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Nike Cracks Down on Reseller Bots, Threatens to Charge Restock Fees

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Nike, one of the largest apparel and footwear companies in the world, is seeking to put a dent in the massive second-hand sneaker market.

The company this month updated its terms of sale for U.S. customers to reflect a new, stricter policy around reselling. It states that Nike strictly prohibits the practice, and defines it as any "purchase of product by someone who intends to resell the product to others."

Now, any order that the company deems as being intended for resale could face penalties. Nike said it could cancel orders, restrict sales to accounts related to bulk buying, decline refunds, deny access to Nike stores, and even force buyers to pay restocking fees.

How Did It Get This Bad?

In the early 2010s, a number of robberies — and even murders in some instances — forced major retailers to rethink how exclusive sneaker drops could be carried out. They went with a raffling process. Instead of consumers waking up at the crack of dawn, or even camping out in lines overnight, they would visit their preferred retailer's website, enter the draw, and hope they were one of the lucky ones to be selected. But this approach brought its own set of problems.

As it turned out, people began using bot programs to flood reservation queues, giving resellers an unfair advantage over regular customers and wiping out entire stocks of sneakers with the intent to resell them at marked-up prices. Tommy Ortiz, an assistant manager at retailer Flight Club in New York City, said that the introduction of raffles and bots have really made it hard for die-hard sneaker lovers to get their hands on the most exclusive drops.

"The bots just made it more difficult to acquire shoes that may be coveted over a long period of time, especially stuff that came out only once that recently retroed like Black Cat 4s, Cool Grey 4s, and Mocha 3s," he told Cheddar News.

Once resellers get their hands on the goods in bulk, there are a number of platforms, with social media being a huge driver, where those sneakers can be found marked up exponentially. For instance, the Air Jordan Black Cat 4 retails for \$190, but on Grailed, one of the most popular resell sites, consumers can expect to pay more than \$600.

First Come, First Serve

Ortiz said he commends Nike for taking steps to protect consumers and the integrity of their products but noted that people will always find a way to cheat the system.

"Even before bots, how do you think people were getting pairs? They were getting back-doored. People had a plug. They had a connect," he said. "Where there's a will there's a way. If the bots don't work, people will just use three laptops and five cell phones. I've seen it happen before."

Ortiz said he supported the first-come, first-serve model but realized that it posed potential dangers to shoppers. He recalled the 2014 collaboration between Nike and Supreme on its Foamposite sneaker, when a major release event was shut down by the NYPD after shoppers got unruly in an attempt to force their way into the store.

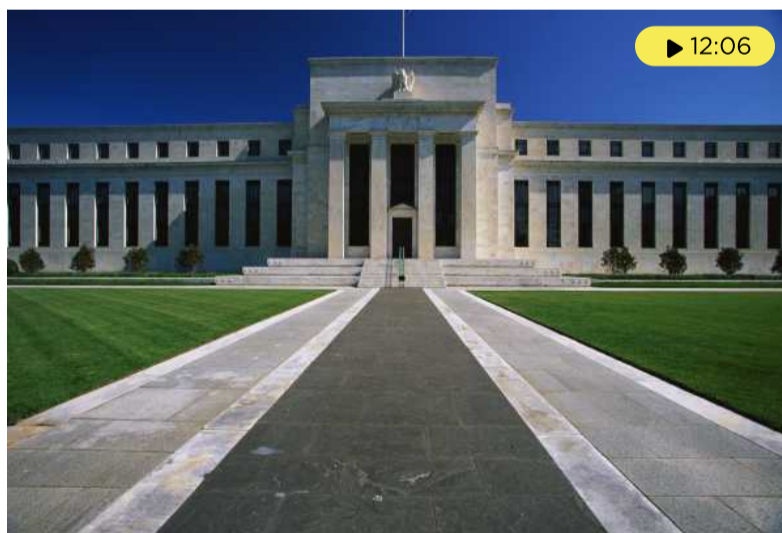
"When Supreme released the Foamposite collab, that was pivotal not only for the sneaker community, but it was an eye opener in the sense that, what can we do to make this experience more enjoyable and overall more safe for our consumers," he told Cheddar News.

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