



SNEAKER MONEY



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Video Page



Sneaker Money

Teacher's Guide

This Teacher's Guide includes the following:

- Suggested Lesson Plan
- Preview Activity / K-W-L Chart
- Key Terms
- Viewing Guide
- Discussion Questions
- Activity: Who Chooses
- Quiz
- Enrichment and Integration Activities
- Answer Key

Suggested Lesson Plan

These materials may be used in a variety of ways. For maximum benefit, we suggest the following lesson plan:

- Preview Activity:
 - A) Use Think, Pair, Share to have students discuss the preview questions among themselves. Then allow students time to present their group's answers to the class.
 - OR
 - B) Distribute copies of the K-W-L chart and have the students complete the first two columns to the best of their ability. (Have them fill in the last column after viewing the video.)
- As a class, discuss the Key Terms.
- Distribute copies of the Viewing Guide for students to use as a note-taking tool during the video.
- Play the video, pausing if needed to facilitate understanding and note-taking. (Note: You may want to turn on subtitles and/or provide students with a copy of the transcript, available on the izzit.org website.)
- Review and discuss answers to the Viewing Guide using Answer Key as a guide.
- Use Discussion Questions to spark class discussion, or assign these questions as homework.
- As a class or in small groups, complete the Who Chooses Activity.
- Replay the video as preparation for the Quiz.
- Administer and grade the Quiz using Answer Key as a guide.
- Optional: Assign one or more Enrichment Activities as homework.

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Preview Questions

(These questions are meant to be read aloud by the teacher or be used in a Think, Pair, Share exercise in which pairs of students are each given one set of questions.)

Question Set A

1. What is “the economy”? How does it work?
2. What is the “underground economy”? Why is it called that? What examples can you give us?

Question Set B

3. What is money? Who decides what money is?
4. What legal ways can you obtain something you want?

Question Set C

5. Which is more valuable, money or sneakers? Why?
6. How is value determined? Who decides what is valuable?

Use *Think, Pair, Share* to have pairs of students answer a set of preview questions. Before sharing with the class, have students join others who answered the same questions. Ask the students to look for similarities and differences in their answers and to discuss why they answered the way they did. After a few minutes, ask the groups to read their questions and explain their answers.

A video explanation of *Think, Pair, Share*:

<https://www.teachingchannel.org/videos/think-pair-share-lesson-idea>

Sneaker Money

Key Terms and Definitions

Asset – **n.**, property that has value

Barter – **v.**, the exchange of goods or services for other goods or services without the use of money

Commodities – **n.**, natural resources, raw materials, or primary agricultural products usually traded in bulk, such as metals, grains, and grown foods

Collateral – **n.**, an object or property provided or promised to a lender to guarantee repayment of a loan

Consignment – **n.**, an agreement between an owner and a seller in which the owner provides an item to a seller in which the seller agrees to pay the owner only when the item or items are sold

Credit – **n.**, the ability of a customer to obtain goods or services prior to payment, based on trust that the goods or services will be paid for in the future

Investment – **n.**, the act of using money to gain a profit; an asset that is purchased or held with the intent that it will increase in value and the owner can make money from it

Lucrative – **adj.**, very profitable

Pawn – **v.**, to deposit an object as security for a loan, with the understanding that it will be sold if the loan is not repaid within a set amount of time

Profit – **n.**, the financial gain when an item is sold at a higher price than the original cost, or the gain when an item is sold above and beyond its cost to produce/procure.

Underground Economy – **n.**, economic activity not measured by government statistics that is conducted with the intent or result of concealing such transactions from government

Name: _____

Date: _____

Sneaker Money **Viewing Guide**

1. This economy deals in bartering, trading, and exchanging money in _____ ways.
2. _____ can be anything, including sneakers.
3. Basically, we're a sneaker _____ because we're giving out loans and we're also giving out cash for sneakers. The sneaker is used as collateral for a loan.
4. Understand that underground, what we're talking about here, isn't illegal, just alternative. It's a way around _____ that prevent those receiving government benefits from saving money.
5. So, when you take a closer look, you can see sneakers can be used as currency, just like anything else. Done right, and it can be an _____.
6. I usually like to have my sneakers only up for five minutes, hopefully they sell within the first _____ that we have them, but the max time that I have a sneaker on the wall is a week.
7. Finding new markets, like Chase opening up a new store, can be _____.
8. His business is fully legal, and he helps his customers while making a living. He simply operates in an economy where _____ people use alternative goods or services as currency because they're unable to use traditional banks.

Now, take a few moments to reflect on the video and answer the question below:

What was one lesson you learned watching this video?

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Discussion Questions, page 1

1. What is money? What is its purpose?
2. What is the connection between money and the economy?
3. Who participates in the economy? In what ways?
4. What is the underground economy? Why is it called that?
5. Have you ever participated in the underground economy? How so?
6. How have government regulations help create the underground economy?
7. How does the underground economy help people who receive government benefits?
8. Why would someone “camp out,” waiting on line to buy sneakers?
9. What is the sneaker culture? Why is there a sneaker economy?
10. How is the sneaker economy part of the underground economy?
11. One of the people interviewed in the video said that he and others do this every weekend to earn a living. How is that possible?
12. Isn't owning two hundred pairs of sneakers a waste of money? Explain.
13. Chase Reed refers to his business as a sneaker bank. How is that possible?
14. How are sneakers an alternative currency?
15. Because of their economic status, many poor people do not have good credit. What is credit?
How can sneakers be used to avoid the need for credit?
16. We heard in the video that sneakers are assets, and can be bought and sold, or traded like baseball cards. Can people make money from that? How?
17. What makes sneakers, baseball cards, or other assets valuable?
18. Can sneakers be considered an investment? Explain.

19. What factors could cause the value of sneakers to decrease?
20. Can people make money on an investment? Can they lose? How might people make money by investing in sneakers? How can they lose?
21. What other assets can people buy and sell later to make a profit? Do assets always go up in price? Can you think of any assets that have lost value at any time?
22. Selling used sneakers...isn't that gross? Shouldn't the government prohibit that to protect people?
23. Shouldn't the government regulate the sale of sneakers to protect customers? Can customers protect themselves? How?
24. What incentives are there to buy and sell sneakers? What incentives are there to pawn sneakers? Chase told a customer that there was no fee to put sneakers on consignment. Why would he sell someone's sneakers without making any money on the transaction?
25. In what ways might sneaker-collecting and the sneaker economy influence sneaker producers?
26. How does Sneaker Pawn use social media to help its business?
27. Is Chase an entrepreneur? Explain.
28. Did Chase set out to help people? Does he help people? What would happen if he didn't?
29. Nike restricts supply for their special releases by producing a very limited number of the sneakers. Demand is high, supply is low. What happens to prices? What would happen to the price if Nike produced 5 times as many sneakers? What would happen to the price if demand for the sneakers suddenly tanked?

Sneaker Money

Activity:

Who chooses? Who benefits? Who pays? What's fair?

These four questions can be a useful tool for evaluating any policy or system. Posing the questions is a great way to stimulate critical thinking.

As a class, or in small groups, discuss the following:

(For each question, think broadly about all the possible people or groups of people who may be affected, and remember there may be non-monetary costs and benefits.)

- I. Who chooses which sneakers to buy? Who chooses which sneakers to sell? Who chooses how sneakers can be used as money? Who chooses the price of sneakers? Is it strictly up to the owners? Explain.
- II. Who benefits from entrepreneurship and innovation? Who benefits from the underground economy? Who benefits from the sneaker economy? How do they benefit?
- III. Who pays for the underground economy? Are there any costs to those who don't participate? Explain. Does anyone pay for government regulations? If so, who? Who pays taxes? Who doesn't? Why?
- IV. What's fair?
 - a) New releases of sneakers are often sold out to people waiting on lines for hours or even days. Then, those people sell the sneakers for a higher price. Is that fair?
 - b) Through the underground economy, sneakers have become an alternative currency and collateral for loans. Is that fair? Explain.
 - c) Government regulations help create the underground economy by penalizing people who receive government benefits for saving money. What's fair about that?
 - d) What's fair about entrepreneurs such as Chase Reed making money from the sneaker economy?

Name: _____

Date: _____

Sneaker Money Quiz, page 1

1. Cattle and grain are two examples of
 - A) the underground economy.
 - B) stocks traded on the New York Stock Exchange.
 - C) commodities traded on the Chicago Mercantile Exchange.
 - D) government regulations that require the production of food.

2. Bartering is the
 - A) process by which people use assets as collateral for loans.
 - B) the exchange of goods or services for other goods or services.
 - C) marketing of illegal goods and services, such as drugs and prostitution.
 - D) term associated with waiting in line to purchase new releases of tickets, sneakers, etc.

3. Some people collect sneakers
 - A) as investments, to sell for more money at a later date.
 - B) as a way to save money without using a bank.
 - C) to avoid the penalties associated with government regulations.
 - D) all of the above.

4. Collateral is
 - A) never needed to get a loan.
 - B) something provided to ensure a loan is repaid.
 - C) what you give a pawn shop in exchange for a loan.
 - D) B and C.

5. Sneaker Pawn has been successful because
 - A) it provides services that people want and willingly pay for.
 - B) it charges so much money for sneakers that it can't possibly lose.
 - C) people willingly sell their sneakers for less than they are worth.
 - D) the store takes advantage of people who desperately need money.

6. The price of sneakers
- A) will always go up, which makes buying sneakers a great investment.
 - B) will always go down, so sneakers are not a good investment.
 - C) depends on the willingness of people to pay for them.
 - D) is an objective measure of the cost of materials and labor that goes into making them.
7. According to the video,
- A) government regulations sometimes entice people into the underground economy.
 - B) the underground economy is completely illegal.
 - C) entrepreneurs just want to make money, not solve problems for people.
 - D) sneakers are highly profitable because of the international exchange rate.
8. According to Chase Reed, buying sneakers
- A) is not throwing money away.
 - B) is risky business that should be left to the experts.
 - C) Should be done only by people who plan to wear them.
 - D) none of the above
9. Chase's business
- A) hurts traditional sneaker stores such as Foot Locker because of the competition.
 - B) involves individuals who make decisions based on what they think is best for themselves.
 - C) is silly because no one collects and saves sneakers.
 - D) cheats customers who have no options and are forced to pay high prices.
10. People who receive government benefits can _____ money by buying sneakers to avoid the government penalties they might otherwise face.
- A) donate
 - B) spend
 - C) regulate
 - D) save

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Enrichment and Integration Activities, page 1

- I. Research and write a biography of Chase Reed.
 - For help writing a biography:
<http://www.infoplease.com/homework/wsbiography.html>
<http://homeworktips.about.com/od/biography/a/bio.htm>

- II. Research the history of currency and either write a report about it or present your findings to the class in a slideshow.
 - For help preparing effective slideshow presentations:
http://www.slideshare.net/satyajeet_02/how-to-make-effective-presentation
<https://support.office.com/en-us/article/Tips-for-creating-and-delivering-an-effective-presentation-f43156b0-20d2-4c51-8345-0c337cefb88b>
<http://smallbiztrends.com/2016/07/effective-powerpoint-presentations.html>

- III. Research and report on alternative currencies. What alternative currencies exist? How do sneakers fit in? Write a report, prepare a poster board, or create a slideshow presentation.

- IV. In the video, Chase Reed said that “the business has already pulled in \$350,000. And by the end of the year...we’ll hopefully make a million dollars before the year is over.” What is the difference between revenue and profit? What are the costs associated with doing business? In groups, research overhead costs--the costs of doing business—in New York City, and prepare a spreadsheet. Overheads such as rent, electricity, heat, water, insurance. There are also taxes and labor costs.
 - The article “10 Hidden Costs of Running a Small Business by Brian Sutter” can help:
<http://www.wasbarcode.com/buzz/10-hidden-costs-running-small-business/>

- V. Research the terms “sneaker culture” and “sneaker economy.” How do they differ? How are they similar?

- VI. Create a Fakebook page for Sneaker Pawn or create your own sneaker reseller.
<https://www.classtools.net/FB/home-page>

- VII. Interview someone who has participated in the sneaker economy by reselling sneakers or purchasing them from a reseller. Video record the interview in the format of a talk-show. Present your video to the class.
- VIII. If you were going to start a business, you would likely develop a business plan. In groups, research and write a business plan for a business you would like to start. Then present your business plan to the class.
- For help developing a business plan:
<https://www.entrepreneur.com/article/247574>
<http://www.forbes.com/sites/davelavinsky/2014/01/30/how-to-write-a-business-plan/#250609404a38>
<https://www.sba.gov/starting-business/write-your-business-plan>
- IX. Sneaker reselling is similar to the secondary ticket market or “scalping.” Compare and contrast the two.
- X. Research and write an essay about the laws in your state that relate to people who receive government benefits. What rules, if any, limit the amount people can save? What are the arguments in favor of and against those rules? In a five-paragraph persuasive essay, argue for or against rules that limit how much people receiving benefits can save. Make sure to include your thesis statement in your introduction, and in one of your body paragraphs, explore the opposition’s argument and the reasons you think they are wrong.
- How to write a persuasive essay:
https://www.scribendi.com/advice/how_to_write_a_persuasive_essay.en.html
<http://www.infoplease.com/homework/writingskills7.html>
- XI. What is an economic bubble? Research and write about one of these asset bubbles: Tulip mania, South Sea Company, Roaring Twenties stock market bubble, or the Dot-com bubble. Could the sneaker economy relate to one of those bubbles? Prepare a five to ten-minute talk explaining the bubble you researched and whether or not the sneaker economy could possibly be a bubble.
- For help in speaking to a class:
<https://www.hamilton.edu/oralcommunication/tips-for-effective-delivery>
- XII. Create a flow chart on poster board that demonstrates the various steps in the sneaker economy.

- XIII. Read the article “Sneakernomics: Are Sneakerheads Important?” by Matt Powell in *Forbes* magazine.
<http://www.forbes.com/sites/mattpowell/2014/05/21/sneakernomics-are-sneakerheads-important/#3a296337755e>

Then answer these questions: What are “sneakerheads”? How did they develop? What role has the internet played in the development of the sneaker economy and sneaker resellers? Theorize about the sneaker economy if the internet had never developed.

- XIV. Read one of the articles below and either write a summary of it or take Cornell Notes as you read the article.

- For a clear, simple explanation of the Cornell note-taking system:
<http://coe.jmu.edu/learningtoolbox/cornellnotes.html>
<http://www.bucks.edu/~specpop/Cornl-ex.htm>
- “These shoes offer buyers an immediate 500 percent profit” by Nyshka Chandran
<http://www.cnn.com/2016/09/28/why-sneakers-such-as-yeezys-are-a-solid-investment-stockx.html>
- “The Hype Economy: How Nike and Supreme Prop Up The \$6 Billion Sneaker Resale Market” by Brian Redondo <http://utmost.us/sneaker-resale-market/>
- “You See Sneakers, These Guys See Hundreds Of Millions In Resale Profit” by Lisa Chow
<https://fivethirtyeight.com/features/you-see-sneakers-these-guys-see-hundreds-of-millions-in-resale-profit/>
- “N.J. teen finds fortune, heartbreak in the ‘sneakerhead’ economy” by Michael L. Diamond
<http://archive.northjersey.com/news/n-j-teen-finds-fortune-heartbreak-in-the-sneakerhead-economy-1.1651688>

- XV. Watch and write an essay about one of the following videos. Be sure to relate the video to the sneaker economy:

- “Why sneakers are a great investment” a TED Talk by Josh Lubner.
https://www.ted.com/talks/josh_lubner_why_sneakers_are_a_great_investment
- “The sneaker resale market is worth a massive \$1 billion and these are the sneakerheads driving it” by Josh Wolff and Sam Rega.
<http://www.businessinsider.com/inside-the-billion-dollar-sneakerhead-resale-economy-2016-5>

- “Everything Has Its Price (And That’s a Good Thing)”
<http://www.learnliberty.org/videos/everything-has-its-price-and-thats-a-good-thing/>

- “Subjective Value”
<http://www.learnliberty.org/videos/subjective-value/>

XVI. Phil Knight co-founded Nike. Read his quote that follows, research and explain how marketing is important to the success of Nike, and compare Nike’s marketing strategy to the strategy used by Chase Reed and Sneaker Pawn. “Now we understand that the most important thing we do is market the product. We’ve come around to saying that Nike is a marketing-oriented company, and the product is our most important marketing tool.”

XVII. Research baseball card collecting. What has happened to the value of people’s collections? Why? Is there such a thing as holding an investment too long? How might that relate to sneakers?

- “Why baseball cards aren’t worth what they used to be” By Jim Baumbach
<http://www.newsday.com/sports/baseball/why-baseball-cards-aren-t-worth-what-they-used-to-be-1.11540318>

XVIII. Watch NPR’s Episode 584: What The LeBron?
<http://www.npr.org/sections/money/2014/11/19/365010888/episode-584-what-the-lebron>

XIX. Some people say that sneaker manufacturers manipulate the sneaker market by limiting their releases to create a sneaker frenzy. How does this relate to supply and demand? Research this topic and present your findings to the class.

XX. Write a tweet, poem, or song about the sneaker economy.

XXI. Read *Extraordinary Popular Delusions and the Madness of Crowds* by Charles John MacKay, and relate the sneaker economy to the one or more of the stories about economic bubbles. Then write a five to ten-minute summary talk to explain the book to your class.

- For help in speaking to a class:
<https://www.hamilton.edu/oralcommunication/tips-for-effective-delivery>

Name _____

Date _____

Sneaker Money Cloze Activity

Directions: Read the entire passage first. Then fill in the blanks with words from the box.

needs	banks	trading	profit
anticipation	economy	currency	credit
invest	collateral	innovative	companies

The sneaker _____ developed because high demand has led people to willingly pay more for sneakers than the price they sell for in traditional stores. Many people like having the latest sneaker releases from name-brand _____, and that has led to the creation of sneaker resellers. These resellers, such as Chase Reed's Sneaker Pawn, are part of the underground economy, in which bartering, _____, and exchanging money in untraditional ways take place.

Sneakers have become an alternate _____ that not only allows people to buy and _____ in sneakers, but to save money in a different form. Through these resellers, sneakers might also be used as _____ for loans. In this way, then, resellers can be considered _____, which make it easier for people with no _____ to secure a loan.

For some, the allure of buying sneakers is the _____ that they will be able to sell their sneakers for more than they paid, thus making a _____.

The services Chase and others like him provide help the community with their _____ ideas and business models.

Name _____

Date _____

Sneaker Money Critical Thinking Questions

Directions: Answer the questions below by applying your prior knowledge, evaluating what you have learned from the video, and on your ability to analyze anticipated outcomes.

1. Why would Sneaker Pawn and other similar stores loan people money?

2. Why does Chase Reed help people—his customers? Is that true of other businesses? Explain.

3. Many people buy stock in companies as a way to invest. Compare and contrast investing in stocks to investing in sneakers.

4. What business could be successfully developed similar to sneaker resellers? What reasons do you have for your answer?

Name _____

Date _____

Sneaker Money **K-W-L Chart**

Directions: Complete the **K** and **W** sections prior to watching the video. After you have seen the video, complete the **L** section and answer the question below the K-W-L chart.

K	W	L
What I know about sneakers and sneaker resellers:	What I want to know about sneakers and sneaker resellers:	What I've learned about sneakers and sneaker resellers:

What are the three most important things you learned from this video?

- 1.

- 2.

- 3.

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Viewing Guide Answer Key

1. untraditional
2. currency
3. bank
4. regulations
5. investment
6. hour
7. lucrative
8. innovative

Quiz Answer Key

1. C) commodities traded on the Chicago Mercantile Exchange.
2. B) the exchange of goods or services for other goods or services.
3. D) all of the above.
4. D) B and C.
5. A) it provides services that people want and willingly pay for.
6. C) depends on the willingness of people to pay for them.
7. A) government regulations sometimes push people into the underground economy.
8. A) is not throwing money away because sneakers are assets.
9. B) involves individuals who make decisions based on what they think is best for themselves.
10. D) save

Cloze Activity Answer Key

1. economy
2. companies
3. trading
4. currency
5. invest
6. collateral
7. banks
8. credit
9. anticipation
10. innovative

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