

# Scarcity reduces consumers' concerns about prices, even during a pandemic, research shows

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During the current pandemic, panicked overbuying of products such as toilet paper, cleaning products and similar items often has led to limited

options for consumers and empty store shelves. What's often left are generic or lower-priced branded products.

According to new research from the Indiana University Kelley School of Business, it may not be because consumers during this crisis are viewing higher-priced products as having better quality. A paper published in the *Journal of Consumer Research* finds that scarcity actually decreases consumers' tendency to use price to judge a product's quality.

"Scarcity is aversive and triggers the desire to compensate for the shortage, and to seek abundance," said paper co-author Ashok Lalwani, associate professor of marketing at Kelley. "People who face scarcity are less likely to view less vs. more expensive options as belonging to different categories, and thus are open to differences at either or both ends of the price continuum."

This is the first paper to directly show the impact of scarcity on price-quality judgments. The findings are applicable amid times of economic crisis, [natural disasters](#) and social disturbances.

"We suggest that people may not only differ in terms of how they categorize purchases, but also in terms of the extent to which they categorize, and scarcity reduces the tendency," Lalwani said.

While consumers frequently judge the quality of a product based on its price, during times of scarcity consumers change their thinking and are less likely to categorize objects and are less likely to use the price of a product to infer its quality, Lalwani and his co-authors found.

The business implications for managers at high-end stores or those who want to increase sales of high-priced items are numerous. Lalwani suggested that one way such managers can activate the belief that higher [prices](#) indicate higher quality is by varying context or environmental

factors. This could include encouraging consumers—such as through contests or sweepstakes—to categorize assorted items by price to facilitate the use of price-tiers as a basis for judging a product's quality.

"The same objective could also be attained by reducing consumers' desire for abundance," Lalwani said. "For example, inside the store, managers could have portraits, displays or ads highlighting the harmful effects of gluttony or hoarding behavior. Doing so may increase customers' price-quality inferences and shift them from purchasing lower-priced to higher-priced goods.

"Our findings also suggest that when stronger price-quality inferences are desired, retailers are advised to avoid utilizing scarcity messages, such as 'sale ends this week' or 'while supplies last,' especially for product categories in which the proportion of high-priced items is high, as priming scarcity among [consumers](#) may decrease their price-quality inferences."

Other authors of the paper, "The Impact of Resource Scarcity on Price-Quality Judgments," were Hanyong Park, assistant professor of marketing at the Eli Broad College of Business at Michigan State, and David Silvera, retired associate professor of marketing at the University of Texas at San Antonio.

**More information:** Hanyong Park et al, The Impact of Resource Scarcity on Price-Quality Judgments, *Journal of Consumer Research* (2019). [DOI: 10.1093/jcr/ucz031](https://doi.org/10.1093/jcr/ucz031)

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