

NETACEA

REPORT

Netacea Quarterly Index Q1 2023

Introduction

Netacea's Threat Research Team investigated the top five items targeted by scalper bots between January and March 2023.

In contrast to the increased demand of the holiday season, the new year is a relatively quiet time for retail. Our previous Indexes revealed that in the first quarter, scalper bots opt for reasonably safe targets to maximize their successes with minimal risk. However, the definition of safe targets at the start of 2023 is starkly different than it was in 2022. The cancellation of Kanye West means there's no sign of Yeezy's in the top 5, while the PlayStation 5's demand and distribution seems to have finally levelled out. Graphics cards are no longer safe targets either as demand from gamers and crypto miners has plummeted.

This quarter, we identified that scalper bots reverted to primarily targeting sneakers, from affordable releases with reliable profit margins to ultra-high demand limited edition luxury sneakers with huge markup potential. But despite seemingly going backwards with a top five solely consisting of sneakers, scalper bots are as advanced as ever, capable of tackling either first come first served releases or raffles and capitalising on both hype releases and under-priced items.

In this report, we reveal the top five targets for Q1 2023, highlight some notable non-sneaker targets that didn't make the top five and revisit the top five items from Q4 2022.

1. Nike Dunk Low Panda



RRP: \$110



**Aftermarket Range:
\$144 - \$185**



**Aftermarket
Average: \$161**



**Markup Average:
47%**

The Black and White Nike Dunk Low “Panda” remains in the top spot this quarter, its third consecutive appearance in the top two of our Index. The Nike Dunk Low silhouette saw a resurgence in popularity last year with some scalper communities even hailing 2022 as the “Year of the Dunk”. This popularity has not yet waned; scalper bots purchased hundreds of thousands of Dunks throughout the first quarter of 2023 resulting in two separate colorways making our Index.

The Panda Dunk had multiple restocks throughout the quarter, giving bots ample opportunity to snap up the sought after sneakers. Combined with their affordable RRP of \$110 and reliable resale profit, this made them one of the safest targets for scalper bots.

2. Nike Air Force 1 x Tiffany & Co. 1837



RRP: \$400



Aftermarket Range:
\$1021 - \$1114



Aftermarket
Average: \$1,072



Markup Average:
168%

In second place this quarter is the Nike and Tiffany & Co. Air Force 1 1837, named in commemoration of Tiffany & Co.'s founding date. This was Nike's first collaboration with Tiffany & Co. and continues a recent trend of Nike collaborations with LVMH brands or subsidiaries. The Air Force 1 1837's comparatively understated design, a premium black suede silhouette with Tiffany Blue Swoosh and silver heel plates, initially divided sneakerheads. However, rumours that only 1837 pairs of the sneaker were ever going to be produced made them a prime target for scalper bots.

The Nike Air Force 1 x Tiffany & Co. 1837 was released for \$400. Pairs sold out instantly as demand far outweighed the limited stock available, leaving a significant number of would-be customers disappointed. In contrast, several bot users were able to purchase multiple pairs and capitalise on the high resale value to make thousands in profit.

3. Nike Dunk Low Grey Fog



RRP: \$100



Aftermarket Range:
\$161 - \$262



Aftermarket
Average: \$187



Markup Average:
87%

The second Dunk to make this quarter's Index is the Nike Dunk Low Grey Fog. Whilst Dunks are not as affordable or profitable as Yeezy Slides, the former scalper favourite, they are affordable and popular enough to somewhat fill the void left by Yeezy's exit. Many Dunks were targeted this quarter, including the Panda Dunk which also features in this Index, and the Active Fuschia Dunk, which narrowly missed out.

With its muted grey tones, the Grey Fog colorway is much subtler than the Panda but remains neutral enough for widespread appeal. It also provided higher profits to resellers than the Panda, selling at nearly twice RRP on the secondary market.

4. Air Jordan 4 Seafoam



RRP:
\$210



Aftermarket Range:
\$262 - \$310



Aftermarket Average:
\$275



Markup Average:
31%

In fourth place is the Air Jordan 4 Seafoam, which was released on 9th February 2023. The Jordan 4 is one of the most popular Jordan designs, making two appearances in our Index in 2022. The Air Jordan 4 Seafoam was released in women's sizing leading to more demand and competition for the larger sizes.

Due to the high demand for the Air Jordan 4 Seafoam, it was released across several retailers, providing scalper bots with plenty of avenues to attack. The wider availability meant that reselling these sneakers wasn't as profitable as the top three items in this Index, however the resale markup of 31% still provided a decent return for scalpers, especially those who were able to obtain multiple pairs.

5. Air Jordan 3 White Cement Reimagined



RRP: \$210



Aftermarket Range:
\$265 - \$292



Aftermarket
Average: \$275



Markup Average:
31%

The Air Jordan 3 White Cement Reimagined takes the last spot in this quarter's Index. This sneaker continues Nike's recent series of nostalgic Jordan releases, such as last quarter's highly sought-after Air Jordan 1 Lost and Found. This time, Nike celebrates the 35th anniversary of Air Jordan 3 by using the same design specification as the original, complete with discolored midsoles for a vintage look.

The Air Jordan 3 White Cement Reimagined did not garner as much demand as last quarter's Air Jordan 1 Lost and Found, however there was still sufficient interest for scalpers to capitalise on through the secondary market. Resellers received \$65 in profit on average throughout the quarter.

Sneaking past the sneaker bots

Whilst sneakers were by far the most popular purchases for scalper bots this quarter and took up all five spots in our Index, resellers used scalper bots to buy a wide variety of items. Designer clothing releases from streetwear brands such as Stussy and Broken Planet were popular targets. Some bot users opted for Lionel Messi Argentina jerseys following the football mega star's World Cup triumph.

Underground ticket touting communities grabbed Eurovision Song Contest tickets and re-advertised them for over £11,000. Collectibles and memorabilia such as Funko POP figurines, Supreme Tamagotchis, and signed copies of Elton John's Honk Chateau 50th Anniversary Gold LP were also popular. The latter was resold for a staggering 32,000% markup. Scalper bot users even targeted drinks, snapping up packs of YouTube celebrities Logan Paul and KSI's sports drink, Prime Hydration.

Conversely, freebie bot users were less focussed on purchasing specific products, instead looking solely for heavily discounted, mispriced, or free items. This resulted in an eclectic mix of purchases from standing desks and portable monitors to fitness tracking watches and digital meat thermometers, at low to no cost.

Where are they now? A look back at our top five from Q4 2022

1

Nike Dunk Low Panda

The Panda Dunks remain in top spot in this quarter's Index. Despite a 10% drop in resale value compared to last quarter, their affordability and reliable profit margins have secured their continued appeal to scalpers.

2

Air Jordan 1 High Chicago Lost and Found

The Air Jordan 1 High Lost and Found has retained its resale value this quarter, and still sells for more than double its RRP. Many reseller communities advised their members to hold on to pairs to sell in the future, forecasting a rise in resale value after the holiday season. However, rumours of possible restocks in the coming months may cause the value to drop sooner than expected.

3

Air Jordan 4 Midnight Navy

The Air Jordan 4 Midnight Navy's resale value slightly increased this quarter despite multiple Jordan 4 colorways having already been released in 2023. The sneaker currently resells for more than the fourth item in this quarter's Index, the Air Jordan 4 Seafoam.

4

Taylor Swift, The Eras Tour Tickets

Event tickets are unique amongst the items in our Index as they lose all their resale value after the event. As a result, at a certain point, resellers with a lot of stock will often drastically lower their prices to minimise their losses. Taylor Swift's tour started this month, creating a standoff between her fans and resellers, with many fans waiting to see if a resale ticket became affordable last minute. However, sustained high demand meant resellers were still able to make \$1,000 in profit when selling tickets the day before the show.

5

Sony PlayStation 5

PlayStation 5 scalping is finally officially over as, for the first time since its release, the console has not made it into our Index. The increased demand of the holiday season helped the PlayStation 5 sneak into fifth place last quarter. Since that demand spike, scalpers have struggled to sell the consoles, resorting to listing them for below RRP or even trying to return them to stores. However, consumers should refrain from purchasing the console from scalpers, even at discounted prices, as they will not get the same warranty protections as they would if purchasing from a store.

Pricing Data

Top 5 Scalped Items – Q1 2023

Rank	Name	RRP	Price Low	Price High	Price Avg.	Markup Low	Markup High	Markup Avg.
1	Nike Dunk Low Panda	\$110	\$144	\$185	\$161	31%	68%	47%
2	Nike Air Force 1 x Tiffany & Co. 1837	\$400	\$1,021	\$1,114	\$1,072	155%	179%	168%
3	Nike Dunk Low Grey Fog	\$100	\$161	\$262	\$187	61%	162%	87%
4	Jordan 4 Seafoam	\$210	\$262	\$310	\$275	25%	48%	31%
5	Jordan 3 White Cement Reimagined	\$210	\$265	\$292	\$275	26%	39%	31%

Where Are They Now? – Q3 2022 in Q4 2022

Rank	Name	RRP	Price Low	Price High	Price Avg.	Markup Low	Markup High	Markup Avg.	Vs. Previous Q
1	Nike Dunk Low Panda	\$110	\$144	\$185	\$161	31%	68%	47%	-10%
2	Jordan 1 Retro High Chicago Lost and Found	\$180	\$413	\$452	\$429	129%	151%	138%	0%
3	Jordan 4 Retro Midnight Navy	\$210	\$297	\$329	\$314	41%	57%	50%	3%
4	Taylor Swift The Eras Tour Tickets*	\$249	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	PlayStation 5	\$500	\$444	\$542	\$492	-11%	8%	-2%	-18%

*RRP for The Era's Tour Tickets ranged from \$49 to \$449 depending on seat. Resale prices fluctuated wildly this quarter due to proximity to the tour, preventing a fair comparison.