

## The Scarcity Effect on Consumption Decision of Sport Luxury Products

Wonseok Jang, University of Florida  
Yong Jae Ko (Advisor), University of Florida  
Yonghwan Chang, University of Florida  
Jeoung-Hak Lee, Kyung Hee University

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In the early 1990s, several brands had started to launch luxury products. According to Luxury Institute (2011), luxury market has increased to US \$840 billion in 2004 and has reached to 1 trillion in 2010. In the sport industry, more and more sport brands (e.g., NIKE and PUMA) launched limited edition (LE) products (e.g., Michael Jordan limited edition shoes; Balachander & Stock, 2009). However, few studies have examined the scarcity effect in the marketing context; more studies are needed to identify the influence of different types of scarcity and consumers' personality traits on sport LE product consumption behavior. The purposes of this study are (a) to examine the different types of scarcity effect (time vs. quantity) on sport LE product consumption decision and, (b) to test the moderating effects of consumers' need for uniqueness and product categories (Conspicuous vs. Non-conspicuous sport products) on purchase intention.

### Scarcity Effect

The Commodity Theory provides theoretical background in understanding the scarcity effect in consumer behavior; it argues that, "...any commodity will be valued to the extent that it is unavailable" (Brock, 1968, p.246). In the context of sport marketing, Wann (2004) found that spectators are more likely to attend a game and are willing to pay more money when they perceive the ticket as scarce versus readily available. Currently, marketers rely on two different types of scarcity effects: (a) limited-time scarcity (LTS; e.g., only available for 10 days) and (b) limited-quantity scarcity (LQS; e.g., only 50 units are available; Cialdini, 2008). The fundamental principles of LTS and LQS differ (Aggarwal, Jun, & Huh, 2011). For example, consumers' uncertainty about purchasing such products is higher in LQS conditions than in LTS conditions (Aggarwal et al. 2011) as suppliers offer a restricted number of products and consumers compete against each other for the products (Gierl & Huettl, 2010). Consumers tend to perceive the products in LQS condition as more valuable and attractive (Caidini, 1987). Therefore, the current study hypothesized that:

H1: Consumers show a higher level of purchase intention for sport LE products in LQS condition than LTS condition.

### The Moderating Roles of Need for Uniqueness (NFU) and Product Category

According to the uniqueness theory, individuals who possess a high NFU attempt to differentiate themselves from others through possession of consumer goods (Simonson & Nowlis, 2000). Particularly, consumers who possess high uniqueness needs are likely to purchase products that have distinct designs (Bloch, 1995), innovative attributes (Lynn, 1992), and restricted availability (Aggarwal et al. 2011) to enhance their self-esteem and social-image by possessing such unique products (Tian, Bearden, & Hunter, 2001). These consumers are likely to develop a negative attitude toward the product that becomes readily available in the marketplace (Granovetter & Soong, 1986). In other word, consumers' desire for uniqueness and distinctiveness can explain the scarcity effect (Eisend, 2008; Snyder & Fromkin, 1980). Therefore, we hypothesized that high NFU consumers are likely to purchase sport LE products and they perceive products as more valuable and important when suppliers control the product quantity available.

H2: Scarcity effect will significantly interact with consumers' NFU: The LQS condition has a greater impact on consumers' purchase intentions for high NFU individuals, whereas there will be no difference on low NFU individuals' purchase intention between LQS and LTS conditions.

In the marketing literature, scholars have argued that some consumers purchase conspicuous products to increase their social status by signaling their wealth and power to important others (Bagwell & Bernheim, 1996).

Furthermore, as noted above, consumers' perceived value of products increases when product availability is

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controlled (Brock, 1968). It is particularly true for conspicuous products; the scarcity effect helps individuals signal their high social status and self-esteem to others through their possession of LE conspicuous products, especially in the LQS condition. Therefore, we hypothesized that;

H3: Scarcity effect will significantly interact with product type: The LQS condition has a greater impact on consumers' purchase intention for conspicuous sport LE products, whereas the LTS condition has a greater impact on consumers' purchase intention for non-conspicuous sport LE products.

### Method

#### Pretest 1: Product Selection of Conspicuous and Non-Conspicuous Sport Products

Following Gierl and Huettl's (2010) theoretical considerations of conspicuous consumption, participants' (n = 20) perception of conspicuous and non-conspicuous products was measured on a battery of five items, using a 7-point Likert type scale (e.g., "If I use this product, I can show others that I am well off"). The authors provided the list of sport products (n = 9) for classification into conspicuous versus non-conspicuous. Based on the results, the golf club (\$799) was categorized as a conspicuous product, whereas the sport drink (\$1.50) was chosen as a non-conspicuous product (M golf club = 4.35 versus M sport drink = 2.55,  $F(1, 19) = 31.1$ ,  $p < .01$ ).

#### Pretest 2: Scarcity Effect

To determine reasonable scarcity messages of the two conditions (LTS vs. LQS) for both product categories, a group of students (n = 20) was interviewed. Based on the results, the LTS offer was 15 days and the LQS offer was 500 for conspicuous sport products. On the other hand, the LTS offer was 30 days and the LQS offer was 5000 for non-conspicuous sport products. In a follow-up test, participants (n = 25) were asked to answer regarding the perceived scarcity for each condition by using 7-point Likert type scale to measure the equivalence of the four conditions (Conspicuous product: M LTS = 4.24, M LQS = 3.96 vs. Non-conspicuous product: M LTS = 4.56, M LQS = 4.12). Statistically there was no difference.

### Main Study

The main study will be 2 (Scarcity Message: LTS vs. LQS) x 2 (Need for Uniqueness: high vs. low) x 2 (Sport product category: conspicuous vs. non-conspicuous) factorial between-group experiment design. A total of 250 college students in a large university will be recruited. Purchase intention will be measured by using MacKenzie and Lutz's (1989) 7-point scale. In addition, to measure subjects' need for uniqueness, Zhan and He's (2012) 7-point scale will be used.

### Results and Discussion

The authors will ensure that the complete results are presented with the discussion of theoretical implications at the conference. The presentation will also discuss practical implications by offering insights into promotional strategies of sport brands based on the scarcity effect.