

Disposal-based scarcity: How stock reduction methods influence consumer brand perceptions

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Abstract

Major brands like H&M and Burberry have been in the news for incinerating unsold stock. This study investigates consumer responses to disposal-based scarcity, which we define as the intentional generation of product scarcity through the disposal of unsold products. Consumer perceptions of a company's stock levels and stock management methods can be deemed important contributors to the brand's reputation. We propose that their effects on brand evaluation are mediated by perceptions of exclusivity and social responsibility. Findings from two sets of experiments reveal strong negative effects of product destruction but positive effects of recycling, donation, and discounting. Social responsibility has strong effects while there are only minor effects via perceived exclusivity. The mediator effects are moderated by a consumer's self-brand connection. The paper connects the literatures on scarcity, branding, social responsibility and disposal behaviour and reveals when scarcity creation has positive versus negative effects on a brand's reputation.

Subject Areas: *Consumer Behaviour, Marketing Planning and Implementation, Marketing Strategy, Product Management, Retailing*

Track: Marketing Strategy & Theory