Moderating Shelf-Based Scarcity

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Recent research has documented the strong, positive impact that shelf-based scarcity has on consumers’ preferences. However, relatively little is known of the boundary conditions of these effects. This research presents three studies investigating when shelf-based scarcity will, and will not, have a strong and positive impact on choices.

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EXTENDED ABSTRACT

Shelf-based scarcity is said to occur when one product on a shelf is less stocked (more depleted) than its competitor(s). Recent research has documented the strong impact that shelf-based scarcity can have on consumer preferences. Specifically, van Herpen, Pieters, and Zeelenberg (2009) showed that consumers tend to infer that scarcer products are more popular and of higher quality, and that they prefer scarcer products significantly more than abundant products. Building on these findings, Parker and Lehmann (forthcoming) identified the process through which shelf-based scarcity impacts choice. These authors found that, while both popularity and quality inferences are made based on shelf-based scarcity, it is popularity inferences that are the primary driver of shelf-based scarcity effects.

The results of these papers suggest that shelf-based scarcity is a robust phenomenon. For example, shelf-based scarcity is found to have a significant and positive impact on choices made from a wide variety of product categories (e.g., from wine to motor oil to clothing to household cleaners), and Parker and Lehmann (forthcoming) demonstrate that shelf-based scarcity effects occur even when consumers are making real choices (i.e., choosing products which they will pay for and keep) from branded products in well-known product categories. Further, consumers are still found to prefer scarcer products even when they are given explicit popularity and quality information about the available alternatives.

These papers also made the first inroads into identifying the boundary conditions of shelf-based scarcity effects. First, van Herpen, Pieters, and Zeelenberg (2009) found that consumers tend to not prefer scarcer alternatives when they are shopping in an identity-relevant category (e.g., clothing) and the store is frequented by local customers (i.e., people they are likely to encounter). Adopting a different focus, Parker and Lehmann examined the impact of shelf-based scarcity in the presence of other ubiquitous retail cues (including the aforementioned popularity and quality information), and found that shelf-based scarcity effects are overwhelmed when a price promotion is available in the product category. Additionally, these authors determined that consumers with strong prior preferences were largely unaffected by shelf-based scarcity (i.e., they did not prefer scarcer products more). While some very important boundary conditions of shelf-based scarcity effects have been identified by the aforementioned work, there is still much to learn about this phenomenon.

This project picks up where these papers left off and more deeply investigates the conditions under which shelf-based scarcity does not have a positive (and may have a negative) impact on preferences. First, we conceptually replicate the van Herpen, Pieters, and Zeelenberg (2009) findings regarding identity-relevant goods in a subtler manner. Specifically, we ask participants to choose from two winter jackets (an identity-relevant product category), one of which is scarcer than the other. The jackets are manipulated to differ either in a conspicuous manner (i.e., in a way which others could identify) or in an inconspicuous manner (i.e., in a way that others would not notice). Measuring the participants’ need for uniqueness (Fromkin and Snyder 1980), we find that high need-for-uniqueness participants prefer the scarcer jacket significantly less than low need-for-uniqueness participants, but only when the jackets differ conspicuously (i.e., could be used to signal one’s identity).

Next, we turn our attention to a crucial link in the process underlying shelf-based scarcity effects that was identified by Parker and Lehmann (forthcoming); the link between shelf-based scarcity and popularity inferences. The literature to this point seems to suggest that this link is universally strong and positive. However, if true, this would suggest that shelf-based scarcity effects could only be attenuated by either making popularity a negative characteristic or by introducing an overwhelming cue (e.g., a price promotion) into the choice context.

We argue that consumers will not always believe that scarcer alternatives a more popular and present two studies supporting our contention. First, building on the shelf-location effects literature (see, e.g., Valenzuela and Raghubir 2009), we posit that shelf-based scarcity effects will be moderated by the location of the scarcer product. Specifically, we hypothesize and demonstrate that the relative advantage of being a scarcer alternative is reduced when the scarcer alternative is located on the bottom (vs. an upper) shelf. We show that, because consumers do not expect scarcer products to be on bottom shelves, scarcer products are neither (i) believed to be relatively more popular nor (ii) more preferred when they are located on the bottom (vs. an upper) shelf.

Second, we investigate whether consumers’ persuasion knowledge (Friestad and Wright 1994) impacts their responses to shelf-based scarcity by manipulating the salience of retailers’ persuasion motives and tactics. If consumers believe that retailers are attempting to manipulate their choices, they are likely to discount cues which the retailer is able to manipulate (e.g., shelf-based scarcity). This is exactly what we find. When retailers’ persuasion motives and tactics are made salient there is no longer a strong and positive impact of shelf-based scarcity on choice.

Taken together, these studies add to our understanding of how and when shelf-based scarcity impacts consumers’ preferences. Both the theoretical and managerial implications are discussed.

REFERENCES


