



When less sells more or less: The scarcity principle in wine choice



Erica van Herpen^{a,*}, Rik Pieters^{b,1}, Marcel Zeelenberg^{c,2}

^a Wageningen University, Marketing and Consumer Behavior Group, Box 8130, 6700 EW Wageningen, The Netherlands

^b Tilburg University, Marketing Department, TIBER (Tilburg Institute for Behavioral Economics Research), Box 90153, 5000 LE Tilburg, The Netherlands

^c Tilburg University, Department of Social Psychology and TIBER, Box 90153, 5000 LE Tilburg, The Netherlands

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ABSTRACT

When buying wine, consumers often need to infer unobservable characteristics of the wines that are available. Product scarcity in the store can signal that the quality of a wine is high, either because the product is deemed exclusive (when scarcity is supply-caused) or because the product is deemed popular (when scarcity is demand-caused). This “scarcity principle” has been observed in various contexts, and thus seems universal, but it is not. This study aims to show when scarcity of a specific wine increases consumer choice for this wine, and when it does not. Specifically, two experiments show that scarcity has little or no effect when consumers are less involved with the product category wine, that uniqueness goals can increase the effect of supply-caused scarcity on product choice, and that these uniqueness goals do not counteract the effect of demand-caused scarcity on choice. Thus, even consumers with a uniqueness goal respond positively to demand-caused scarcity. Moreover, the study shows that scarcity is effectively communicated not only through a verbal sales pitch but also through merely the visual display of the amount of shelf space provided for products and the amount of emptied shelf space as a signal of prior purchases.

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Introduction

When buying a product such as wine, consumers often need to infer the intrinsic quality of the options that are available. They can infer the quality of a wine from various attributes (Sáenz-Navajas, Campo, Sutan, Ballester, & Valentin, 2013), such as its price (Panzone, 2014), country-of-origin (Balestrini & Gamble, 2006), and even the weight of the wine bottle (Piquearas-Fizman & Spence, 2012). One particular aspect that is likely to affect quality inferences and product preferences, but which has received little research attention, is the relative scarcity of a product. This is surprising given that people often have information about the scarcity of products such as wine and that they are sometimes willing to pay enormous prices for scarce products, up to over \$200,000 for a single bottle.³ Even when wines are not bought as collectibles but for daily consumption, the relative abundance or scarcity of a wine can be clearly visible on store shelves and is expected to influence consumers' choice. This is what the current study examines.

According to the “Scarcity Principle” (Brock, 1968), the mere scarcity of an object increases consumers' preference for this object. Thus, scarce products are generally more liked, preferred, and chosen than abundant products (Amaldoss & Jain, 2005). Yet the prevailing idea that the scarcity principle is universal and strong contrasts with the findings of an early meta-analysis of 41 studies (Lynn, 1991), which showed only a modest effect size between scarcity and desirability of 0.12. Even though scarcity can have important implications for choice of products in general and wine in particular (Inman, Peter, & Raghuram, 1997; Jung & Kellaris, 2004; Lynn, 1989; Parker & Lehmann, 2011; Van Herpen, Pieters, & Zeelenberg, 2009), it is largely unknown when scarcity increases product preference and when it does not.

Scarcity implies that, at a given price, the demand for a product exceeds its supply (Kemp & Bolle, 1999). Because the availability of products is the difference between the production quantity (supply) and prior product purchases (the served demand) either or both can cause scarcity at a given point in time (Verhallen & Robben, 1994; Worchel, Lee, & Adewole, 1975). Thus, scarcity can be primarily due to limited production volumes (supply-based scarcity), or primarily due to high amounts of prior purchases (demand-based scarcity) (Deval, Mantel, Kardes, & Posavac 2012; Gierl & Huettl, 2010; van Herpen et al., 2009). In this study, we examine scarcity in a store context, that is, we examine the amount of inventory available in a store.

* Corresponding author. Tel.: +31 317 484 369; fax: +31 317 484 361.

E-mail addresses: Erica.vanHerpen@wur.nl (E. van Herpen), Pieters@uvt.nl (R. Pieters), Marcel@uvt.nl (M. Zeelenberg).

¹ Tel.: +31 13 466 3022; fax: +31 13 466 2875.

² Tel.: +31 13 466 8276.

³ www.sothebys.com

When scarcity is caused by limited supply, consumers infer that a wine is exclusive, which can stimulate a desire to be one of the happy few to own it (Fromkin, 1970). When scarcity is caused by excess demand, consumers infer that the wine is popular and desire to join the many others who already own it, due to social validation of product quality or social appropriateness (Bearden & Rose, 1990; van Herpen et al., 2009). Table 1 summarizes the potential determinants of scarcity that underlie supply-based and demand-based scarcity, the inferences that consumers are likely to draw, and consumer goals that can be obtained by consuming the scarce product. Wine scarcity can thus “signal” the social appropriateness and one’s relative status when consuming the wine, which are important determinants of consumer choice. Such signals due to scarcity may or may not align with the goal that consumers have when purchasing wine.

The need to be unique

One particular goal that has been studied in the context of scarcity is consumers’ desire to be unique. When pursuing a uniqueness goal, consumers may be attracted to wines that are scarce because of limited supply (Fromkin, 1970), which has been labeled a snob effect. Although scarce products can be status symbols and as such may be more expensive than regular products (Lynn, 1989), such a snob effect could occur even when product prices are the same, simply because not everybody can own the scarce product (Amaldoss & Jain, 2005). Yet, despite the appeal of this reasoning, empirical support for this effect has typically been weak. In his review, Lynn (1991) already concluded that “...scarcity by need-for-uniqueness interactions [...] were of significantly heterogeneous sizes and contained several failures to replicate. This suggests that uniqueness striving does not always produce scarcity effects...”, and this still holds today.

A potential reason why a high need-for-uniqueness may not always increase consumer preference for products in limited supply is that consumers have to balance multiple goals. They have opposing needs for assimilation and differentiation from others, which they need to balance (Brewer, 1991; Leonardelli, Pickett, & Brewer, 2010). Consumers want to be unique and different from others but at the same time accepted by them as well (Hornsey & Jetten, 2004), and they use products to achieve this goal (Berger & Heath, 2007; Escalas & Bettman, 2005). This distinction is reflected in a specific dimension that has been identified as underlying consumers’ need for uniqueness (Tian, Bearden, & Hunter, 2001), that is, a need for “socially acceptable differentiation.” Products that are available in limited quantities only can be used to distinguish oneself from others, because a person in the possession of such a product owns an item that is difficult to obtain by others. In support of this notion, prior research has found that products that have a limited supply are more attractive when they can be used for conspicuous consumption in front of others than when they are used in private consumption situations (Gierl & Huettl, 2010). Thus, consumers who strive to express a unique identity without risking disapproval from others should be attracted to products that others do not have but would like to have, that is, to scarce products in limited supply. In contrast, a

desire to be unique without consideration for group norms, which is reflected in other dimensions underlying the need for uniqueness, should not influence the attractiveness of supply-scarce products. This type of uniqueness may be more relevant for deviant behaviors than for the socially acceptable wine purchases that we focus on here (Goldsmith, Clark, & Goldsmith, 2006). Summarizing, we argue that only a specific dimension of the need for uniqueness (i.e., a need for socially acceptable differentiation, also called creative counterconformity) will affect consumers’ responses to product scarcity, whereas other dimensions are less likely to be of relevance. Prior research has not examined this distinction, which may be one reason for the apparent lack of consistent results.

Based on the inferences that people are likely to draw, people with a high need to be unique may be attracted towards products that are scarce due to limited supply, but not towards products that are scarce due to a high demand. But whether a uniqueness goal really decreases the preference for a demand-scarce product has not been studied before. Demand-caused scarcity has been argued to operate in a very different way than supply-caused scarcity (Ku, Kuo, Yang, & Chung, 2013), and it is not unlikely that these products retain their appeal. In particular, people may infer that a product that is scarce due to high demand must be of good quality (Jeong & Kwon, 2012; Ku et al., 2013; Van Herpen et al., 2009), and this may be persuasive even for people who care about being unique. We will empirically examine whether a uniqueness goal decreases choice of demand-scarce wines.

Wine involvement

The idea that scarcity effects are social in nature, that is, that product scarcity is used to communicate one’s uniqueness or conformity to others, has an important implication, which may partly explain the limited support and highly variable results for the interaction between scarcity and uniqueness goals in prior research. Consumers primarily care about standing out or fitting in for products that are important to them (Berger & Heath, 2007). So, for consumers who are involved with wine, the alignment between their own goals (i.e., uniqueness goal) and the cause for scarcity (i.e., limited supply) will matter: when there is a match between goal and cause of scarcity the scarce product should be preferred more than a non-scarce product. For consumers who are not involved with wine, however, this match is less likely to matter, although scarcity may still act as a universal heuristic (Cialdini, 2001). In that case, consumers may not concern themselves with the cause for scarcity, but simply choose the scarce wine regardless of why it is scarce. We thus predict that the moderating effects of uniqueness goals should be pronounced for consumers who are involved with wine, whereas no contingency of uniqueness goals will be present for consumers who are uninvolved with wine.

Table 2 summarizes the questions that this research attempts to answer. The effects of scarcity cause, uniqueness goals, and wine involvement will be tested in two experiments. Experiment 1 investigates chronically activated uniqueness goals (i.e., traits), and experiment 2 investigates situationally-activated uniqueness

Table 1
Determinants of scarcity, likely consumer inferences and consumer goals.

Determinants	Scarcity cause	Inferences	Consumer goals
Limited production capacity; production failure (e.g., bad harvest); distribution issues	Supply	Exclusive; high quality	Being unique; having status; buying a superior product
High sales levels; speculative buying; bulk purchases	Demand	Popular; high quality	Fitting in; buying a superior product

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