal. Once scarcity is present, a shift can be seen in the respondent's attitudes. 53.66 percent are now willing to spend on a high-priced item when the item is presented as scarce. This shows that 16.59 percent more respondents are now willing to purchase the item.

Following from this, the second part of the survey provides insight into the motivations of decisions, figure 5 (relating back to figure 4), shows the highest degree of respondents deciding on high-priced items to show their good taste. Whereas when scarcity is presented in figure 6, the motivation shifts to 57.55 percent of respondents picking investment as a reason to make the purchase. Here it can be deduced that scarcity adds equity to a product.

The final question in figure 8 shows that in general 70.73 percent of participants would spend more on a high-priced item if it is limited edition. 41.95 percent of participants would buy a high-priced item if it is very scarce, while 29.27 percent would not be affected by scarcity. This shows respondents perceive the importance when a product is very limited and the need to therefore possess it.

## Discussion

When regarding the cases of Banksy in art and the cases of Nike and Supreme in fashion, as well as the development of scarcity in fashion and the literature, several similarities and differences can be found. The following part discusses the findings in research during the creation of this paper and the findings of the questionnaire that was conducted for this paper.

### *Similarities*

#### *Pricing*

When analysing the similarities of the cases presented, the first constant is the price premium of the products.

As stated in the literature review, scarcity can affect the pricing model of goods, pricing becoming less important as the rarity of the product increases. People tend to incorporate the financial information less and hold higher value on the item itself. In the cases investigated, the same actions are repeated. Due to the limited quantity, the items are bought fairly quickly. Once this exchange is complete and the items now move to the resale market, the pricing due to the rarity increases.

Due to the timelessness and priceless nature of the products, they become luxury. Resellers can set any price and people will fight for the object, as mentioned in the psychological effects of scarcity. The equity of the art or the fashion pieces are believed to hold intangible value which could be said is the magic Kapferer (2012), speaks of, elevating the prices as a reseller sees fit.

Specifically looking at Banksy, due to him using scarcity as his part of his business model, he has the ability to play with pricing without having it affect the equity of the work. His works are auctioned for millions yet, he also tries to create pieces that are affordable for the everyday person. Once again, we see how the luxury perceived in his work gives Banksy full control of the product, as it is the same with brands like Supreme and Nike.

#### *Time and Quantity*

A parallel can be drawn through all three cases, where a similarity in the scarcity appeals used can be seen. All cases incorporated both time and quantity scarcity, as discussed in the literature review.

The quantity scarcity appeal is the limited-edition aspect that they all use, limited collaboration, limited shoe creation and in Banksy's case, a limited piece of work that may be able to be sold or washed away depending on his medium choice. These draw in the consumer to the fact that they will be one of the few people to possess such items as they will not occur again. This consciousness can be followed in the questionnaire in people indicating that they want to stand out or display good taste as well as invest in these items.

It then follows the use of time scarcity. Due to the limited nature of the product they are only available for a short period of time. With all these cases, customers never have clarity if these items will ever be restocked. The Nike case shows the shoe has been released again and time restriction is used to dominate the conversation due to no certainty on when, how much and if ever.

Typically, in everyday use of scarcity, marketing companies use one or the other form. In these cases, it can be seen that the union of the two have the ability to heighten the susceptibility of people to the scarcity, which in turn lifts the equity of the items so much that people see them as collector's items and investment pieces.

#### *Single Channel Distribution*

The cases show that there are evident similarities in the distribution of scarce items. First, it can be corroborated that it is as challenging to access high-end fashion items as it is to purchase unique pieces of art.

This comes as a result of single channel distribution methods which reduce the opportunities to buy items. With Supreme, the collections can exclusively be purchased in store or through the Supreme website, all controlled by Supreme. This, in turn, makes these collections extremely rare as well as highly desirable by Supreme enthusiasts.

The extremely rare pieces by Banksy, are also only ever sold at specially organized auctions, which adds to the overall scarcity of his work. The limited items available in combination with specific purchasing locations result in increased consumer demands, raising both the price and value of these rare items.

This spurs the resale market for individuals who are unable to access products directly, and products are sold often for a price much higher. In the resale market, prices are not fixed. Subsequently, the high resale value and the high volatility of these items generate scarcity, increasing both the value and price.

Lastly, scarcity influences the bidding behaviour of individuals who wish to purchase limited edition items through the resale market, as they tend to start their bid at a high price.

#### *Exclusive Community*

The art and fashion market attract particular groups of buyers like collectors and investors resulting in exclusive communities that are hard to enter and only truly understood by those involved.

They are also similar because neither relies on traditional marketing and communications to reach customers. Instead, brands like Nike and Supreme, as well as Banksy, are almost entirely dependent on the hype built by the media, their fans, and communities to push the word out.

According to Williams (2014) cited in Tully (2014), Banksy, "[...] is constantly in the headlines, that is reflected in how his work sells". Similarly, Nike's SNKRS and Supreme rarely rely on traditional marketing. For instance, Supreme does not communicate much to customers before launching a new collection. Supremes' community dedication is so strong, customers camp and wait hours in front of Supreme stores before a launch. As described in the case of Nike MAG, customers typically wait hours online in queues to obtain access to online auctions. This proves that customers are not just customers; they are fans who form communities of people who are willing to go great lengths to possess the scarce items.

Furthermore, the questionnaire also revealed that individuals with a high interest in fashion are more likely to buy limited edition items even if they are high priced. Consequently, it can be said that the massive following of brands such as Nike and artists like Banksy contributes to the free publicity and hype that they have become heavily dependent on during the last couple of years, which further influences the buying behaviour of individuals who want to belong to these kinds of exclusive communities.

#### *Investments and status symbols*

The high equity and pricing of the items discussed transfer symbols of status to buyers. The products elevate their status due to the elevated nature of the products, both in how hard they are to possess as well as how much money it can take to possess them.

The cases coupled with the survey show that people possess these high-status items mainly for investment purposes. Product will increase in value over time and therein, becomes a collector's item for the user.

It can be seen both in art and in fashion that these items' status means that they can be kept to be sold later for more money or bought simply as to collect.

Following from this, people also viewed these items as ways to elevate their status. As highlighted in the psychological portion, people want to possess things others cannot, which makes them stand out and show better class than others; a reasoning thread which could be seen in the questionnaire. Second to the investment element, 31 percent of people want limited edition items to stand out, showing that the person has the ability to purchase them and that they are few in their immediate circles and in general who have these items.

### **Differences**

When regarding the literature and cases presented in this paper, not only similarities can be found. There are several differences that have to be discussed.

### *Branding*

The report by Dutzler et al. (2019, p.11) previously discussed states that scarcity “may be what gives streetwear its cachet, but it is affordability that has turned a group of niche brands making cool T-shirts into a multi-billion-dollar industry.” This statement shows that the huge demand for the fashion items discussed in this paper is not only due to scarcity, but also due to other factors.

Creating a successful premium or luxury fashion brand requires for the brand to deliver an experience beyond ownership (Shin et al., 2017). The cases of Supreme and Nike show that there are several other aspects of branding like co-branding and brand communities involved in creating demand for the items. These brands deliver an overall brand experience to customers.

Furthermore, when regarding the case of Banksy, it was stated that Banksy himself can be defined as a brand. However, when regarding artists as brands, it is important to differentiate them from the fashion brands. Artists can be seen as a creator-driven brand. This can be related to Kapferer's (2012) definition of luxury brands. Luxury brands are creator-driven and their brand image relies on the creator (Kapferer, 2012). The value of art is based on the artist himself while the value of the fashion items is based on the brand equity and not mainly on the creator's equity. The brands regarded in this paper are premium brands and less creator-driven than luxury brands. Supreme and Nikes founders do not play an essential role in branding.

### *Usability*

Another difference found between the literature review and the cases of art and fashion is the usability of the items.

Art is solely purchased for aesthetic purposes and investment, while fashion items can also be used practically. There is no way of fully determining whether the fashion items are bought as an investment or for resale due to their scarcity, or out of fashionable reasons. This difference of course does not include non-wearable items created by fashion brands that are purposefully created as collectors' items.

As the questionnaire already revealed, consumers would also buy the scarce fashion pieces to stand out and to differentiate themselves from others. Furthermore, the respondents indicated that they would buy the items to show good taste and to get recognition from others while wearing them. Various respondents would buy the fashion item regardless of the aspect of scarcity. These buying intentions can not be generated by scarcity.

Additionally, fashion items are bound to trends and price of the items and their volatility is less consistent than art. The investment in a fashion item can not be considered as “safe as an investment in art. If a fashion brand is not popular anymore, the items will become less valuable on the resell market.

### *Form of Scarcity*

The most important difference between art and fashion brands can be found in the type of scarcity utilised.

It was acknowledged that in the cases presented, all three utilise both time and quantity scarcity. A difference arises as art utilises a true form of scarcity, whereas fashion utilises artificial scarcity. When an art piece is created it is automatically a unique piece. No painting is ever painted exactly the same by an artist and a replica or an art print will never be an original. Artists can only use the model of artificial scarcity by limiting the reproduction of their art. An artist is always in full control of how many copies he produces but there is no possibility of mass production for art that is created by an individual artist himself.

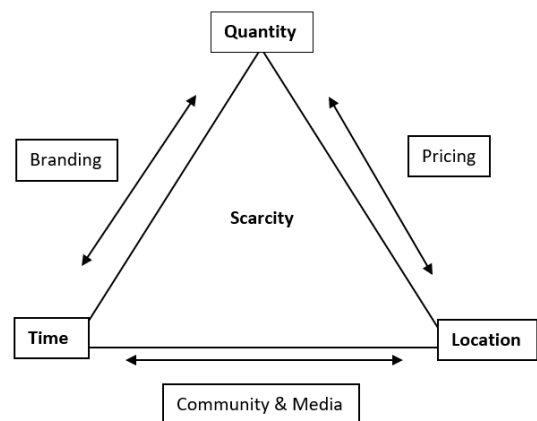
Every fashion item can be mass produced unless the material is limited. In fashion scarcity is used intentionally as an instrument to increase the desirability of a product. As the statement from Supreme founder Jebba discussed in the case of Supreme shows, fashion brands know how many pieces they could sell but limit the supply on purpose.

According to Lynn (1989), a commodity becomes more desirable the scarcer it is. This can lead to the conclusion that unique pieces can create a higher desirability and thus, higher prices. The concept of scarcity and uniqueness used in art represents an extreme version of scarcity.

## **Framework**

Based on the findings, a framework for collectors’ items in fashion is developed. This framework gives fashion brands a guideline on how to utilise scarcity to create luxury collectors’ items. This framework is oriented on Kapferer's (2012) triangle for the differentiation between luxury, fashion and premium brands, but attempts to expand on it.

The created framework shows the important elements of scarcity that should be utilised to create an aura of luxury for fashion brands. The three corners of the triangle represent the most important factors of scarcity, while the elements on the connecting lines represent the influential factors that should additionally be taken into account.



*Figure 2: Elements of scarcity for collectors’ items (own work)*

## **Limitations**

Due to time constraints, the questionnaire developed for this paper was only open to participants for one week, which resulted in a small number of contributors. The sampling technique used in this paper reflects the convenience method (Bryman & Bell, 2015), meaning a decreased possibility to generalize conclusions and sample bias. In total, the survey acquired 205 respondents. To further understand the consumer perspective on this topic, a more significant sample is recommended.

In general, the three case studies are not sufficient to draw an overall conclusion for the entire fashion and art industry or draw conclusions for other industries. Therefore, it is suggested that future studies identify and examine case studies beyond fashion to recognize whether scarcity would work as a branding tool in other industries.

Subsequently, we recommend detecting specific cases where the scarcity appeal has failed and the reason behind this failure to signal what companies should not do when trying to expand their brands. The questionnaire shows that there are several respondents that did not react to the scarcity and have not shown the increased demand discussed in the literature.

When analysing the role of scarcity in fashion, the creators have not been considered. Therefore, further studies examine the extent to which the creators drive consumer demand is required. Even though scarcity holds a significant role in appealing to the demand for exclusive luxury fashion and art communities, it is not the only important element. Therefore, we suggest further studies to identify and examine the interdependence of scarcity and other brand elements.

## **Conclusion**

When exploring the concept of scarcity in branding it can be argued that its presence in marketing strategies go beyond the modern expressions seen in the fashion industry.

Scarcity is not just a tool for high-priced products but can be used in different price brackets to elevate items in various ways depending on the type of scarcity strategy applied. This use can be traced back to the 1920's and can be seen in everyday fashion sales strategies.

In relation to the luxury fashion industry, the use of scarcity has created a shift in the way luxury is understood. The use of scarcity enables the creation of a new form of luxury, in the form of streetwear which are more accessible to regular consumers as a result of the resale markets.

The magic mentioned by Kapferer regarding luxury products can be seen running through these new expressions. Following from this, a second elevation can be tracked in by the combination of scarcity appeals by fashion brands.

By combining the time scarcity appeal, the quantity scarcity appeal and the use of a single channel distribution system, fashion brands are able to elevate these already highly revered products to collectors' items status. Branding, pricing and community & media, connect the three elements.

As much as scarcity affects products, it is important to note that scarcity is only one factor in the brand building platform. Other branding aspects can not be neglected as they too add to the allure of luxury.



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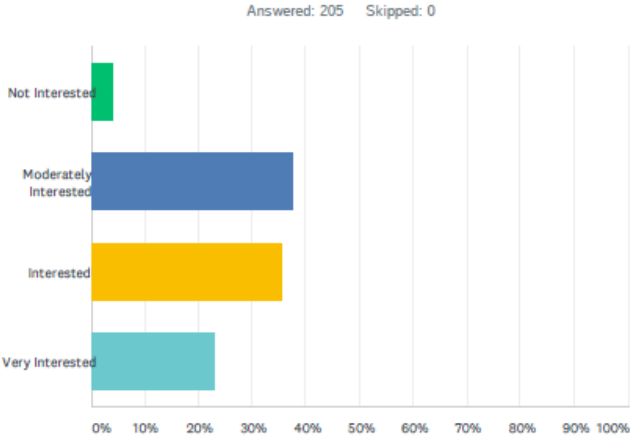
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# Appendix

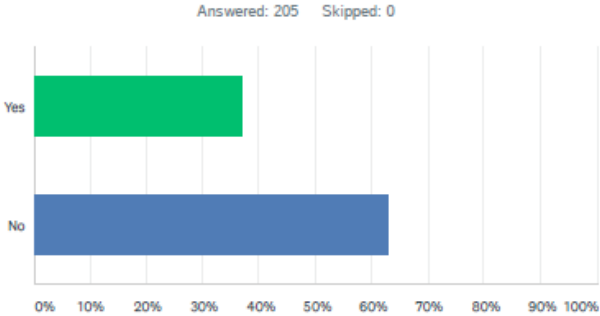
Q1 To what extent would you say, you are interested in fashion?



ANSWER CHOICES	RESPONSES	
Not Interested	3.90%	8
Moderately Interested	37.56%	77
Interested	35.61%	73
Very Interested	22.93%	47
TOTAL		205

Figure 3: Interest in fashion

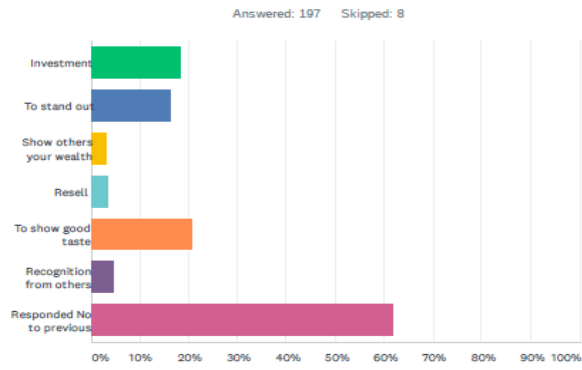
Q2 If your favourite fashion brand sold an item for a five figure sum (or higher), and you had the finances. Would you purchase it?



ANSWER CHOICES	RESPONSES	
Yes	37.07%	76
No	62.93%	129
TOTAL		205

Figure 4: Interest in high priced fashion items

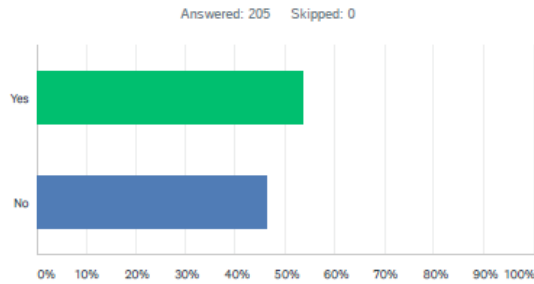
Q3 If you answered yes to Q2, what would be your reason to purchase it?



ANSWER CHOICES	RESPONSES	
Investment	18.27%	36
To stand out	16.24%	32
Show others your wealth	3.05%	6
Resell	3.55%	7
To show good taste	20.81%	41
Recognition from others	4.57%	9
Responded No to previous	61.93%	122
Total Respondents: 197		

Figure 5: Reasons for high price purchases

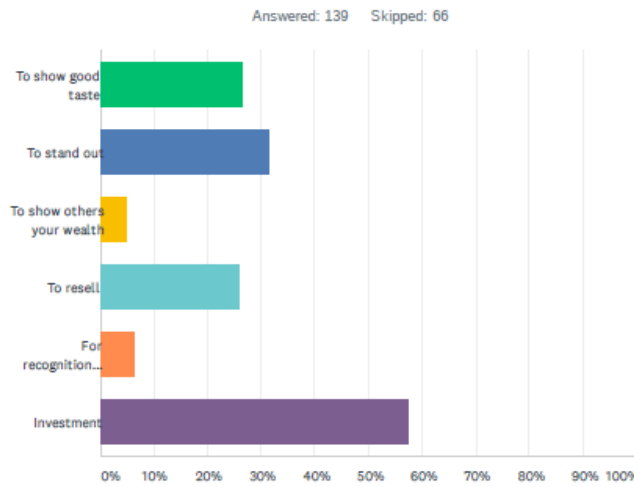
Q4 If your favourite fashion brand sold an item for a five figure sum (or higher), but this item is a limited edition. Would you purchase it? Again under the premise that you have the finances.



ANSWER CHOICES	RESPONSES	
Yes	53.66%	110
No	46.34%	95
TOTAL		205

Figure 6: Interest in limited fashion items

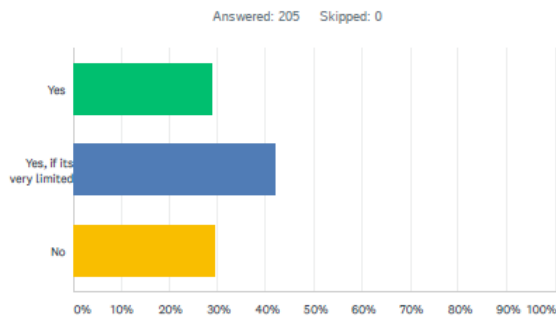
Q5 If you answered yes to Q4, what would be your reason to purchase it now?



ANSWER CHOICES	RESPONSES
To show good taste	26.62% 37
To stand out	31.65% 44
To show others your wealth	5.04% 7
To resell	25.90% 36
For recognition from others	6.47% 9
Investment	57.55% 80
Total Respondents: 139	

Figure 7: Reasons for limited edition purchases

Q6 Would you pay more for a fashion item that is limited edition?



ANSWER CHOICES	RESPONSES
Yes	28.78% 59
Yes, if its very limited	41.95% 86
No	29.27% 60
TOTAL	205

Figure 8: Influence of Scarcity on purchase decision