You can’t always get what you want
Reimagining the scarcity model

Kearney Consumer Institute
Q2 2022
As prices rise and consumers reinvent their day-to-day, the availability of and desire for products has profound impact on those decisions.

The balance of where to spend and where to scrimp raises questions about consumers’ relationship with scarcity.
The traditional scarcity model focuses on supply, demand, and finite resources.

Scarcity is often thought of as mechanical or economical:

<table>
<thead>
<tr>
<th>Mechanical</th>
<th>Economical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply chain-driven</td>
<td>Implementing scarcity by design</td>
</tr>
<tr>
<td>resource restrictions or challenges</td>
<td>often engineered by price</td>
</tr>
</tbody>
</table>

However, the impact of scarcity relies on and is defined by consumer engagement.
Consumers, and how they allocate their time, are key factors in scarcity.

Consumers that would rather wait for a product than pay more for it

68%

Consumers that say products appeal to them because they are rare or limited

71%
Consumers’ relationship with scarcity is dynamic; it changes over time.

Consumers create scarcity
Disrupt the demand curve
► Hoarding toilet paper during the pandemic

Consumers agree to scarcity
Commit through loyalty, preference
Accepting of certain conditions
► Will only buy X brand
► Seasonally available products

Consumers create scarcity
Disrupt the demand curve
► Hoarding toilet paper during the pandemic

Consumers upset by scarcity
Frustrated by scarce conditions
► Unable to get product due to microchip shortage

Consumers choose scarcity
Scarcity is the desired state
► Luxury products
► Limited edition products

Co-Conspirator
Beneficiary
Consumer as the...
Enemy

Source: Kearney analysis
This reimagines the scarcity model—but beware the tipping point.

Scarce products appeal to consumers for both tactical and psychological reasons:

- Enables consumers to express individuality or identity
- Perceived as a way of life or getting the best quality
- Allows consumers to shop by their values
- Scarce (less) options can make decision-making easier

### Access/Interface

**Tactical**
- Price
- Limited run
- Seasonal availability
- Location availability
- Batches

### Appeal/Expectations

**Psychological**
- Quality/differentiation
- Status/identity
- Trendy
- Handcrafted
- Rare

**Tipping Points**

If access grows too high, appeal can wane.

Example: Seasonal product

Example: Luxury product

Source: Kearney analysis
Tactical scarcity builds anticipation and expectations, pressuring a brand’s ability to deliver.

<table>
<thead>
<tr>
<th>Seasonal</th>
<th>Time-based</th>
<th>Location-based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only available seasonally (usually every year):</td>
<td>Only available at specific times (often one and done):</td>
<td>Only available at specific location(s):</td>
</tr>
<tr>
<td>– Pumpkin spice lattes</td>
<td>– Concert tickets</td>
<td>– Private label (for example, Trader Joe’s, Kirkland signature)</td>
</tr>
<tr>
<td>– Hot cross buns</td>
<td>– Sporting events</td>
<td>– Cronut</td>
</tr>
<tr>
<td>– Peeps</td>
<td>– Festivals</td>
<td></td>
</tr>
<tr>
<td>Consumers who look forward to seasonal food and recipes</td>
<td>Consumers who have purchased an event ticket for more than face value</td>
<td>Consumers who go to stores for a specific brand or product</td>
</tr>
</tbody>
</table>

80% ☃  41% ⚡  72% 🛍

Source: Kearney Consumer Institute – Consumer Scarcity Study, May 2022
Consumers largely dictate psychological scarcity—their sustained interest drives success.

### Quality
Preference or loyalty due to perceived quality:
- Farmer’s market
- Local boutique
- Craftsman

### Status/identity
Expression of identity or individuality:
- Luxury goods (handbags, watches, shoes)
- Sneakers

### Collector
Passion for specific product or hobby:
- Baseball cards
- Legos
- Wine or bourbon

Consumers who shop for food at the farmer’s market due to freshness and quality perceptions

Consumers who have purchased clothes or accessories from an exclusive or designer brand

Consumers who have collected something in their lifetime

67%  
56%  
84%

Source: Kearney Consumer Institute – Consumer Scarcity Study, May 2022
Consumers must care, and spend their own resources, for scarcity to work. So:

How does a brand tap into consumer scarcity?
Define scarcity

Understanding the consumers’ relationship with time can clarify the scarcity model for a brand.

Revisit the **consumer time elasticity equation**. Determine how consumers want their time to be optimized across access, interface, and expectations or differentiation.

Monitor the **tipping point**. Strike a balance; consumers may shy away if products become both too mainstream or too hard to get.

**Decathlon** offers a wide variety of sporting good products, including competitively priced owned brands that draw the consumer in.

Its large selection optimizes consumers’ time, as they can get a lot in one place.

**Luxury brands** such as Hermes build scarcity based on a commitment to craftsmanship.

Luxury must deliver on consistent design and quality expectations that extend consumers’ time commitment.
Embrace scarcity

Medium-term initiatives

Incorporate scarcity into the innovation plan.

**Talk to the consumer.** Delineate tactical vs. psychological scarcity for the consumer and determine how to offer scarcity, such as through limited editions, partnerships, or seasonality.

**Encourage scarcity mindset across the value chain.** Evaluate how to integrate batches or limited runs into production; focus on the consumer benefit, rather than filling line time.

**Collectible items,** from Legos and stamps to wine and champagne, find the balance between the everyday and limited-edition products.

Consumers can determine their time investment to search out exclusives.

**Local or well-known food shops,** from bakeries to butchers, often have only so much stock for the day. It can lead to lines out the door until they run out.

Limited quantity can keep quality high, and consumers know it’s worth the wait.
Act as a multiplier for access to products, such as through resale, or change the time equation.

Consider resale opportunities. Resale often increases access to products without changing the total quantity; it can help to understand a wider range of consumers.

Use scarcity as a test market. Launching limited-edition products can be a path to a permanent offering—just ask McDonald’s breakfast or Starbucks’ pumpkin spice latte.

Resale sites increase access for consumers who are willing to spend time searching the site. However, secondary markets that are manipulated for financial gain can quickly turn off consumers.

Patagonia and Levi’s brought resale in house through “worn wear” and secondhand programs.

The vertical structure provides additional consumer insights and oversight on meeting brand quality standards.
Looking forward

What we’re watching

Politics and global pressures continue to encroach on the consumer sector, from the war in Ukraine’s impact to recent Supreme Court document leaks in the US. Consumers are looking to brands for support or to have a point of view.

Curious for more details on fashion circularity? Check out Kearney’s Circular Fashion Index (CFX) 2022 for a breakdown of commitments companies are making, their challenges, and who’s doing it well.

What comes next

Consumers often say one thing and do another. We continue to dig into these conflicting behaviors, such as how Gen Z both cares about sustainability but also loves fast fashion.

More to come on the contradictory consumer.
Kearney Consumer Institute (KCI)

What is it?
Kearney think tank creating thoughtful, consumer-first content and perspectives, assessing existing and evolving consumer behaviors, needs, and decision-making.

What does it do?
- Advocates for the consumer
- Challenges existing assumptions
- Reframes to ask different questions
- Generates conversation
- Translates into action

For further discussion, please contact:

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