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
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


“I don’t have enough…”
Resource scarcity tends to make consumers more competitive and selfish

IMPORTANT

- Advancing one’s own welfare ≠ 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.”

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**Diagram**

- **Resource Scarcity**
  - Can reduce discrepancy?
  - Scarcity-reduction (YES)
  - Control-restoration (NO)
  - Protect and/or acquire resources
  - Restore sense of control and/or security

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
Panic shopping provided ways of coping with resource scarcity

SCARCITY-REDUCTION

- When experienced scarcity can be directly resolved

Resource Scarcity → Can reduce discrepancy? → Scarcity-reduction → Protect and/or acquire resources
Panic shopping provided ways of coping with resource scarcity

CONTROL-RESTORATION

- When experienced scarcity cannot be directly resolved

Resource Scarcity → Can reduce discrepancy? → Control-restoration → Restore sense of control and/or security
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
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
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”
Want to learn more about how resource scarcity shapes consumer behavior?

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