REIGNING SUPREME.

A Supreme Brand Analysis

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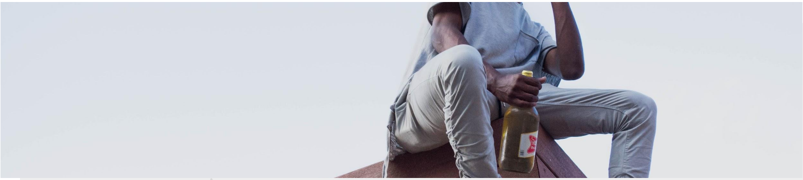
Agenda

- Firm + Industry Analysis
- Issue #1 Analysis
- Recommendation #1
- Issue #2 Analysis
- Recommendation #2
- Conclusion



Situation Analysis

What is Supreme?

A skate apparel brand opened in 1994 in New York

What is Streetwear?

A casual style of clothing originating from skateboard and hip-hop culture

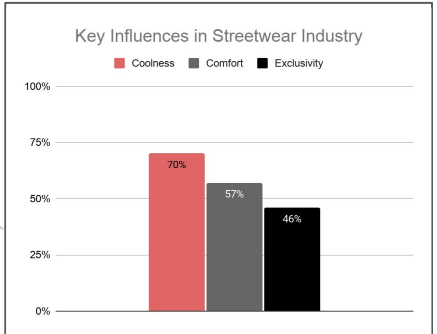
It takes up $185B in sales, 10% of global apparel/footwear market

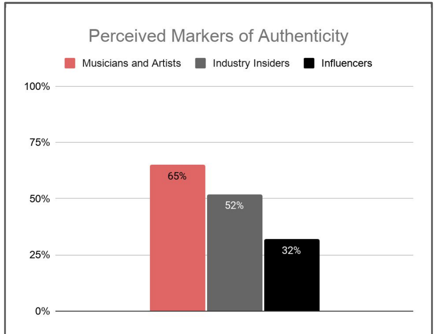
What is Supreme's Current Marketing Strategy?

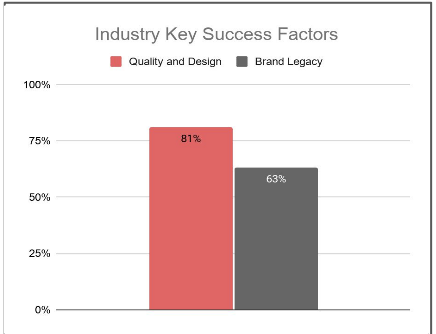
Target trendy, anti-establishment leaning young males through limited supply drops

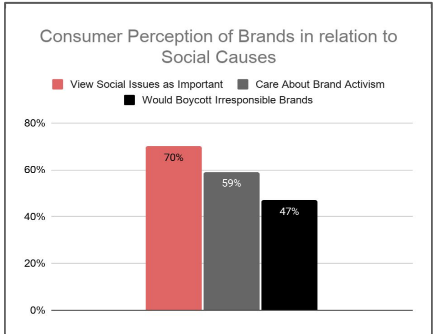
Use direct to consumer channels to create intimate consumer relationship

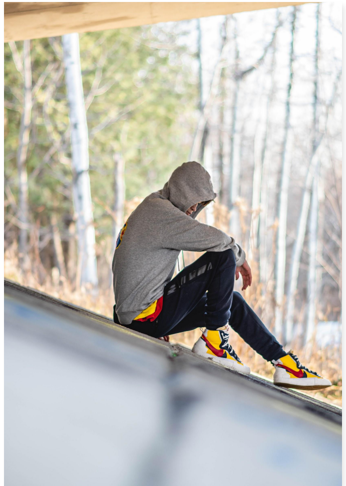
Consumer Perception Research + Analysis

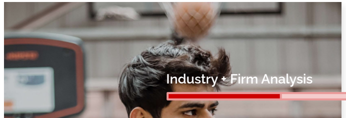








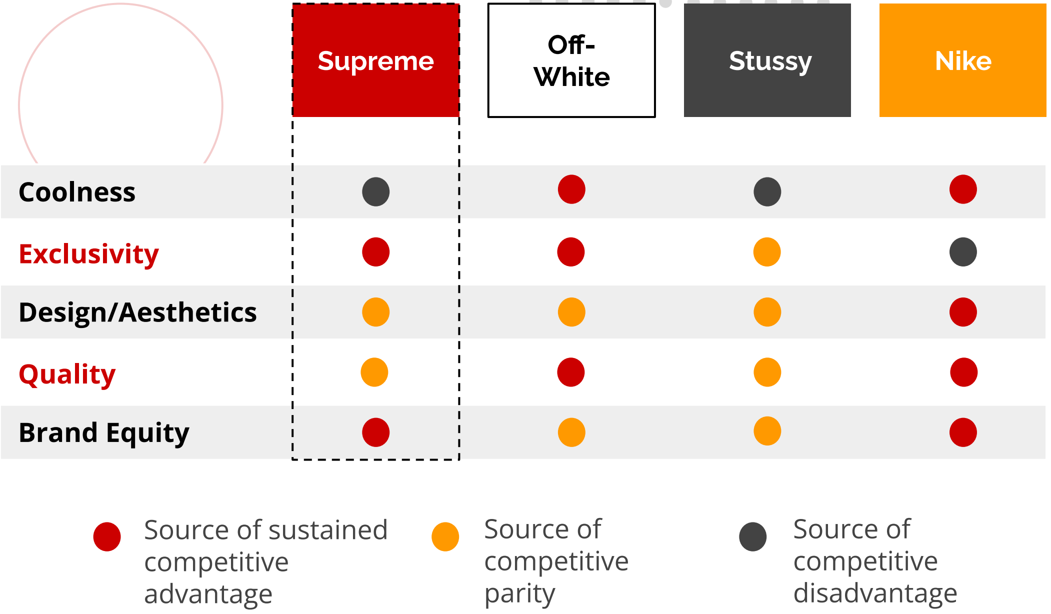




Primary Research Analysis

- **116 out of 118 people surveyed know of Supreme**; respondents who care the most about style and wear streetwear only rate likelihood to purchase at **2/5**
- Ranks **second lowest in coolness and design/aesthetics**, a factor that has been determined to be the most important to streetwear enthusiasts
- Most common words to describe Supreme were **Overpriced, Hype, Overrated, Overhyped, Exclusive**

Opportunities and Industry Landscape



Improve Brand Image

With the ongoing threat of commercialization, Supreme can redeem its "cool" status by returning to its roots.

Increase Global Footprint

Currently, there are 12 Supreme retail stores across the globe. As the streetwear industry continues to grow, Supreme can tap into emerging markets to broaden its appeal.

Leverage High Brand Equity

Supreme's cult-like fan base and financial backing poses a unique opportunity to push the envelope and innovate its image.

Issue #1 + Evaluation Criteria

Issue:

- **Poor Brand Image:**
  - Not sought after as found in our survey
  - Not seen as “cool” or exclusive compared to competitors as found in our survey
  - Over-commercialized

Evaluation Criteria:

- Solution must improve consumer perception of the brand’s:
  - **Authenticity**
  - **“Coolness”**
  - **Exclusivity**

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Recommendation #1: Collaborations at Pop-Up Stores

Leverage secondary associations with smaller, niche brands, similar to when Supreme was first growing

Going back to its roots

- Organic product placement and hints of pop-up store locations using skateboarding influencer Instagram
- Pop-up stores will be in inappropriate locations to highlight Supreme's counterculture roots and secondary associations can be made to the location of the pop-up

Proposed collaborations

- 1 musical artist
- 1 streetwear brand

Implementation #1: Target Market






Aim to target same target demographic as existing customer base.

Demographics

- Males aged 16-28
- Located in high cost-of-living urban areas

Behaviour

- Actively engage in activities such as skateboarding and travelling
- Active social media users
- Passionate about hip-hop and underground artists

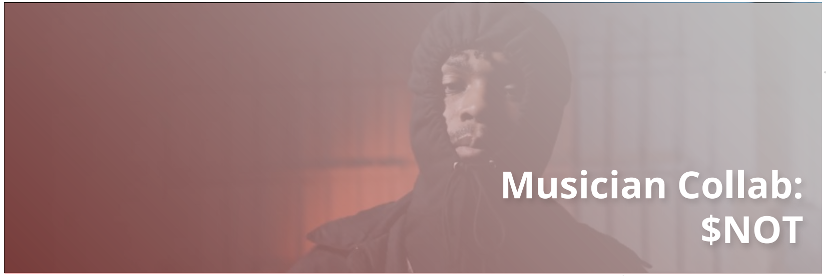
Psychographics

- Hedonists - prioritize the pursuit of pleasure
- Follow the latest pop culture

Geographics

- Local to New York City and Washington DC

Implementation #1: Product



- Up and coming rapper
- Streetwear sprung from and is still influenced heavily by rap/hip-hop culture
- Edgy, effortlessly cool brand image
- “Presents the image of a rapper who likes to keep things low-key and mysterious”

- Anime, Asian culture, gaming influences that offer new aesthetics for those who dislike Supreme’s existing style
- Socially conscious, donating past profits to N.Y. Chinatown revitalization
- Covers a different segment of streetwear than Supreme

Implementation #1: Place

Pop-ups in inappropriate locations and establishment buildings:

Wall Street, Capitol Hill

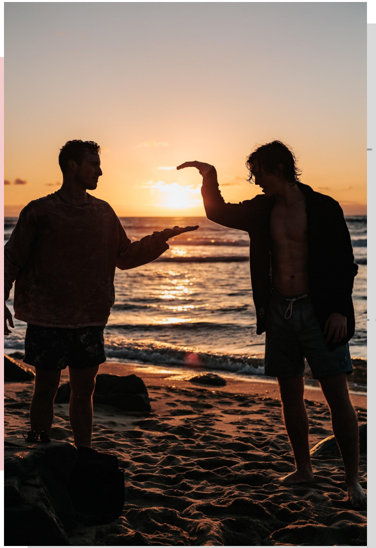
Concerts of partner artists

E-commerce channels

Implementation #1: Price

Slightly lower pricing (10% markdown) to reduce overpriced perception of Supreme and stay within price range of smaller partner brands

Implementation #1: Promotion



"Family and Friends" Releases

20 family members and friends of collaborating musicians and brands get guaranteed drops

Product Placement

Subtle form of advertising; Skateboarders like @burberry.erry and @____hyun_ can post skate clips with unreleased products, creating hype

Photo Clues

Photos will be somewhat related to the location of the store; posted on Instagram profiles of artists or brand involved

Recommendation #1: Risks and Mitigations

Risk #1: Consumers perceive collaborations to be inauthentic

Mitigation: Release press articles about the collaboration origin story

Risk #2: Collaboration partner niches/audiences are too small

Mitigation: Release in minimal quantities and then partner with a bigger brand next time

Risk #3: Difficult to control crowds at pop-up stores

Mitigation: Hire and train security in preparation for drops

Issue #2

Issues:

- Increasing competition
- Rise of counterfeit markets
- Increased fulfillment costs

Recommendation:

With only 12 physical stores worldwide and over $500 billion in revenue, Supreme should look to expand its brick-and-mortar presence and leverage VF's international experience

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Issue #2 Analysis

Where Should We Open?

	Projected industry growth	Low brand presence	Limited competitor saturation	**Total**
Milan, Italy	++	++	++	6
Shanghai, China	+++	+++	++	8
Miami, USA	+	++	+	4

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China’s Landscape

Political
Fall of daigous
Stricter IP laws

Economic
Growing disposable incomes and youth apparel market

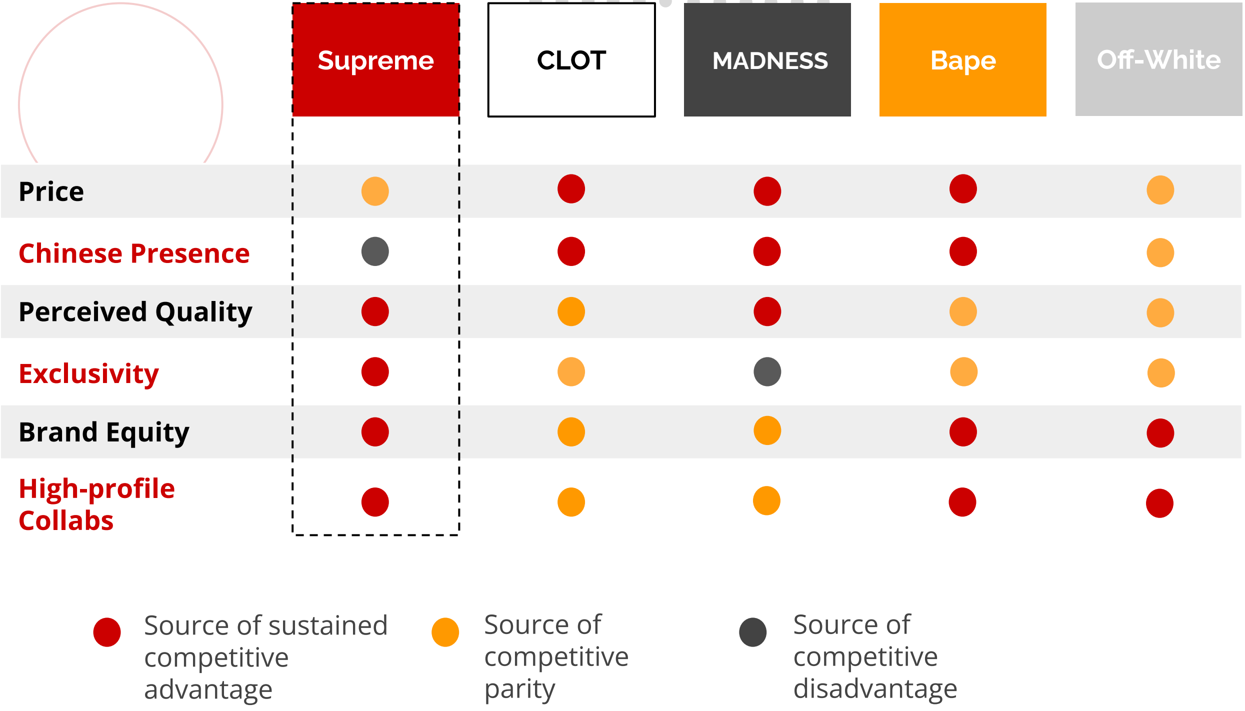
Social
Increasing trend of individualism
Celebrity influence

Tech
WeChat’s omnichannel

Industry Trends

Rise of hip-hop
Skateboarding culture
Streetwear growth

China’s Landscape



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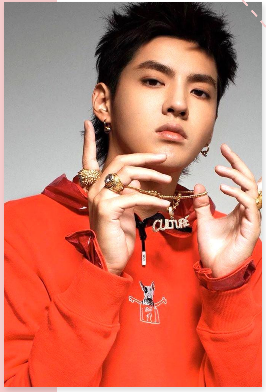
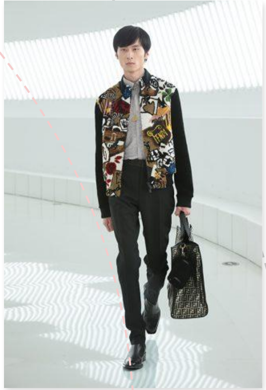
Implementation #2: Target Market





Millennials and Generation Zs

Demographics

- Single men aged 16-35
- Disposable incomes of $1000 - $5000 / month

Behaviour

- Healthy lifestyle
- Active on social media
- Enjoys live streaming and traveling
- Desires omni channel offering

Psychographics

- Enjoys music, hip-hop specifically
    - Fans of Kris Wu, Team Wang, Higher Brothers

Geographics

- Native to first tier cities like Shanghai

Implementation #2: Place & Price

Place:

- Brick-and-mortar store on Changle Rd
  - Frequented by young consumers
  - Located near counterfeit boutiques (Huaihai Middle Rd)
  - Low rent
- China-specific Supreme online store

Price:

- Sold at a premium
- Match Off-White which is priced 6% higher in China than North America

Implementation #2: Promotion

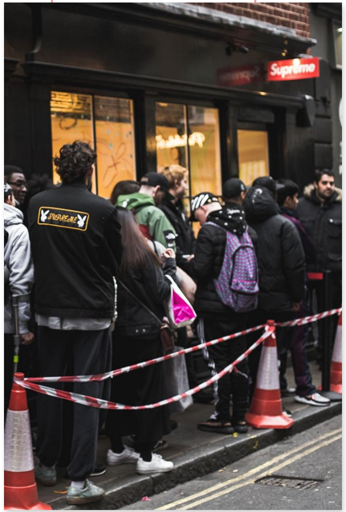
Official Supreme WeChat account
Remind consumers of weekly launches and can queue up for drops
Internal information pushed to most loyal consumers/randomly selected

Weibo
Work with skaters and hip-hop artists who can upload pictures of them wearing Supreme

Street culture community
Artists can upload images/videos of their work which will then be posted to the Supreme website

Outdoor advertising/guerilla marketing
Limited edition box logo for grand opening

Implementation #2: Product



In-store products will change every Thursday (drop day) and never be remanufactured
Verifiable UV Supreme logo on inner lapel
Employees can offer authentication services for resale items

Recommendation #2: Risks and Mitigations

Risk #1: Cultural differences

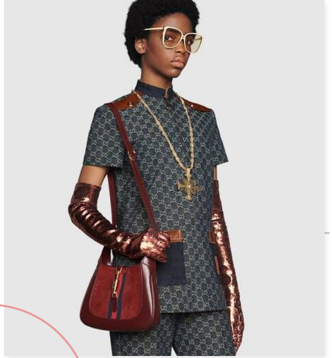
Mitigation: Collaborate heavily with local Chinese skate, hip-hop culture and employing authentic, brand evangelists

Risk #2: Fulfillment issues

Mitigation: Leverage VF's expansive operational capabilities and infrastructure

Risk #3: Expansion viewed as "corporate"

Mitigation: Spatial lag and the lack of first-hand brand presence in China



Summary

Issue #1: Declining brand image

Recommendation #1: Niche collaborations sold primarily at pop-up stores

Issue #2: Increasing luxury/streetwear brand competition and counterfeit markets

Recommendation #2: Expand store network to Shanghai, China

Thank YOU.

Team 8: Diana Qian, Malena Thushanthan, Sahil Asthana, Michael Wu, Stanley Ho, Tony Shi

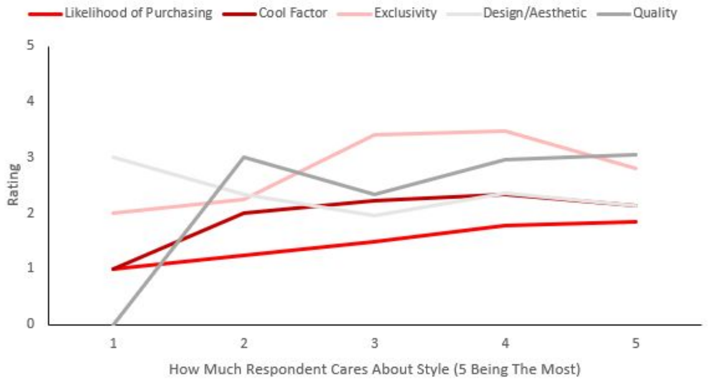
Appendix: Supreme Perception Word Bubble

Appendix: Primary Research

Care Least About Style

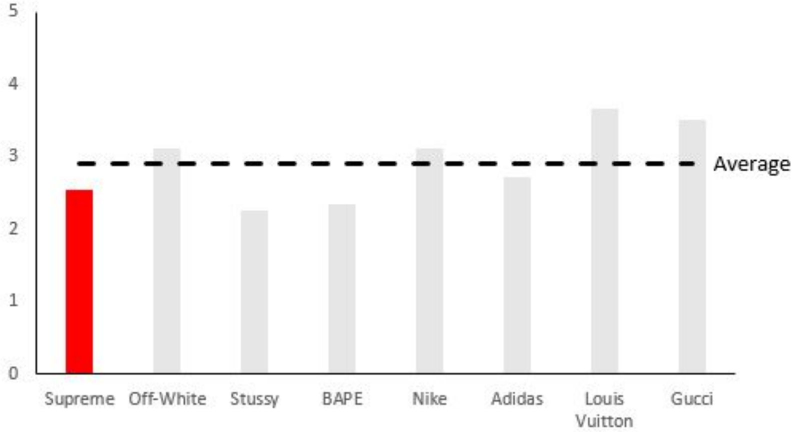
Style	Liklihood of Purchasing	Cool Factor	Exclusivity	Design/Aesthetic	Quality
1 - Averages	**1.00**	**1.00**	**2.00**	**3.00**	**NA**
Casual	1.00	1.00	2.00	3.00	NA
2 - Averages	**1.25**	**2.00**	**2.25**	**2.33**	**3.00**
Athletic	1.50	2.00	2.50	2.00	3.00
Casual	1.00	2.00	2.00	2.50	3.00
3 - Averages	**1.48**	**2.23**	**3.42**	**1.96**	**2.33**
Athletic	2.60	2.60	3.40	3.00	2.75
Casual	1.07	2.21	3.38	1.93	2.00
Preppy	1.33	2.67	3.67	1.00	2.67
Streetwear	1.00	1.50	2.50	1.50	NA
Vintage	2.50	1.50	5.00	1.50	2.00
4 - Averages	**1.78**	**2.34**	**3.48**	**2.37**	**2.95**
Athletic	2.00	2.67	3.33	3.00	3.00
Casual	1.57	2.09	3.28	2.09	2.70
Preppy	1.67	1.67	2.67	1.33	2.00
Sophisticated	1.50	2.50	5.00	2.50	5.00
Streetwear	2.20	2.93	4.00	2.73	3.00
Vintage	2.00	2.43	3.57	3.00	3.57
5 - Averages	**1.86**	**2.14**	**2.81**	**2.14**	**3.06**
Athletic	2.00	2.00	3.00	1.00	5.00
Casual	1.67	2.33	4.00	2.00	4.00
Sophisticated	1.00	2.00	1.50	2.50	2.50
Streetwear	2.00	2.10	2.60	2.20	2.71
Vintage	2.00	2.20	3.00	2.20	2.75

Care Most About Style



Appendix: Primary Research

	Coolness	Design/Aesthetics	Quality	Exclusivity	Overall Score
Weight	**41%**	**25%**	**16%**	**19%**	
Supreme	2.26	2.24	2.86	3.28	2.54
Off-White	2.92	2.85	3.37	3.63	3.11
Stussy	2.31	2.28	2.45	2.04	2.27
BAPE	2.19	1.85	2.78	3	2.35
Nike	3.5	3.5	3.28	1.7	3.12
Adidas	2.99	2.91	3.04	1.6	2.72
Louis Vuitton	3.59	3.53	4.06	3.65	3.66
Gucci	3.43	3.25	3.99	3.59	3.5
Average	**2.90**	**2.80**	**3.23**	**2.81**	**2.91**



Appendix: Clothing from Rōnin Division

SS20 drop: Anime-inspired hoodie from Demon Slayer: Kimetsu no Yaiba

FW20 drop: Heart of New York City Hoodie with all profits going to NYC Chinatown recovery programs

FW20 drop: Japan-inspired noragi, cut and assembled in Brooklyn

Supreme

Team 8: Diana. Q, Malena. T, Michael. W, Sahil. A, Stanley. H, Tony. S

Situation Analysis (very short)

- Who is Supreme?
  - Skate apparel brand opened in 1994 in New York
- What is Streetwear?
  - Casual style of clothing originated from skateboarding and hip hop culture
  - $185B in sales, 10% of global apparel/footwear market
- What is Supreme's current marketing strategy?
  - Targets young, males who identify with cool, trendy, anti-establishment values
  - Pioneered hype branding
    - Weekly limited supply drops to create exclusivity
  - Direct to consumer model to create intimate connection with consumers
  - Limited advertising

Consumer Perception Research + Analysis

Key Influences:
80% of consumers derive streetwear influence from hip-hop and rap music
42% see it from contemporary art
40% see sports as major influence

Markers of Authenticity:
65% consumers regard musicians and credible figures in industry
52% regard industry insiders
32% regard influencers

Industry Key Sucess Factors:
81% consumers value Quality and Design
63% value Brand Legacy

Social Cognizance:
70% consumers stated social issues were important
59% care about brand activism
47% consumers said they would boycott brands if they acted inappropriately

Gonna turn this shit into charts it'll work out fine dw

Primary Research Analysis

- 116 out of 118 people surveyed say they know what supreme is, yet 0 would rate themselves a 5/5 on their likelihood to purchase Supreme
    - Over half rated themselves a ⅕ on their likelihood to purchase Supreme
- Supreme holds lower overall brand scores in both weighted and unweighted averages despite its significant brand exposure and awareness
- Ranks second lowest in coolness, a factor that has been determined to be the most important to streetwear enthusiasts (from the Hypebeast industry report)
- As people care more about their style they are more likely to purchase Supreme but factors such as coolness, exclusivity and aesthetics fall off for people who care about style the most
- The streetwear crowd who could be Supreme's core fan base rates Supreme just above average on the different metrics except for quality

Brand Scores (Unweighted Averages)

	Coolness	Designs/Aesthetics	Quality	Exclusivity	Overall Score
Supreme	2.26	2.24	2.86	3.28	2.13
Off-White	2.92	2.85	3.37	3.63	2.55
Stussy	2.31	2.28	2.45	2.04	1.82
Bape	2.19	1.85	2.78	3.00	1.96
Nike	3.50	3.50	3.28	1.70	2.39
Adidas	2.99	2.91	3.04	1.60	2.11
Louis Vuitton	3.59	3.53	4.06	3.65	2.97
Gucci	3.43	3.25	3.99	3.59	2.85

Branded Scores (Weighted Averages)

	Coolness	Designs/Aesthetics	Quality	Exclusivity	Overall Score
Attribute Weight	40.6%	25%	15.6%	18.8%	
Supreme	2.26	2.24	2.86	3.28	2.54
Off-White	2.92	2.85	3.37	3.63	3.11
Stussy	2.31	2.28	2.45	2.04	2.27
Bape	2.19	1.85	2.78	3.00	2.35
Nike	3.50	3.50	3.28	1.70	3.13
Adidas	2.99	2.91	3.04	1.60	2.72
Louis Vuitton	3.59	3.53	4.06	3.65	3.66
Gucci	3.43	3.25	3.99	3.59	3.50

Should be an exhibit


Overhyped
Outdated
Overpriced
Poser
Ugly
Indifferent
Trendy
Tacky
Red
Lame
Marketing
Swag
Hyped
Cringe
Old
Streetwear
Extra
Hoodie
Iconic
Pretentious
Obnoxious
Decent
Comfortable
Popular
Male-dominated
Perspective
Exclusive
Overrated
Skate
Basic

Issue #1 + Evaluation Criteria

- Poor brand image
  - Not sought after as found in our survey
  - Not seen as “cool” or exclusive compared to competitors as found in our survey
  - Over-commercialized
- Recommendation must:
  - Improve consumer perception of the brand’s
    - Authenticity
    - “Coolness”
    - Exclusivity

Recommendation 1: Target Market

- Generally same target market as existing customer base
- Specifically targeting streetwear consumers who:
    - Care a lot about their style
        - Our survey indicates that those who care the most about their style think Supreme designs are not nice
    - Want to represent cool but not overhyped brands
    - Cares about authenticity of a brand
- Regional Target:
    - People in urban areas who would have access to the pop-up stores

Recommendation 1: Product

- Musical collaboration
  - Up and coming rapper
    - Streetwear was originated from rap/hip-hop culture
  - $NOT
  - Edgy, effortlessly cool brand image
  - “Presents the image of a rapper who likes to keep things low-key and mysterious”
- Streetwear brand collaboration
  - Rōnin Division
    - New York brand (founded in same city), small shop with mild buzz in past (Hypebeast, socially conscious (has donated proceeds from past drops to Black Lives Matter-aligned organizations, Chinatown revitalization projects)
  - Anime, Asian culture, gaming influences that offer new aesthetics for those who dislike Supreme’s existing style
  - Small Supreme logo to avoid hype factor
  - Covers a different segment of streetwear than Supreme (Asian pop culture, social causes)

Recommendation 1: Place

- Pop-ups in inappropriate locations such as Wall Street, near government buildings such as somewhere close to Capitol Hill in DC
- Pop-up shop at concerts of the artists we partner with
- Half sold through e-commerce sales

Price

- Slightly lower pricing to reduce the overpriced perception of Supreme
    - Also because we are working with smaller brands

Recommendation 1: Promotion

- “Family and Friends” early releases
  - 100 family members and friends of collaborating musicians and brands get guaranteed drops
  - Will likely have their own social media clout, organically post and create hype through early exclusivity and product previews
- Drop photo clues in the 5 preceding days about location of pop-up shop leading up to its opening
  - Photos will be low-key and only somewhat related to the location of the store and posted on Instagram profiles of skaters or the brand or artist involved with the collaboration
- Product placement
  - Subtle form of advertising that aligns with Supreme’s historic
  - Instagram skateboarder (@____hyun_) / 558k followers and Eric Koston (@erickoston) 986k followers
  - Wearing Supreme logo clothing item in his videos
- Partnership spotlights
  - Create buzz by leveraging fashion publications and blogs to talk about collaborations - create awareness of smaller musicians and brands and their ties to Supreme, as well as if they have any core causes or missions or visions, to bring them into the spotlight

Recommendation 1: Risks & Mitigation

- Risk #1: Consumers perceive collaborations to be inauthentic
  - Mitigation: Release press articles about the origin story of the collaboration to make it seem authentic
- Risk #2: Collaboration partner niches/audiences are too small, do not create significant impact for Supreme
  - Mitigation: Release in minimal quantity to test and then partner with a bigger brand next time
- Risk #3: It is difficult to organize crowds at pop-up stores and it gets out of hand
  - Mitigation: Hire and train security so that they are prepared to handle similar crowds like outside the NY store whenever there is a drop

Issue #2

- Increasing competition
- Rise of counterfeit markets
- Increased fulfillment costs

With only 12 physical stores worldwide and over $500 billion in revenue, Supreme should look to expand its brick-and-mortar presence and leverage VF's experience

Issue #2

- Increasing competitive presence in domestic and foreign industries with major competitors expanding
- 40% of Supreme's revenues comes from overseas -> need to grow to maintain projected 8-10% CAGR
  - Sub-issues:
    - Rise of counterfeit markets
    - Lack of worldwide physical infrastructure leading to increased fulfillment costs
- With only 12 physical stores worldwide and over $500 billion in revenue, Supreme should look to expand its brick-and-mortar presence

Opportunities and Industry Landscape (brief)

- CLOT
- MADNESS
- Bape
- Off-White
- Indirect competitors examples:
    - Traditional luxury brands
    - Nike

Metrics:

- Price
- High-profile collaborations
- Chinese presence
- Perceived quality
- Exclusivity
- Perceived attractiveness
- Brand equity

Supreme’s exclusivity and high brand equity key to success

Chinese Landscape

Political

- Stricter IP laws
- Daigou

Economic

- China’s youth apparel market exceeded $500 billion in 2017, with street brands out-growing traditional brands

Social

- Increasing trend of individualism
- Change in gender perceptions
- Celebrities as influencers

Tech

- WeChat’s growing role in day-to-day lives

Industry trends:

- Rise of hip-hop
- Skateboarding culture
- Chinese consumers tend to believe that high-end international brands are superior
- Streetwear growth in 2018 was 60% higher than average apparel category growth
  - Primarily in first-tier cities

Recommendation 2: Target Market

- Millennials/ Gen Z’s
- Demographic
  - Men aged 16-35
  - Engaged in creative work such as design/marketing
  - Concentrated in first-tier cities like Shanghai
  - Single
  - Disposable income of $1000-$5000/m
- Behaviour
  - Engage in a healthy lifestyle
  - Very active on social media
  - Enjoys live streaming
  - Enjoys travelling
  - No longer solely shops at brick and mortar stores
    - Desires omnichannel capabilities
- Psychographics
  - Enjoys music
    - Consistent with Supreme’s fan base in Western markets
    - Kris Wu, Team Wang, Higher Brothers
  - Loves sports
- Geographics
  - Shanghai/China native

Recommendation 2: Price + Place

Price

- Sold at a premium
    - Match Off White which is 6% higher in China than in America

Place

- Brick and mortar store in Shanghai, China
    - The store should be located on Changle Rd
        - A trendy area like Japan’s Harajuku
        - Lots of entertainment, shopping and catering
        - Frequented by young consumers
        - Located near counterfeit boutiques (Huaihai Middle Rd)
        - Low rent
            - $3800USD/ month on average
- China-specific Supreme online store
    - Use website to promote launches

Recommendation 2: Product + Promotion

Product

- In-store products will change every Thursday (drop day) and never be remanufactured
- UV Supreme logo on inner lapel seal to give consumers validity on their purchase
    - Employees can offer authentication service for products purchased on the secondary market

Promotion

- WeChat
    - Through official Supreme account promote to followers:
        - Remind consumers of weekly launch and if they give email then they can queue up
        - Internal information pushed to most loyal consumers/randomly selected
- Weibo
    - Work w Chinese skaters and hip hop artists who will upload pictures of them wearing Supreme and use hashtags to generate buzz
    - Set up an official account to push products
- Street Culture community
    - Artists from the street culture community can upload images/ videos of their work which will then be posted on the website
    - Shows Supremes appreciation for China's streetwear culture/community
- Outdoor advertising/guerilla marketing
    - Posters, brand stickers, graffiti
    - Situated near future store location to increase hype and generate buzz
- Limited edition box logo t-shirt for store grand opening
- Exclusive event

Recommendation 2: Risks and Mitigation

- Cultural differences
  - Collaborate heavily and immerse Supreme in the local Chinese skate, hip-hop culture by employing authentic, brand evangelists
- Fulfillment issues
  - Benefit from VF's strong regional platforms and decades-long experience operating in international markets
  - Leverage VF's expansive operational capabilities and infrastructure
- Expansion viewed as "corporate"
  - Spatial lag, can be seen as bridging the west and east
  - Lack of first-hand brand presence -> room for growth, saturation is not a risk