

TO BUY OR NOT TO BUY? ROLE OF MOTIVATION IN IMPACT OF SCARCITY ON VALUE

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ABSTRACT

Past research suggests that if a commodity is scarce it must be valuable. Imposing a time limit on customers' response is a common tactic for increasing psychological scarcity. A review of the research on time constraints suggests that offers are indeed valued higher under time constraints. Research on coupons with expiration dates has shown that most are redeemed close to their expiration dates suggesting an improved valuation of discounted price offers under a time constraint. Our research aims to determine *the limiting conditions* when a product's price would be valued higher under scarcity. Our conceptualization, based on the research on scarcity and the processing of price information, suggests that motivation to process an offer will interact with scarcity to provide a limiting condition for the evaluation of an offer. For any marketing communication, consumers may or may not have a purpose to evaluate the given communication. A difference in motivation to process information leads to different cognitive involvement when evaluating a given communication. This cognitive involvement refers to the extent of elaboration that occurs in a communication process; higher elaboration implies that the given information is more thoroughly processed. Such an involvement is, however, situational and influenced by both the consumers' motivation to process information and the contextual influences that might impact such information processing. Involvement created by a contextual variable, like a time constraint, can impact consumers' motivation to process information. Specifically, research shows that when consumers' motivation to process information was low, a contextual variable like a time constraint could enhance cognitive involvement and lead to a more thorough evaluation of product information. However, for consumers who are otherwise motivated to process information, the additional arousal induced by time constraints could be debilitating and lead to less thorough processing of the given information. As a result, product information presented using low levels of scarcity is more likely to be thoroughly processed, and increased scarcity might prevent them from thoroughly processing the given information. The different levels of elaboration would have an impact on the evaluation of the offer.

These assertions were tested using two laboratory experiments. Study 1, an exploratory study, examined the impact of scarcity on the evaluation of a high and a low price. Study 2, replicated and extended study 1 and tested the predicted effects of motivation, scarcity and price level on the perceptions of sacrifice, quality and value. The stimulus included a travel package to Mexico. The hypothesized interaction between scarcity, motivation to process information, and the price level occurred as predicted. The results show that the purchase intention and the perceptions of quality and value increased with scarcity for a high price offer in the high motivation condition and also for the relatively low price offer in the low motivation condition. The perceptions of sacrifice decreased. On the other hand, the purchase intentions and the perceptions of quality and value decreased, while the perceptions of sacrifice increased, with scarcity for the high price offer in the low motivation condition and the low price in the high motivation condition.