



INNOVATIVE TECHNIQUE OF PRODUCT SCARCITY IN THAILAND'S MARKET: CAN THIS MARKETING STRATEGY IMPROVE SALES PERFORMANCE IN THE CRISIS OF COVID-19?

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Abstract

A product scarcity is a one of marketing strategies to simulate the consumer's needs and purchase decision. The crisis of COVID-19 has spread throughout the world since December 2019 and no vaccine is yet produced. This pandemic affects the operation of many businesses and economics of countries. This paper shows the innovative technique to improve the sales performance in the crisis of COVID-19. The product scarcity is the technique by using regret theory. Moreover, the comparison of sales performance before and after applying this marketing strategy is retrieved to provide the difference in sales performance.

Key Words: Product Scarcity, Marketing Strategy, Sales Performance, Innovative, COVID

Introduction

Recently, the coronavirus (COVID-19) has appeared and extremely spread around the world. COVID-19 is affecting 213 countries

and territories with daily new cases continuously [1]. Such this pandemic impact to economic, political, sociocultural, psychological, and technological changes. Some countries decided to prevent the spread of COVID-19 by an-

nouncing the lockdown policy in a certain period. China is the first country in the world that announced the lockdown policy on January 23, 2020 in Wuhan which is the largest city in Central China stopping travel in and out of city. The public transportation inside the city is shutdown. The pandemic has shown the significant impact to the majority of industries in every country. Thailand is one of the countries in South East Asia was in lockdown period from Mar 26, 2020 and curfew period from April 3, 2020. The economic disruption happened unavoidably and leads to the innovative technique for sustainability of organizations. This research aims to provide a case study of product scarcity as a marketing strategy to improve sales performance in the crisis of COVID-19 in Thailand's market by focusing on insurance industry. Scarcity in economic concept means the gap between limited resources and theoretically limitless wants. Product scarcity is not limited only quantities but also limited time [2]. A firm or product owner has the opportunity to create the demand from customers by launching a temporary or non-temporary product scarcity. Nevertheless, product scarcity has significantly impact to purchase behaviors of consumers [3].

Scarcity

Scarcity is the unavailability or limited number of suppliers in the market. Moreover, scarcity refers to unbalance of demand and supply that affects to consumer's behaviors and decision making [4]. Marketers use scarcity as a promoting technique to emphasize the limitation of availability and stimulate

perceived values of consumers to enhance their needs in products or services [5]. Previous studies have examined on scarcity to understand the types and mechanisms to effect the demand-generated and supply-generated [6]. Scarcity cue types have been reviewed by [7] to classify scarcity message as quantity or quality (time-based). The purchase decision is triggered by scarcity and popularity cues. Recently research studied the effect of scarcity in online booking, the findings shows the higher levels of purchase intention when the appearance of product's scarcity occurred [8].

Theoretical Framework

Four theoretical frameworks are identified to explain the relationship of customer demand and insufficiency of product supply, resulted in the desirability of a product increase subsequently. First, commodity theory is related to the high demand of people who perceive a higher value in the product's uniqueness. In other side, the satisfaction of consumer raised by owning products that others do not. Second, conformity theory is related to attitudes, beliefs and behaviors of group norms. Consumers intend to purchase a product because of many people purchased it. Third, regret theory is related to the feeling that consumer wants to avoid future regret in missing the opportunity to purchase the product in several events such as time-limited offers and expired date of special offer. Forth, reactant theory is related to the feeling that consumers are threatened by choices of product becomes limited, thus consumers are motivated to increase their needs to purchase it within the spe-

cific of time. The theory of reactance was introduced by Brehm in 1966 [9]. The early studies have demonstrated the success of reactance effects about “hard-selling”. The experiments with high-pressure condition created a purchase signal more than no pressure condition [10]. Four components of the reactance mechanism are perception and existence

of freedom, threats to freedom, restoration of reactance and freedom [11]. Threats represent the forced freedom. The theoretical implications from [12] explains that shoppers seek the availability of other products in the shelf to detect the reduction of variety and turn to freedom.

Table 1: The Summary of Theoretical Framework

Theoretical Framework	Short Explanation	Sample Events
Commodity Theory	Consumer’s demands from the perceived value of product’s uniqueness.	Products or services that have been promoting differently
Conformity Theory	Consumer purchases the products based on attitudes, beliefs and behavior of group norms.	Marketing campaign encouraging purchasers to buy products or service arouse by influenced group
Regret Theory	Consumer wants to avoid future regret in missing the opportunity to purchase the product in several events.	Marketing campaign offering coupon with expired date
Reactant Theory	Consumer is threatened by choices of product become limited.	When there is a notification on products or services “out of stock”, where consumers are convincing to purchase substitute goods

Insurance Industry in Thailand

In the phenomenon of insurance marketing, the customer’s relationship is important from the initial stage of creating the relationship and maintain the good services [13]. Earlier research stud

ied the impact of relationship selling behavior on the insurance decision making and trust as a mediator between the antecedents and insurance decision making in India [14]. However, many marketing strategies have been adapted to motivate the customers to purchase the insurance.

A case study in this research collected the sales data from one of the insurance company in Thailand to investigate the impacts of product scarcity as a marketing strategy in COVID-19.

Effects of Regret Theory

In March 2020, an insurance company in Thailand promoted the expired date of insurance products to stimulate the customer's need and urge them to make a purchase decision within the limited time. Because of COVID-19 situation, consumers delayed in the purchase

decision, thus this insurance company intended to create the product's scarcity by announcing 4 product's expired date. The company defined the short period to purchase the insurance less than a month. After receiving the satisfied sales volume, this insurance company created the product's expired date again on other product even this product was closed in the past. Table 2 shows the detail of insurance's products that using product's scarcity as a marketing strategy. The total premium of first quarter in 2020 is higher than the same quarter in last year as shown in Table 3.

Table 2: Insurance Product with Expired Date

Insurance Plan Name	First Expired Date	Second Expired Date
Excellent Plan 1	Mar 31 st , 2020	Jun 30 th , 2020
Saving Plan 1	Mar 31 st , 2020	Jun 30 th , 2020
Saving Plan 2	Mar 31 st , 2020	None
Annuity 1	Jun 15 th , 2020	None
Annuity 2	Jun 15 th , 2020	None
Annuity 3	Jun 15 th , 2020	None
Annuity 4	Jun 15 th , 2020	None

Table 3: Comparison of Sales Volume Before and After Using the Product Scarcity

Total Premium	First Quarter 2020	Second Quarter 2020
Total Premium	\$ 8,796 Million	\$ 8,276 Million

The evidence of this case study shows the result of adopting the regret

theory to urge consumers make the purchase decision. Consumers feel to regret

in missing the opportunity to purchase the products in the future because the expired date is announced, their demands is stimulated to make the purchase decision. Although, COVID-19 is existed but the sales volume is raised by the product's scarcity concept.

Conclusion

Whenever the crisis is existed, the marketers need to think more the effectiveness of marketing strategy to improve the sales volume. The case study in this paper shows that pandemic crisis that occurs around the world cannot stop the sales growth of company if the marketers or the executive management of company choose the best marketing strategy to cope with that crisis. The regret theory of using the product's scarcity is one of the effective marketing strategies. However, the marketing strategies need to change upon the crisis and time. No marketing strategy will produce the excellent outcome without any changes because consumers need the new promotions, products, and prices.

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