

The Influence of Financial Resource Scarcity on Consumer Lifestyles

Jannica Nyman
University of Turku
Samuel Piha
University of Turku

Cite as:

Nyman Jannica, Piha Samuel (2025), The Influence of Financial Resource Scarcity on Consumer Lifestyles. *Proceedings of the European Marketing Academy*, 54th, (126133)

Paper from the 54th Annual EMAC Conference, Madrid, Spain, May 25-30, 2025



The Influence of Financial Resource Scarcity on Consumer Lifestyles

Abstract:

Due to recent geopolitical disruptions, many countries that once enjoyed steady improvements in well-being are now facing economic stagnation and even the threat of permanent societal decline. This study examines these macroeconomic trends from the perspective of middle-class consumers, focusing on how crisis-induced financial resource scarcity influences their lifestyles. Building on recent literature on resource scarcity, we propose an initial framework for analyzing coping strategies that consumers adopt to alter their lifestyles and behaviors in response to resource scarcity. We detail our planned methodology, which includes interviews with clinically practicing mental health professionals, and explain how the Gioia-based analysis of these interviews will complement our framework. This research contributes to the literature on crises and consumption by exploring how financial resource scarcity may shape consumer lifestyles over time.

Keywords:

Consumer lifestyles; Financial resource scarcity; Consumption behaviors

Track:

Consumer behavior

The Influence of Financial Resource Scarcity on Consumer Lifestyles

1. Introduction

Geopolitical disruptions and economic instability are increasingly common in today's society. Nations that have been accustomed to steady improvements in well-being are facing stagnation (Greve, 2024; Komatsu & Rappleye, 2024; MacAskill, 2022). For example, Finland, a Nordic welfare state, has had a public financial deficit for over 15 consecutive years (Statistics Finland, 2024) and may enter a sustained period of decline (The Bank of Finland, 2022). These macroeconomic trends, catalyzed by events such as the 2008 financial crisis, the COVID-19 pandemic, and the Russian aggression in Ukraine, influence individual consumers in multiple ways. The exposure to media covering war has been linked to anxiety (e.g. Malecki, Bilandzic, Kowal, and Sorokowski, 2023), and rising prices have directly impacted household spending and consumer confidence (e.g. Liadze, Macchiarelli, Mortimer-Lee, and Sanchez Juanino, 2023), fostering conditions where consumers increasingly experience real or perceived financial resource scarcity.

In a national survey conducted by the Finnish Prime Minister's office (2024), in the 5 months following the outbreak of the Ukraine war, 89% of respondents (N=5462) said they worried at least to some degree about financial resource scarcity caused by the crisis. 83% of respondents (N=8728) reported that they had to change their consumption habits due to rising prices, and 90% (N=8728) reported that they intended to postpone larger purchases due to the uncertainty caused by the crisis. The survey highlights that crisis-induced financial resource scarcity notably influences consumption behaviors but provides limited deeper insight into the nature of these influences. Given the magnitude of the percentages, the influences may extend beyond individual consumption behaviors to encompass a broader reconsideration of consumer lifestyles (cf. Koos, Vihalemm, and Keller, 2017).

Existing research provides numerous insights into the effects of resource scarcity and crises on consumer behavior. The conceptual papers focusing on behavioural responses to financial resource scarcity by Cannon, Goldsmith, and Roux (2019), Hamilton, Mittal, Shah, Thompson, and Griskevicius (2019), and Mandel, Rucker, Levav, and Galinsky (2016) serve as primers for empirical research. While much empirical research, both before and after these primers, has been conducted (e.g. Lee-Yoon, Donnelly, and Whillans, 2020; Van Kerckhove, Lunardo, and Fitzsimons, 2020; Salerno & Escoe, 2020; Hampson & McGoldrick, 2017; Alonso, Fernández Rodríguez, and Ibáñez Rojo, 2017; Hampson & McGoldrick, 2013;

Kamakura & Yuxing Du, 2012), there appears to be no comprehensive empirical investigation about the interplay between financial resource scarcity and consumer lifestyles.

This paper seeks to enhance the understanding of how crisis-induced financial resource scarcity influences consumer lifestyles. It does so by recognizing and analyzing coping strategies for how consumer lifestyles and related consumption behaviors are altered in the wake of financial resource scarcity. The paper specifically focuses on the middle class, as in developed economies such as Finland, this segment contributes the largest spending, is typically accustomed to stable living standards, and is likely to make purchases beyond necessities but still face financial restrictions (cf. Haller, Wenger, Zaber, and Zuo, 2022). The paper adopts a qualitative methodology utilizing mental health professionals as an 'indirect voice' to convey the consumption-related experiences of their patient-customers, instead of interviewing consumers directly (cf. Piha, Hurmerinta, Sandberg, and Järvinen, 2018).

This paper is a work in progress, with data collection and preparation taking place before and after the EMAC 2024 submission deadline. The full results will be available by the time of the conference. The current version outlines the initial theoretical framework, provides a detailed account of the methodology, and presents the expected results.

2. Literature review

The literature review introduces the key concepts, beginning with consumer lifestyles, consumption behaviors, and financial resource scarcity. It then proceeds to present the initial framework based on these concepts and the model introduced by Cannon et al. (2019).

In literature, *consumer lifestyles* are defined in multiple ways, and an established textbook by Solomon, Askegaard, Hogg, and Bamossy (2019) conceptualized them as the consumption patterns and attitudes that reflect how individuals allocate their time and money. The term is related to creating one's identity through consumption, and literature connects it both to psychographics and status expression (Lawson & Todd, 2003). Regardless of the perspective, however, consumer lifestyles are seen as something broader than individual marketplace actions, namely, a pattern of such actions (Ganglmair-Wooliscroft & Lawson, 2011). *Consumption behaviors*, on the other hand, represent the specific and tangible consumption-related actions individuals take to live according to their lifestyles. Consumption behaviors are tactical, involving daily decision-making processes, such as choosing eco-friendly products or budgeting to meet financial objectives.

Resource scarcity refers to the perceived 'discrepancy between one's current level of resources and a higher, more desirable reference point' (Cannon et al., 2019, p. 105).

Especially financial resource scarcity can create a conflict between consumption behaviors and desired lifestyles (Hamilton et al., 2019; van Dijk, van der Werf, and van Dillen, 2022), as such scarcity can trigger a ‘scarcity mindset’ (e.g. Shah, Shafir, and Mullainathan, 2015) where consumers begin prioritizing immediate need satisfaction (Goldsmith, Griskevicius & Hamilton, 2020; van Dijk et al., 2022). In other words, short-term consumption decisions may conflict with long-term lifestyle aspirations, which creates a sense of self-discrepancy (Mandel et al., 2016; Rauber, Barros, Zambaldi, and Perin, 2024).

Self-regulatory models, such as the Self-Regulatory Model of Resource Scarcity (Cannon et al., 2019) and the Extended Parallel Process Model (Witte, 1992) may be leveraged to understand how people cope with financial resource scarcity while striving to live their desired lifestyles. These models align with dual-process theories of cognition which suggest that people engage in both automatic, emotional responses when appraising a threat, and more deliberate, controlled processes when regulating their actions in response (Chaiken & Trope, 1999). An initial framework based on these theories is visualized in Figure 1.

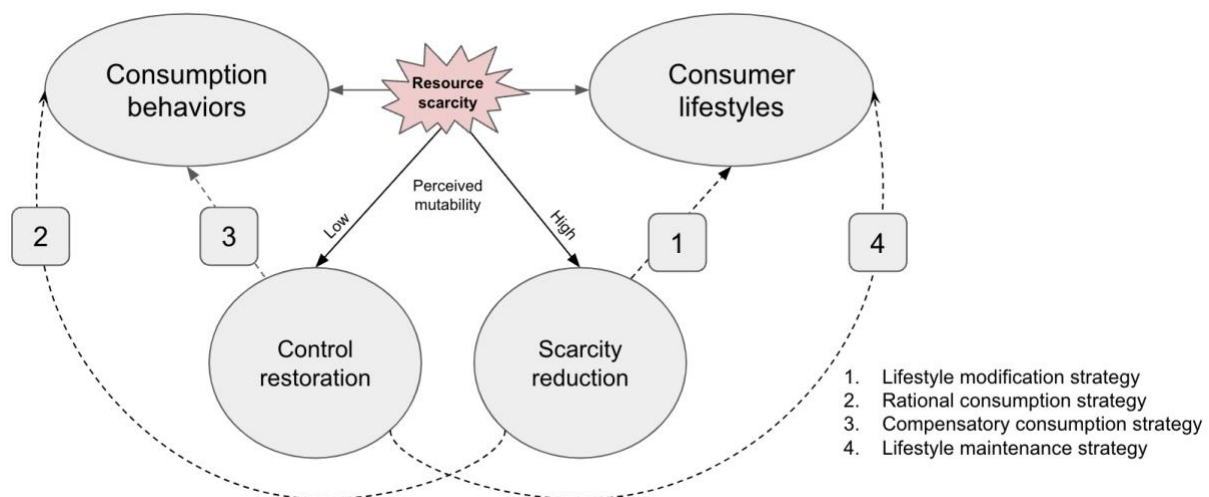


Figure 1: An initial theoretical framework

The starting point of the framework is the assumption that financial resource scarcity threatens one's perceived ability to live according to their desired lifestyle; that is, there is a discrepancy between tangible consumption behaviors and aspirational consumer lifestyles. According to Hamilton et al. (2019), a central part of responding to financial resource scarcity is *coping*, which happens when individuals adjust their mindset to minimize the effects of the financial constraint experienced. Individuals first appraise goal relevance, that is, the extent to which perceived financial resource scarcity is a relevant threat to their desired lifestyle, and then proceed to assess the severity of the threat (Cannon et al., 2019; Witte, 1992). If a threat

is observed, *perceived mutability* (i.e. 'perceived ability for the situation to be changed' [Cannon et al., 2019, p. 109]) is assessed.

Consumers with high mutability are more likely to opt for problem-solving strategies to cope with scarcity (Cannon et al., 2019; Rauber et al., 2024; Witte, 1992). Cannon et al. (2019) call this psychological pathway *scarcity reduction* and propose that consumers in this state will consciously attempt to reduce the gap between their current and desired financial state. For instance, a compensatory consumer behavior strategy called direct resolution, presented by Mandel et al. (2016), might be associated with scarcity reduction, as it is intended to 'resolve the source of self-discrepancy' (p. 138) rather than mentally suppressing or dissociating from it. A practical example would be a situation where a consumer decides to reduce eating in restaurants if s/he experiences financial constraints.

When perceived mutability is low, individuals respond to the emotion of fear, not to the actual threat itself, and adopt a pathway called *control restoration* (Cannon et al., 2019; cf. Witte, 1992). On this pathway, people may experience a decrease in self-control (Mani, Mullainathan, Shafir, and Zhao, 2013; Vohs, 2013) and try to restore their sense of control in other life domains (Cannon et al., 2019; Rauber et al., 2024). Examples, again presented by Mandel et al. (2016), of such compensatory strategies are manifold, including escapism ('behavior that distracts oneself from thinking about the self-discrepancy', p. 138) and fluid compensation ('behavior that reinforces another aspect of one's identity distinct from the self-discrepancy', p. 138). Practical examples of such strategies include cases where financially constrained consumers avoid confronting their situation by distracting themselves with increased consumption (e.g. retail therapy; Atalay & Meloy, 2011).

In the initial theoretical framework (Figure 1), it is expected that the pathways – control restoration and scarcity reduction – have distinct effects on consumption behaviors and consumer lifestyles. As per the framework, there would be four different coping strategies in the wake of financial resource scarcity. The first is *lifestyle modification strategy*, occurring when a consumer who is on the scarcity reduction path and decides to make fundamental alterations to her or his lifestyle (e.g. consciously settling for a lower standard of living). The second is *rational consumption strategy* which takes place when a consumer on the scarcity reduction path decides to do minor, rational improvements to her or his consumption behaviors (e.g. dining out less frequently). The third is *lifestyle maintenance strategy* where a consumer who is on the control restoration pathway attempts to artificially upkeep the lifestyle s/he is used to live (e.g. taking loans or finding other ways to avoid facing the large-scale consequences of financial constraints). The fourth is *compensatory consumption*

strategy, occurring when consumers are on the control restoration path and try to adjust their daily consumption behaviors through compensatory strategies that do not solve the financial constraint itself (e.g. using all money to travel to forget daily life).

The adoption of these strategies depends on the time elapsed since encountering financial resource scarcity. Lifestyle-related strategies (maintenance and modification) likely develop over longer periods than consumption-related strategies (rational and compensatory), emphasizing that managing financial constraints consists of both shorter-term coping and longer-term adaptation (Hamilton et al., 2019).

The functionality of the framework described above is empirically investigated using the method detailed in the next section. It is anticipated that the theoretically defined relationships between key concepts will be enriched through this empirical analysis.

3. Methodology

The study is based on the themed interviews with clinically practicing mental health professionals (e.g. clinical psychologists, psychiatrists, psychotherapists and psychoanalysts), thus following a practice of relying on professional perspectives when exploring emerging themes in consumer behavior (e.g. Coker, Zeiss, and Albinsson, 2024; Ishrat, Hasan, Farooq & Khan, 2023). The methodological choice is based on the assumptions (1) that these professionals, due to their clinical experience, are well-positioned to provide objective accounts of their patient-customers' coping strategies in the wake of financial resource scarcity, and (2) that individual patient-customers might lack the necessary distance to evaluate their own experiences comprehensively (cf. Piha et al., 2018).

The interviews are being conducted by two researchers in November and December 2024, with 14 completed and 6 scheduled by the submission deadline of the EMAC conference. The final amount of interviews is to be determined based on the observed saturation of the material, but it will likely be between 20 and 30. Altogether 45 professionals have so far been contacted, of which 12 have not responded yet and 15 have declined to participate, the main reasons being scheduling issues or the individual's assessment of her or his inadequate knowledge of the subject. More professionals will be contacted during December.

The study adopts snowballing convenience sampling, the main criteria for selection being that the informant has formal training in treating mental health issues and that s/he offers clinical treatments regularly. Seed informants were searched using the researchers' own networks and search engines, and after every interview, the informants were asked to

recommend other suitable candidates. Selected informants were first approached via e-mail, and the length of the interviews ranged from 16 to 59 minutes. The interviews were conducted both face-to-face and through remote connection, recorded, and transcribed into text.

In total, 17 of 20 informants were female, which is not surprising as the profession is typically dominated by females (e.g. Carey, 2011). Most of the informants operated in the two major cities of the southern part of Finland, which might present a moderate bias to the data quality. However, this limitation is accepted, as most mental health professionals in Finland are nevertheless based in urban areas, and the majority of the middle-class population resides in cities similar to the two where the interviews were conducted.

Based on the theoretical framework presented in section 2, the interview themes were divided into three: (1) consumption and lifestyles in uncertain societal conditions, (2) coping with and adapting to financial resource scarcity, and (3) self-regulatory model of financial resource scarcity. The data analysis, which has not yet been conducted due to incomplete data collection and preparation, will be carried out in close cooperation between the two researchers affiliated with the project and follow the Gioia method (Gioia, Corley, & Hamilton, 2012), supported by the NVivo software. The Gioia method involves a three-phase process: the inductive first-order coding of the raw data to generate a set of detailed codes that reflect the informants' perspectives; the second-order coding where the first-order codes are interpreted and organized into broader, theoretically informed categories; and finally the creation of aggregate dimensions that synthesizes the second-order themes into higher-level constructs that represent the central theoretical insights generated from the data. These insights will then be merged into the initial framework (Figure 1), and this empirically enriched framework will be presented as the outcome of the study.

4. Expected results and discussion

While the data analysis is still in progress, some very initial insights based on the interviewers' field notes can already be drafted, as follows.

The findings are likely to show that while sudden financial resource scarcity alone might not be a conclusive factor in prompting a personal crisis among middle-class consumers, its impact becomes more significant when compounded by other ongoing problems. Experienced total load (that financial resource scarcity contributes to) determines the tipping point, and may push consumers to adopt maladaptive coping strategies that can evoke further problems. In addition to perceived mutability, psychological resilience, talent,

personality, and learned behavior emerge as crucial moderating factors influencing how individuals navigate these challenges.

A possible result is also uncovering ‘hybrid strategies’ that reflect a middle ground between rational and compensatory consumption and lifestyle modification and maintenance strategies. Some consumers may, for example, attempt to ‘find flexibility’ in previous consumption behaviors (such as choosing free ‘pay later’ payment options or negotiating prices) and hence maintain their previous lifestyle without directly engaging in maladaptive practices. Furthermore, the study is expected to reveal that strategies related to consumption behaviors and lifestyles are not dichotomous; an individual consumer may waver between strategies depending on context and emotional states.

References

- Alonso, L. E., Fernández Rodríguez, C. J., & Ibáñez Rojo, R. (2017). “I think the middle class is disappearing”: Crisis perceptions and consumption patterns in Spain. *International Journal of Consumer Studies*, 41(4), 389-396.
- Atalay, A. S., & Meloy, M. G. (2011). Retail therapy: A strategic effort to improve mood. *Psychology & Marketing*, 28(6), 638-659.
- Cannon, C., Goldsmith, K., & Roux, C. (2019). A Self-Regulatory Model of Resource Scarcity. *Journal of Consumer Psychology* (Vol. 29, Issue 1, pp. 104–127).
- Carey, B. (2011, May). Need therapy? A good man is hard to find. *The New York Times*, May 21, 1–4.
- Chaiken, Shelly., & Trope, Yaacov. (1999). Dual-process theories in social psychology. *Dual-process theories in social psychology*. The Guilford Press.
- Coker, K. K., Zeiss, J. G., & Albinsson, P. A. (2024). The consumer on stage: Toward a typology of improvisation in consumption contexts. *Journal of Business Research*, 170.
- [dataset] Finnish Prime Minister’s Office. (2024). Citizens’ Pulse [Datasets FSD3656, FSD3664, FSD3677, FSD3683, FSD3694]. Aila Data Service.
<https://services.fsd.tuni.fi/catalogue/series/86?tab=studies>
- Ganglmair-Wooliscroft, A., & Lawson, R. (2011). Subjective well-being of different consumer lifestyle segments. *Journal of Macromarketing*, 31(2), 172-183.
- Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2012). Seeking qualitative rigor in inductive research: Notes on the Gioia methodology. *Organizational Research Methods*, 16(1), 15–31.
- Goldsmith, K., Griskevicius, V., & Hamilton, R. (2020). Scarcity and consumer decision making: Is scarcity a mindset, a threat, a reference point, or a journey? *Journal of the Association for Consumer Research*, 5(4), 358–364.

- Greve, B. (2024). Once again: Are welfare states in crisis? *Social Policy and Administration*, 58(2), 211–214.
- Haller, M., Wenger, J. B., Zaber, M. A., & Zuo, G. W. (2022). A Consumption-Based Definition of the Middle Class. *Social Indicators Research*, 164(3), 1249-1270.
- Hamilton, R., Mittal, C., Shah, A., Thompson, D., & Griskevicius, V. (2019). How financial constraints influence consumer behavior: An integrative framework. *Journal of Consumer Psychology*, 29(2), 285–305.
- Hampson, D. P., & McGoldrick, P. J. (2013). A typology of adaptive shopping patterns in recession. *Journal of Business Research*, 66(7), 831-838.
- Hampson, D. P., & McGoldrick, P. J. (2017). Antecedents of consumer price consciousness in a turbulent economy. *International Journal of Consumer Studies*, 41(4), 404-414.
- Ishrat, I., Hasan, M., Farooq, A., & Khan, F. M. (2023). Modelling of consumer challenges and marketing strategies during crisis. *Qualitative Market Research: An International Journal*, 26(4), 285-319.
- Kamakura, W. A., & Yuxing Du, R. (2012). How economic contractions and expansions affect expenditure patterns. *Journal of Consumer Research*, 39(2), 229-247.
- Komatsu, H., & Rappleye, J. (2024). Well-Being in Times of Decline: The Feasibility and Effectiveness of Degrowth for Sustainability. *Journal of Futures Studies*, 2024(1), 59–72.
- Koos, S., Vihalemm, T., & Keller, M. (2017). Coping with crises: Consumption and social resilience on markets. *International Journal of Consumer Studies*, 41(4), 363-370.
- Lawson, R., & Todd, S. (2002). Consumer lifestyles: a social stratification perspective. *Marketing theory*, 2(3), 295-307.
- Lee-Yoon, A., Donnelly, G. E., & Whillans, A. V. (2020). Overcoming resource scarcity: Consumers' response to gifts intending to save time and money. *Journal of the Association for Consumer Research*, 5(4), 391-403.
- Liadze, I., Macchiarelli, C., Mortimer-Lee, P., & Sanchez Juanino, P. (2023). Economic costs of the Russia-Ukraine war. *World Economy*, 46(4), 874–886.
- MacAskill, W. (2022). *What We Owe The Future*. Oneworld Publications.
- Malecki, W. P., Bilandzic, H., Kowal, M., & Sorokowski, P. (2023). Media experiences during the Ukraine war and their relationships with distress, anxiety, and resilience. *Journal of Psychiatric Research*, 165, 273–281.
- Mandel, N., Rucker, D. D., Levav, J., & Galinsky, A. D. (2017). The Compensatory Consumer Behavior Model: How self-discrepancies drive consumer behavior. *Journal of Consumer Psychology*, 27(1), 133–146.
- Mani, A., Mullainathan, S., Shafir, E., & Zhao, J. (2013). Poverty Impedes Cognitive Function. *Science*, 341(6149), 976–980.

- Piha, S., Hurmerinta, L., Sandberg, B., & Järvinen, E. (2018). From filthy to healthy and beyond: Finding the boundaries of taboo destruction in sex toy buying. *Journal of Marketing Management*, 34(13-14), 1078-1104.
- Rauber, G. N., Barros, L. S. G., Zambaldi, F., & Perin, M. G. (2024). When life throws curveballs: Unpacking consumers' compensatory strategies. *Psychology & Marketing*, 41(10), 2525–2536.
- Salerno, A., & Escoe, B. (2020). Resource scarcity increases the value of pride. *Journal of the Association for Consumer Research*, 5(4), 458-469.
- Shah, A. K., Shafir, E., & Mullainathan, S. (2015). Scarcity frames value. *Psychological Science*, 26(4), 402-412.
- Solomon, M., Askegaard, S., Hogg, M., & Bamossy, G. (2019). *Consumer Behaviour: A European Perspective (7th ed.)*. Pearson Education Limited.
- Statistics Finland. (2024, April 19). *General government deficit 2.7 per cent and debt 75.8 per cent relative to gross domestic product in 2023*. Retrieved from <https://stat.fi/en/publication/cln33xj7na0nb0cut0o5jm2gp> (Last accessed: November 3, 2024)
- The Bank of Finland (2022, November 22). *Press release: Population ageing and weak productivity are blunting Finland's longer-term growth outlook*. Retrieved from <https://www.suomenpankki.fi/en/news-and-topical/press-releases-and-news/releases/2022/population-ageing-and-weak-productivity-are-blunting-finlands-longer-term-growth-outlook/> (Last accessed: November 3, 2024)
- Van Kerckhove, A., Lunardo, R., & Fitzsimons, G. J. (2020). Monetary scarcity leads to increased desire for assortment. *Journal of the Association for Consumer Research*, 5(4), 377-390.
- Vohs, K. (2013). The Poor's Poor Mental Power. *Science*, 341, 969–970.
- Witte, K. (1992). Putting the fear back into fear appeals: The extended parallel process model. *Communication Monographs*, 59(4), 329–349.
- van Dijk, W. W., van der Werf, M. M. B., & van Dillen, L. F. (2022). The Psychological Inventory of Financial Scarcity (PIFS): A psychometric evaluation. *Journal of Behavioral and Experimental Economics*, 101(December 2022)