

How resource scarcity and the COVID-19 pandemic impact consumer behavior

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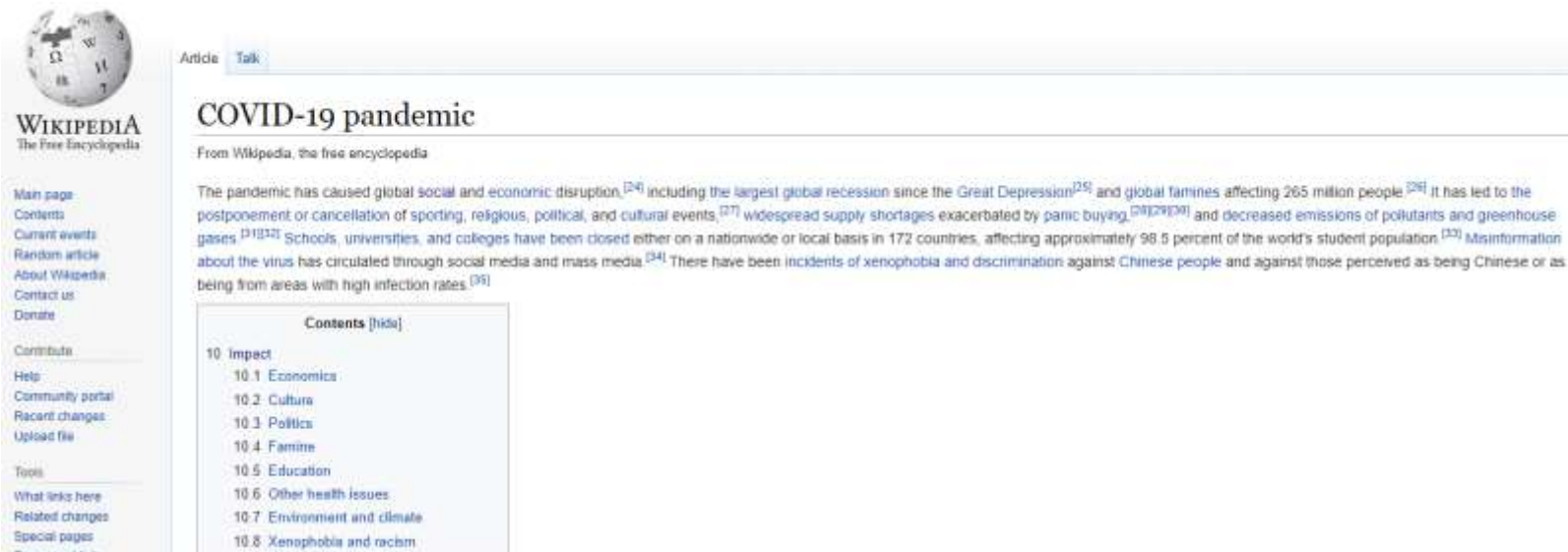
The COVID-19 pandemic is very complex and multifaceted

SCARCITY

- One of the many consequences of the pandemic



This screenshot shows the Wikipedia article titled "Social impact of the COVID-19 pandemic". The article is in English and is part of the "Social impact of the COVID-19 pandemic" series. The main text states: "The COVID-19 pandemic has had far-reaching consequences beyond the spread of the disease itself and efforts to quarantine it, including political, cultural, and social implications." The article includes a table of contents with 10 sections: 1 Political impacts (1.1 Impact on sovereignty, 1.2 Civil rights and democracy), 2 Educational impact, 3 Coronavirus and inequality, 4 Religious impact, 5 Psychological impact (5.1 Suicide, 5.2 Risk perception), 6 Personal gatherings, 7 Domestic violence, 8 Elderly care, 9 See also, and 10 References. The article is currently in draft status, as indicated by the "Draft" label in the top right corner.



This screenshot shows the Wikipedia article titled "COVID-19 pandemic". The article is in English and is part of the "COVID-19 pandemic" series. The main text states: "The pandemic has caused global social and economic disruption,^[24] including the largest global recession since the Great Depression^[25] and global famines affecting 265 million people^[26] It has led to the postponement or cancellation of sporting, religious, political, and cultural events,^[27] widespread supply shortages exacerbated by panic buying,^{[28][29][30]} and decreased emissions of pollutants and greenhouse gases.^{[31][32]} Schools, universities, and colleges have been closed either on a nationwide or local basis in 172 countries, affecting approximately 98.5 percent of the world's student population.^[33] Misinformation about the virus has circulated through social media and mass media.^[34] There have been incidents of xenophobia and discrimination against Chinese people and against those perceived as being Chinese or as being from areas with high infection rates.^[35]" The article includes a table of contents with 10 sections: 10 Impact (10.1 Economics, 10.2 Culture, 10.3 Politics, 10.4 Famines, 10.5 Education, 10.6 Other health issues, 10.7 Environment and climate, 10.8 Xenophobia and racism). The article is currently in draft status, as indicated by the "Draft" label in the top right corner.

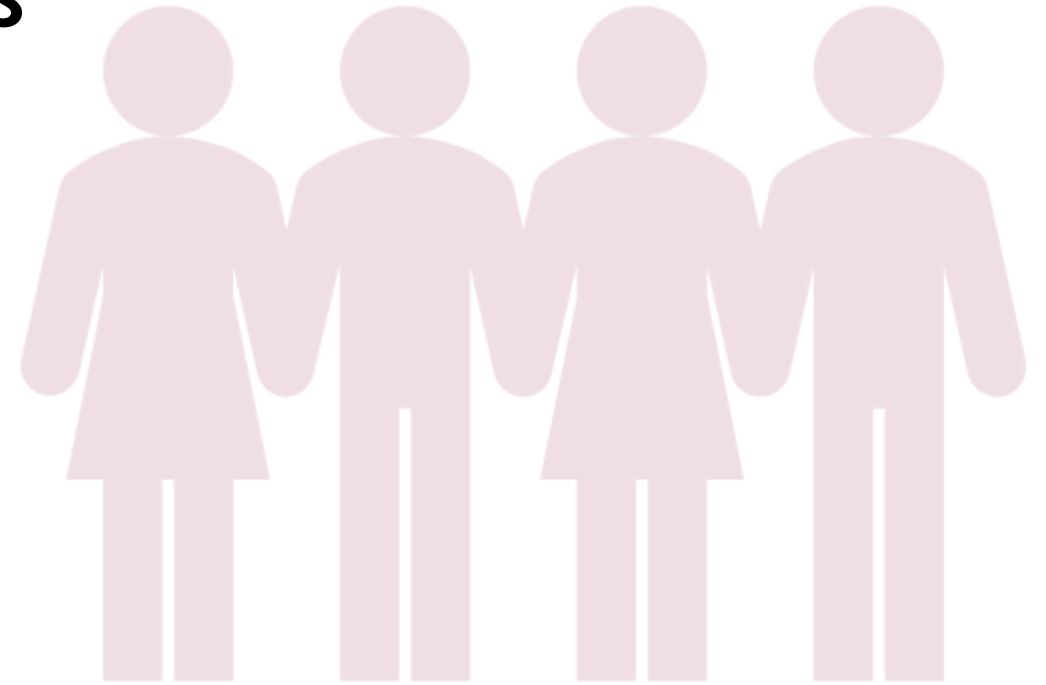
Resource scarcity has been exacerbated by the pandemic

SCARCITY

- Can take many forms
- Experienced by all consumers in their daily lives
- Increased exposure to scarcity-related news and information



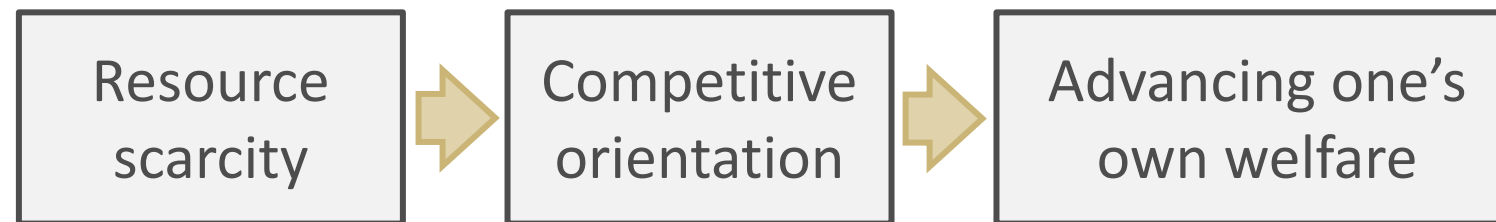
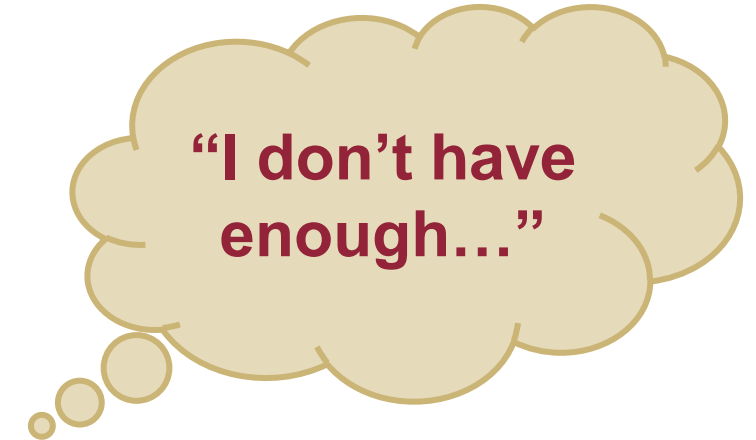
What are the effects
of resource scarcity
on consumer
behavior?



Resource scarcity tends to make consumers more competitive and selfish

PROMPTS

- Competitive orientation
 - Due to mental association with scarcity
- Advancing one's own welfare
 - Seeking and maximizing benefits to the self
 - Decreased focus on others' welfare

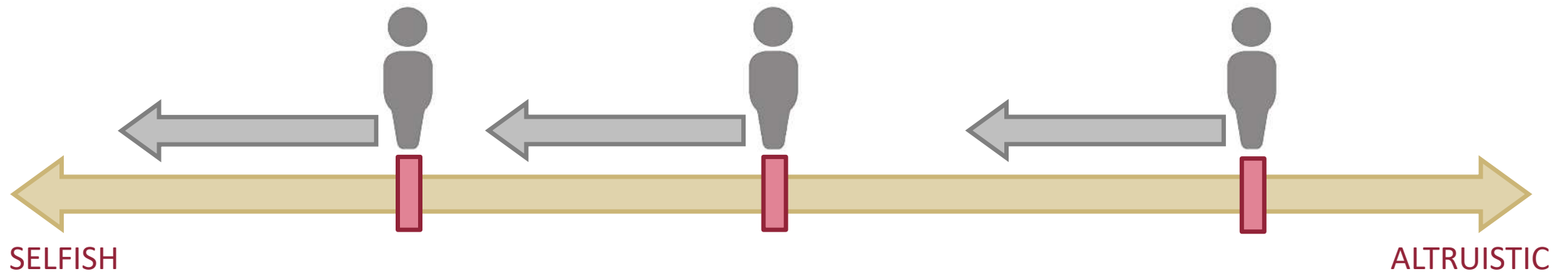


Roux, Caroline, Kelly Goldsmith, and Andrea Bonezzi (2015). "On the psychology of scarcity: When Reminders of Resource Scarcity Promote Selfish (and Generous) Behavior," *Journal of Consumer Research*, 42(4), 615-631.

Resource scarcity tends to make consumers more competitive and selfish

IMPORTANT

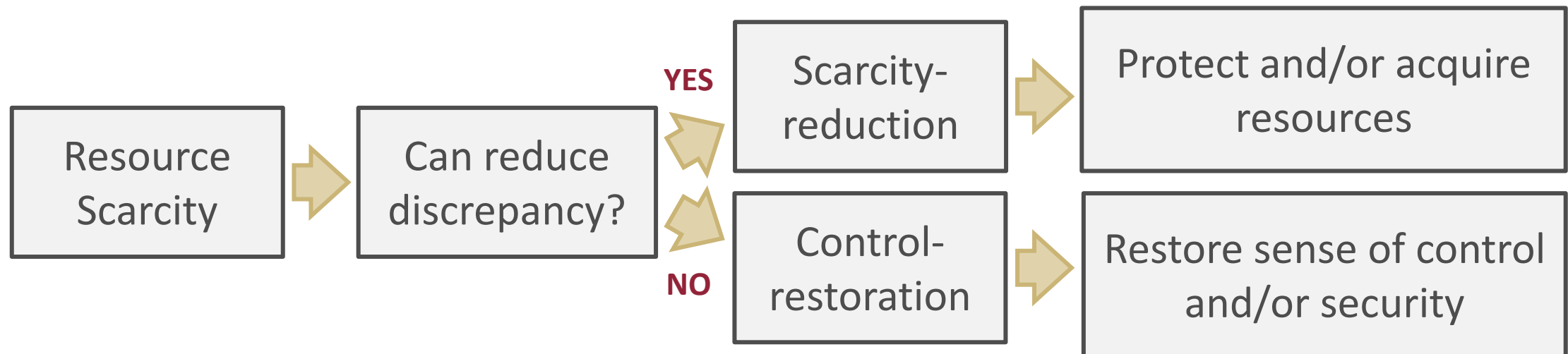
- Advancing one's own welfare \neq greed or hoarding
- Shifts from "baseline"



Consumers tend to use two main ways to cope with the experience of scarcity

SCARCITY

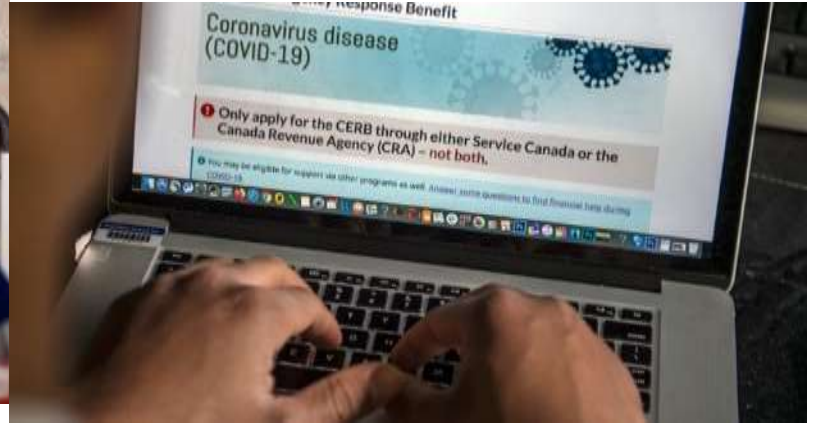
- *“Sensing or observing a discrepancy between one’s current level of resources and a higher, more desirable reference point.”*



Cannon, Christopher, Kelly Goldsmith, and Caroline Roux (2019). "A Self-Regulatory Model of Resource Scarcity," *Journal of Consumer Psychology*, 29(1), 104-127.

How has resource scarcity been impacting consumer behavior during the pandemic?



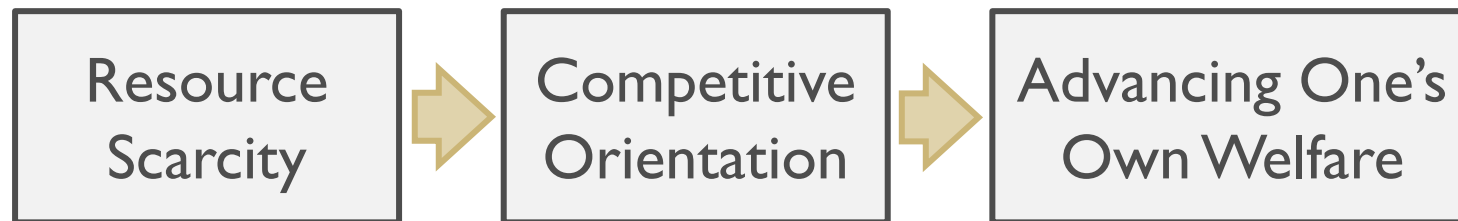


Several pandemic-related behaviors may have been (partly) caused by resource scarcity

Panic shopping provided ways of coping with resource scarcity

PANIC BUYING

- “Accidental stockpiling” much more prevalent than hoarding
 - Small increase in purchase volume and/or frequency
 - Partly due to increased in-home consumption



MarketingWeek

'Accidental' stockpilers driving shelf shortages

In spite of all the photos circulating online of people bulk buying toilet roll and pasta, there is empirical evidence to suggest most people are not stockpiling.

By Ellen Hammett | 24 Mar 2020

Share this article



Panic shopping provided ways of coping with resource scarcity

SCARCITY-REDUCTION

- When experienced scarcity can be directly resolved



Panic shopping provided ways of coping with resource scarcity

CONTROL-RESTORATION

- When experienced scarcity **cannot** be directly resolved





How can retailers help curb panic buying?

BEWARE

- Scarcity increases perceived value

HOW

- Price premiums
- Quantity restrictions

Dishonest behavior provides ways for acquiring resources

SCARCITY

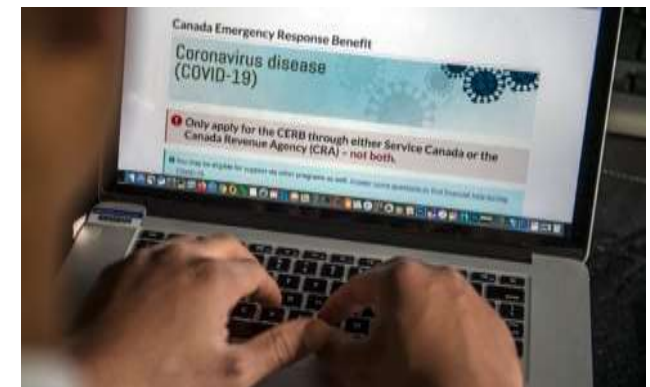
- Value
- Selfish
- Scarcity-reduction
 - Acquisition

CONSEQUENCES

- Hoarding and price gouging
- Government support fraud



PURELL Advanced Hand Sanitizer
Refreshing Gel, Clean Scent, 1 Liter
Pump Bottle (Pack of 2) - 3080-02-EC
★★★★☆ ~ 296
More Buying Choices
\$350.00 (2 new offers)





How can policy makers help curb dishonest behavior?

HOW

- Prevent ability to justify dishonest behavior
 - Remove grey areas
- Be mindful of available mental capacities
 - Simplify instructions and processes

Self-improvement provides ways of coping with resource scarcity

SCARCITY

- Competitive
- Scarcity-reduction
 - Protection/acquisition

CONSEQUENCES

- Increase productivity
- Acquire new abilities/skills



Nick Martin / March 17, 2020

Against Productivity in a Pandemic

Why are we being told—by bosses, by fitness apps, by ourselves—to optimize this “new” time to get things done?



Self-improvement provides ways of coping with resource scarcity

SCARCITY

- Control-restoration

CONSEQUENCES

- Engage in consumption that helps restore a sense of control and/or security



How can consumers benefit from this desire for self-improvement?

SCARCITY

- Social/virtue signaling

BEWARE

- Coping vs. virtue signaling
 - Control-restoration vs. competitive scarcity-reduction
- Social comparison
 - Can further trigger feelings of scarcity



The effects of resource scarcity can be harnessed for good when well understood

SCARCITY

- “What’s in it for me?”
- “How can X benefit me?”

COMPLIANCE

- Make essential resources available
- Emphasize impacts of stockpiling resources
 - Others can’t protect me
- Highlight self-benefits of protecting others
 - E.g., Faster “return to normal”





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