15.879 | Final Project Proposal

Proposal 1: Luxury Fashion Resale *(a very similar story may be made for luxury fashion fakes):*

Inspired by the used car/new car model that informed decisions about lease terms at General Motors (pictured below), I was wondering how these dynamics may play out in the luxury fashion resale space.

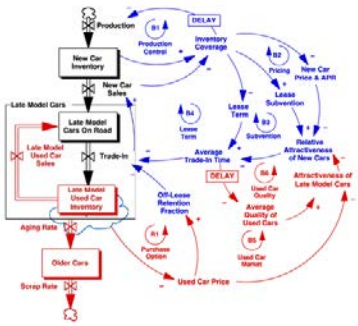

Figure 1: New/Used Car Model

The first question is whether to look at clothes, bags, shoes, cars, watches. I'd assume clothes and shoes would work differently than bags and watches which are different to cars due to both relative cost and durability of the items but I am unsure.

The resale market interacts with luxury brands in interesting ways: increasing price, distributing it to new clients, and decreasing price.

Take a few years ago, the brand supreme would drop new clothing and sell out in minutes. Then resellers would resell the clothing for 5-10x the original price. Here resellers likely help in building brand clout ('selling out in minutes') while also digging into Supreme direct profit (could have priced items at 800 instead of 300).

At some places this may be beneficial as a store attempts to stay 'grounded' in pricing among all the hype, but take a true high luxury company like Hermes and their Birkin Bag. They raised their status among their clientele by being hyper-exclusive and almost handpicking who they allowed to wear their bags. With resellers, their bags can get into the hands of people who they don't believe fit the companies 'image'. Devaluing it for their existing clientele.

Another way resellers interact is putting pieces on the market at lower cost because of defects or vintage condition (though some vintage pieces appreciate in value depending on the piece/brand). This, on one hand, helps bring brand recognition to clientele who cannot

afford new pieces or hadn't heard of the brand before. Potentially, this increases how much the average person desires the brand giving it a higher status, but if the "wrong clients" get their hands on those pieces then that can also ruin braind image

[Follow up question being how much does ruining brand image matter. They can just rebrand and continue to make money. Maybe the brand image destruction is bad for long term profits]

Some keyways this is similar/different to used cars model:

- The attractiveness of the resale/vintage pieces against the new pieces isn't super clear and is dependent on the clients and their perception of the brand
- The used cars are , though, 'objectively' worse quality than the new ones by being older. The same cannot be said for fashion where vintage pieces can claim a much higher price because they have been discontinued, or were in a better era of manufacturing, or appear in a specific editorial look etc.
- There is no formal trade in system with clothes. Many end up in the trash, many others at thrifts like Goodwill, and a select few at designer resale boutiques. There is no 'lease' period for these items.

Project Proposal 2: Art Prices

This project is more inspired by the thoroughbred example we did in class. I am interested in seeing how works of art increase and decrease in value based on perceived value and internal/external manipulation of the market. Additionally, I'm interested in seeing how new entrants, like Masterworks, may change this price dynamic. May also be interesting to see how recessions and wealth inequality play a part.

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