

Limited-edition advertising does not always work for luxury brands: The influence of consumption contexts

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*Accepted in January 2021
Journal of Consumer Behaviour*

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Abstract

Limited-edition advertising on a limited quantity available to be sold (LQS, limited quantity scarcity) is used to increase product value, thereby enticing consumers. This type of limited-edition advertising has been proven to be effective for luxury brands; as a result, its adoption has increased over the years. However, are limited editions effective across all consumption situations? The current study argues that limited-edition advertising may not always work as well as previously thought and that it is only effective when (1) consumers are in emotional (versus cognitive) consumption contexts, (2) the consumption is socially visible (versus invisible), and (3) the country of origin where the luxury product was made is favourable (versus unfavourable). The results of two experiments using 807 participants confirmed the study's hypotheses. More importantly, the findings showed that limited-edition advertising had detrimental effects in a cognitive consumption context; that is, using limited-edition advertising in a cognitive consumption context decreased consumers' purchase intentions. Theoretical and managerial implications are discussed.

Keywords: luxury brands, limited edition, emotional consumption, cognitive consumption, country image

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1. INTRODUCTION

In 2018, the global personal luxury goods industry reached €260 billion in retail sales value (Bain & Company, 2019). Nevertheless, this industry seemed to face a ‘new normal’ of sluggish growth or a recession in some markets in recent years. For example, in China and Hong Kong, luxury goods sales fell by 9.4% in 2016, and their 2014–2016 compound annual growth rate (CAGR) was –6.0% (Deloitte, 2018). To compete in a strained market environment, many luxury brands have launched limited editions (with limited quantity scarcity messages, LQS) to appeal to their consumers. For example, Montblanc recently released the ‘Great Characters Edition’ pens to honour great historical figures for their achievements in various areas, such as Miles Davis in music and Andy Warhol in art. In addition, many luxury brands, including Louis Vuitton, Burberry, Piaget, and Breguet, have released limited editions for the Chinese New Year in an attempt to further grow the Chinese market. For example, Burberry designed scarves with a large version of the Chinese character that indicates fortune, ‘Fu’, and sold them during the 2015 Chinese New Year. Previous studies suggest that limited editions effectively increase sales for conspicuous products (e.g. Gierl & Huettl, 2010; Jang, Ko, Morris, & Chang, 2015), and their findings imply that limited editions are effective in all situations. However, is this the case? The current study argues that different consumption contexts may influence the extent to which limited-edition advertising is effective. To broaden our understanding of limited editions and help luxury brands decide when to use and when not to use limited-edition advertising, this study identifies three areas in which to deepen our knowledge of limited editions in luxury consumption: (1) socially visible versus invisible luxury consumption, (2) emotional versus cognitive decision making, and (3) favourable versus unfavourable countries of origin of luxury products.

Limited editions from luxury brands are able to generate a sense of scarcity and exclusivity among target consumers. Extensive research has shown that these luxury brands are correct because their limited-edition advertising indeed evokes consumers’ beliefs that limited editions are special, unique, and valuable and, thereby, enhancing, which leads to positive product and brand evaluations. However, are limited-edition advertising messages always effective? Apparently not. For example, research indicates that they do not work for non-conspicuous products. Although conspicuous products are usually linked with luxury consumption, not all luxury consumption is conspicuous. The definition of conspicuous consumption focuses on not just luxury but also consumers’ ability to publicly display the luxury. However, not all luxury products are conspicuous. For example, many luxury furniture brands (e.g. Passerini) sell delicate coffee tables, luxury home office desks, designer beds, and so on, which are luxury but not easy to display socially. Thus, this type of luxury product cannot be regarded as conspicuous. Although research shows that limited editions work for luxury brands, none of the studies compared the effectiveness of the limited editions between a socially visible luxury and a socially invisible luxury. More specifically, all of the past studies only focused on socially visible luxury. This gap in the literature begs the question of whether or not non-conspicuous luxury products could increase their sales by following conspicuous luxury brands’ practices of limited editions.

In addition, consumers of luxury products may engage in cognitive or emotional consumption (Hennigs et al., 2012; Lee, Ko, Lee, & Kim, 2015; Vigneron & Johnson, 2004). Emotional

consumption suggests that consumers value the social and individual aspects of luxury goods and emphasize the hedonic aspect of consumption (Wiedmann, Hennigs, & Siebels, 2009). In contrast, consumers in cognitive consumption focus on the functional and financial characteristics of luxury goods and weigh these characteristics more heavily than the prestige aspect of luxury consumption (Hennigs et al., 2012). In other words, emotional consumption pays attention to how others think of them, but cognitive consumption does not much care about other people's impression. Because of the different foci in consumers' emotional versus cognitive consumptions, the effectiveness of promotion tactics can vary greatly (Kronrod & Danziger, 2013; Roggeveen, Grewal, Townsend, & Krishnan, 2015). Because promotional tactics consider whether consumers engage in emotional versus cognitive consumption, the question raised is whether the effect of limited-edition advertising is consistent across these two types of consumption. Nevertheless, no existing study has discussed the influence of these two types of consumption contexts.

The third study area proposed is the influence of country of origin (COO) on limited editions. Countries of origin in which luxury products are made have always been important for consumers. However, since the last two decades, luxury brands have started to move some of their factories from where their brands originated to where production costs are lower. For example, Burberry moved some of its operations from England to China. Other luxury brands, such as Prada, Armani, and Coach, made similar movements. These brands moved because of cost considerations usually result in decreased brand trust and increased criticism, given the already high mark-ups by such luxury brands and the quality and image concerns from the 'made in' countries. To maintain their images of prestige and to conquer the disadvantages of inferior country images, luxury brands have used limited-edition strategies to stimulate feelings of scarcity among consumers. However, whether the positive effects of limited editions are stronger than the negative effects of an inferior COO image is unknown.

To summarize, this study aims to clarify the effect of limited-edition advertising on luxury brands. In particular, this study aims to determine whether the effects of limited editions are influenced by (1) emotional versus cognitive consumption contexts, (2) social visibility versus the invisibility of luxury consumption, and (3) favourable versus unfavourable country of origin. Specifically, this study contributes to the literature in three points. First, we identify consumption contexts as a new moderator of the effectiveness of limited-edition advertising on luxury brands and provide theoretical support to the mechanism. Second, we clarify the difference between conspicuous and luxury products and reveal the role of social visibility in limited-edition advertising effects for luxury products. Third, the study highlights the importance of country of origin on the effectiveness of limited-edition advertising on luxury brands. Managerially, this research can help luxury brands identify which consumption contexts, product types, and country of origins are most and least appropriate for the use of limited-edition advertising. This study uses two experiments with between-group factorial designs to examine our hypotheses and now follows the literature review with the theoretical background and hypothesis development.

2. THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

2.1 Advertising of limited editions in luxury consumption

The use of limited editions is an effective supply-driven scarcity tactic (Gierl, Plantsch, & Schweidler, 2008). The following two types of limited editions exist: limited time scarcity (LTS) and limited quantity scarcity (LQS) (Jang et al., 2015). LTS focuses on a limited duration of time

for customers to buy as many focal products as possible (Jang et al., 2015), whereas LQS emphasizes the fact that only a limited (predefined) number of products is available for purchase (Aggarwal, Jun, & Huh, 2011). Although both limited time and limited quantity advertising appeals are frequently used, research has shown that limited quantity appeals have a superior influence on consumers' purchase intentions, given their ability to create a sense of exclusivity among target consumers (Aggarwal et al., 2011): only a limited number is available. Because of the sense of exclusivity, such limited editions are able to enhance products' perceived value (Aggarwal et al., 2011; Inman, Peter, & Raghurir, 1997). Both exclusivity and enhanced value are in line with the characteristics of luxury brands. The current study focuses on limited quantity and not limited time and uses limited editions and LQS interchangeably.

Why are limited editions attractive to consumers? Two theories can help clarify. First, commodity theory (Brock, 1968; Lynn, 1991) suggests that people value a commodity more when it is difficult to obtain or is even unavailable. This theory partially explains the positive effects of limited editions on consumer responses, such as product desirability (Gierl et al., 2008), brand evaluation (Gierl & Huettl, 2010), perceived value (Eisend, 2008; Suri, Kohli, & Monroe, 2007), and purchase intention (Aggarwal & Vaidyanathan, 2003; Eisend, 2008; Ku, Kuo, & Kuo, 2012). Second, the signalling theory can capture the underlying mechanism of the scarcity effect for luxurious, limited-edition products (Gierl & Huettl, 2010). Specifically, luxury limited-edition products can signal their high quality and value to potential consumers (Stock & Balachander, 2005) because these consumers believe that brands make credible commitments when they only make a limited number of products available (Balachander & Stock, 2009). Moreover, customers can use limited-edition products to signal to others their uniqueness, exclusivity, high social status, and wealth (Eisend, 2008; Gierl & Huettl, 2010). Research has shown that limited-edition advertising messages are able to highlight the associated uniqueness and social status that increase a product's value perceptions and prompt consumers' sense of haste to purchase such products (Aggarwal et al., 2011; Eisend, 2008). This study proposes that limited-edition advertising for luxury products significantly enhances consumers' purchase intention (H1) regarding the products.

H1: Consumers exhibit higher purchase intention for luxury products with limited-edition advertising than for luxury products without such advertising.

In luxury consumption, consumers' perception of luxury values defines the motives for luxury consumption and their judgment of luxury products (Kim & Ko, 2011; Liu, Wong, Tseng, Chang, & Phau, 2017; Park, Ko, & Kim, 2010; Wiedmann et al., 2009). Past studies propose typologies of different luxury customer values (Vigneron & Johnson, 2004; Wiedmann et al., 2009). For example, Vigneron and Johnson (2004) conceptualize five types of perceived luxury brand values: (1) perceived unique value (i.e. the snob effect), (2) perceived conspicuous value (i.e. the Veblen effect), (3) perceived emotional value (i.e. the hedonic effect), (4) perceived social value (i.e. the bandwagon effect), and (5) perceived quality value (i.e. perfectionism), whereas Wiedmann et al. (2009) identify and use four dimensions: (1) the financial dimension (monetary aspects), (2) the functional dimension (core product benefits and basic utilities), (3) the individual dimension (personal orientation and matters such as materialism, hedonism, and self-identity), and (4) the social dimension (the value of recognition from consumers' social group(s)). They find that luxury consumers have different degrees of importance in the four dimensions when purchasing luxury products. These conceptualizations indicate that consumers' perceived values for luxury consumption have a cognitive-emotional nature (Phelps, 2009; Zauner, Koller, & Hatak, 2015).

The cognitive values of luxury consumption corresponds to the rational aspects of decision making and evaluation with an emphasis on the cost/benefit aspect or utilitarian criteria in the judgment of products, whereas the emotional values focus on the affective benefits arising from the consumption experience and encompass the individual and social value (e.g. hedonism, self-identity, prestige) generated in the consumer (Hirschman & Holbrook, 1982; Lee et al., 2015; Sheth, Newman, & Gross, 1991). In other words, the cognitive dimensions contain usability value, quality value, and economic value, and the emotional dimensions involve hedonic value, materialistic value, self-identity value, conspicuous value, and prestige value. Which value dimension – cognitive or emotional – is more important is situational or context-dependent (Woodall, 2003; Woodruff, 1997). In other words, the relevance of certain value dimensions in luxury consumption depends on the context of consumption, including the purpose of consumption, product type, and consumer trends. For instance, if the purpose of purchasing a handbag from a luxury brand is for use in a job interview, a cognitive consumption situation may arise, and the rational aspect may be more prominent in the decision-making process. In contrast, if the purpose of buying the bag is to go to a party, an emotional consumption situation may emerge, and the affective facets may dominate the decision. Given that these two consumption contexts influence what information consumers rely on to make decisions, this research uses regulatory focus theory to argue that the effectiveness of limited-edition advertising for luxury products may differ.

According to regulatory focus theory, individuals make decisions based on two goals that regulate the evaluation process: promotion and prevention (Higgins, 2002; Higgins & Silberman, 1998; Idson, Liberman, & Higgins, 2000). People with promotion-focused goals are concerned with the presence or absence of positive outcomes, whereas people with prevention-focused goals are concerned with the presence or absence of negative outcomes (Idson et al., 2000). Previous studies show that promotion-focused goals are more affectively driven and obtaining positive outcomes becomes the primary evaluation basis for consumers in emotional consumption (Pham & Avnet, 2004; Roy & Ng, 2012). In contrast, prevention-focused goals are more cognitively driven, and avoiding negative outcomes in cognitive consumption is the core evaluation basis for consumers. Consumers have been shown to be more likely to focus on the information that helps them maintain their regulatory goals (Aaker & Lee, 2006). In addition, consumers experience heightened motivation and a feeling of ‘fit’ (i.e. the regulatory fit) when the advertising information is consistent with their regulatory goals (Aaker & Lee, 2006). The regulatory fit experience can be transferred to a subsequent evaluation of an object (Higgins, Idson, Freitas, Spiegel, & Molden, 2003). Limited-edition advertising can be regarded as information that ‘fits’ the promotion-focused goals of luxury customers in an emotional consumption context because the fact is that only a small group of customers can own luxury limited-edition products that may increase their perceptions of emotional values, such as prestige and conspicuousness. Ku et al. (2012) argue that promotion-focused consumers in emotional consumption are more likely to choose the option of a supply-scarce product. By contrast, prevention-focused consumers in cognitive consumption who favour vigilance and avoiding mistakes may avert supply-scarce products because only limited consumers can own supply-scarce products, which means that prevention-focused consumers can obtain only a little information from other consumers’ experience about the products. Without sufficient information, luxury consumers are less likely able to make a rational choice, resulting in their experience of a lack of ‘fit’. In this case, luxury brands using limited editions may trigger unwanted consumer responses. Therefore, the impact of luxury products with limited editions on consumers’ purchase intentions can be very different in emotional and cognitive consumption contexts.

H2: Limited-edition advertising increases consumers' purchase intentions for luxury products in emotional consumption (a) but diminishes consumers' purchase intentions for luxury products in cognitive consumption (b).

2.2 Limited-edition advertising and visibility of luxury products

Evidence has suggested that limited-edition advertising is more effective for conspicuous consumption (Gierl & Huettl, 2010; Jang et al., 2015) than for non-conspicuous consumption. This statement is true because people have a strong tendency to draw inferences from others' consumption patterns with regard to their other characteristics (Belk, Mayer, & Bahn, 1982) and because the possession of conspicuous and limited-edition products can signal who they are to other people (Bearden & Rose, 1990). However, luxury products are not always conspicuous because of their low social visibility. According to Jang et al. (2015) and Gierl and Huettl (2010), conspicuous products should be visible to signal high status, wealth, and uniqueness to surrounding people and to show owners' belongingness to exclusive social groups. Although luxury products can usually bring a sense of high status, wealth, and uniqueness to owners, some of these items are socially invisible. As a result, the ability to signal those messages to others is low. Those socially invisible luxury products should not be regarded as conspicuous. Therefore, the current study proposes that limited-edition advertising for luxury products has a stronger influence on consumers' responses for socially visible relative to invisible products. In addition, this influence is more pronounced in emotional than cognitive consumption, given that the notion of owning socially visible and limited-edition luxury products fits well with promotion-focused customers.

H3: In emotional consumption, limited-edition advertising can increase luxury consumers' purchase intentions for socially visible products, but not for invisible ones.

3. STUDY 1

The purpose of Study 1 was to examine Hypotheses 1, 2, and 3. These hypotheses propose that (i) limited-edition advertising for luxury products can enhance consumers' purchase intentions relative to luxury products without limited-edition advertising, (ii) the influence of limited-edition advertising on consumers' purchase intentions is positive in the emotional consumption context but negative in the cognitive consumption context, and (iii) in the emotional consumption context, limited-edition advertising can effectively increase consumers' purchase intentions for socially visible luxury products but not socially invisible luxury products. Study 1 employed a 2 (Scarcity messages: limited-edition advertising vs no limited-edition advertising) \times 2 (Consumption contexts: emotional vs cognitive) \times 2 (Visibility: socially visible vs socially invisible) between-subjects factorial design. The experiment used a fictitious brand (i.e. Vux) in all conditions to control for prior brand knowledge and attitude that may influence consumers' PI (Cobb-Walgren, Ruble, & Donthu, 1995; Tuu & Olsen, 2012; Rao & Sieben, 1992), on the one hand. On the other hand, the use of fictitious brands has been shown to generate similar effects as those using a

famous brand (e.g. LV) (Gierl et al., 2008). A pre-test was carried out to select visible and invisible products prior to the main experiment.

3.1 Pre-test: Visible and invisible products

In the pre-test, a group of college students ($n = 30$) in Taiwan participated in evaluating the level of visibility of a series of product categories ($n = 10$) with unknown brands: mobile phone, watch, laptop, bag, automobile, bedside table, sofa, shoe, perfume, and sunglasses. Among the participants, 53.3% were male and aged between 20 to 30 years, with an average age of 24 years. One item from the scale in Gierl and Heuttl (2010) was used to measure the product's visibility: this is a visible product. All participants were required to evaluate each product using a Likert type scale ranging from 1 (totally disagree) to 7 (totally agree). A repeated measures ANOVA showed that the mean visibility differed significantly among product categories ($F(9, 261) = 106.75, p < 0.001$). Post hoc tests using the Bonferroni correction revealed that a bag and a bedside table were significantly different in terms of product visibility: $M_{\text{bag}} = 6.43$ versus $M_{\text{bedside table}} = 1.40$ ($p < 0.001$). Table 1 shows the overall results for all product categories. To further confirm that the two selected stimuli (a bag vs a bedside table) were significantly different in visibility from the consumer perspective, we conducted an additional pre-test using a new sample recruiting from a university in Taiwan ($n = 35$). Among the participants, 57.1% were male and aged from 19 to 30 years, with an average age of 24 years. The results of a paired t-test showed a significant difference in visibility perceptions of the two products: $M_{\text{bag}} = 5.37$ versus $M_{\text{bedside table}} = 2.20$ ($t(34) = 7.53, p < 0.001$). To ensure the validity of the study and to avoid the possible confounding effect of the product category, the current study focused on each product type without comparing the dependent variables across socially visible and invisible products.

<Table 1 here>

3.2 Main experiment

A total of 512 students from eight different classes at a large Taiwanese university participated in the experiment to exchange course credits. The participants who had no prior experience of purchasing luxury products or who did not follow the respondent instructions were identified and excluded. The final valid sample size was 460(n), and 45.2% were male with an average age of 22 years.

All participants were randomly assigned to one of the experimental conditions and told to follow the instructions on the front pages of the questionnaire. On the first page, participants in the emotional visible (invisible) condition read an instruction to imagine that they are going to buy a luxury bag (luxury bedside table) for use at a party (for a room decoration), and their consumption goal is to enhance their self-identity, prestige, and fun. Those in the cognitive visible (invisible) condition read an instruction to imagine that they are going to buy a luxury bag (luxury bedside table) for use in an office (for study in their room), and their goal is to maximize the functional benefits of the costs of the product. The scenario told them that they found a great luxury brand, Vux, that sells a delicate bag (a delicate bedside table).

After the instruction, participants were asked to read a scenario on the following page.

Participants in the limited-edition advertising condition then read text that describes that the luxury brand Vux is celebrating its anniversary and is launching a limited-edition activity for the bag (bedside table), with only 500 items available globally. Those in the control group (i.e. without limited-edition advertising) saw nothing about the limited-edition activity.

3.3 Measures

Measurements included the dependent variables purchase intention (PI) and the control variables: need for uniqueness, need for status, and product involvement. PI was measured using three items (i.e. the probability that I would consider buying this product is; if I was going to purchase a product, and the probability of buying this product is; the likelihood that I would purchase this product is; adapted from Jang et al. (2015) and Liu and Brock (2011)). Because consumers' need for uniqueness, need for status, and product involvement may influence consumers' responses to limited editions of luxury consumption (Jang et al., 2015), the current study included these as control variables: (a) need for uniqueness (nine items; adapted from Ruvio, Shoham, and Makovec Brenčič (2008)), (b) product involvement (three items; adapted from Afonso, Silva, Gonçalves, and Duarte (2018)), and (c) need for status (five items; adapted from Eastman, Goldsmith, & Flynn, (1999)). All scales were back-translated to ensure the accuracy of each question in the Chinese version. The values of Cronbach's α (in brackets) for PI (0.95), need for uniqueness (0.82), need for status (0.79), and productive involvement (0.81) were all higher than the .70 threshold.

3.4 Results

A 2 (Scarcity messages: limited-edition advertising vs no limited-edition advertising) \times 2 (Consumption contexts: emotional vs cognitive) \times 2 (Visibility: socially visible vs socially invisible) between-subjects analysis of covariance (ANCOVA) was applied. The p-value for the dependent variable in Levene's Test of Equality of Error Variances was more than 0.05, ensuring the assumption of homogeneity of variance. Accordingly, the data analysis could continue.

Table 2 presents the results of the ANCOVA. The main effect of limited-edition advertising on PI was significant ($M_{\text{limited-edition advertising}} = 3.76$ versus $M_{\text{no limited-edition advertising}} = 3.36$, $F(1, 449) = 9.21$, $p < 0.05$, $\eta_p^2 = 0.02$). Therefore, consumers exhibit higher purchase intention for luxury products with limited-edition advertising than for luxury products without such advertising. H1 was supported.

The three-way interaction among limited-edition advertising, consumption contexts, and social visibility was significant too ($F(1, 449) = 4.27$, $p < 0.05$, $\eta_p^2 = 0.01$). Specifically, the follow-up univariate analyses indicated that, in the emotional consumption context, participants in the limited-edition advertising condition showed significantly higher PI than those in the condition without limited-edition advertising for socially visible products ($M_{\text{limited-edition advertising}} = 4.96$ versus $M_{\text{no limited-edition advertising}} = 3.15$, $F(1, 449) = 51.83$, $p < 0.01$). However, this relationship disappeared for socially invisible luxury products ($M_{\text{limited-edition advertising}} = 3.95$ versus $M_{\text{no limited-edition advertising}} = 3.65$, $F(1, 449) = 1.25$, $p > 0.1$) (see Figure 1). Thus, in emotional consumption, limited-edition advertising can increase luxury consumers' purchase intentions for

socially visible products, but not for invisible ones. H3 was supported.

In contrast, in the cognitive consumption context, participants showed similar PI in both with and without limited-edition advertising conditions for socially visible products ($M_{\text{limited-edition advertising}} = 3.18$ versus $M_{\text{no limited-edition advertising}} = 3.22$, $F(1, 449) = 0.03$, $p > 0.1$). However, for socially invisible products, participants showed marginally lower PI in the limited-edition advertising than when they were not ($M_{\text{limited-edition advertising}} = 2.95$ versus $M_{\text{no limited-edition advertising}} = 3.42$, $F(1, 449) = 2.91$, $p < 0.1$).

Considering both the results for emotional and cognitive consumption contexts mentioned above, we found that limited-edition advertising seemed to enhance consumers' purchase intention in the emotional consumption context (as proposed by H2a) only for socially visible products, but not for socially invisible ones. On the other hand, this type of advertising could diminish consumers' purchase intention in the cognitive consumption context (as proposed by H2b) only for social invisible products, but not for socially visible ones. Therefore, propositions of H2 which state that limited-edition advertising increases consumers' purchase intentions for luxury products in emotional consumption (a) but diminishes consumers' purchase intentions for luxury products in cognitive consumption (b) were both only partially supported when taking the impacts of product social visibility into account.

<Table 2 here>

<Figure 1 here>

3.5 Discussion

The results of Study 1 suggested that limited-edition advertising was not always effective in stimulating consumers' desires of luxury products. Although the main effect of limited-edition advertising was significant for PI, the significant three-way interactions of the three manipulated factors revealed that different luxury consumption contexts and different levels of product visibility influenced the effectiveness of limited-edition advertising. Specifically, limited-edition advertising was effective only for socially visible luxury products and for consumers in emotional consumption contexts.

Regarding the impact of consumption contexts, the results of Study 1 confirmed the usefulness of regulatory focus theory and regulatory fit theory in predicting the effectiveness of limited-edition advertising for luxury products. Regulatory focus theory maintains that promotion-focused consumers are concerned with positive outcomes (Idson et al., 2000), and regulatory fit theory suggests that the experience of regulatory fit leads to higher evaluations and stronger purchase intention towards a target object (Labroo & Lee, 2006). The results showed that consumers in emotional contexts with promotion-focused goals might experience a psychological effect of 'feeling right' from limited-edition advertising for luxury brands. Their PI for the luxury brand is higher in the limited-edition advertising condition than in the without limited-edition advertising condition. Limited-edition advertising for luxury brands may provide positive outcomes, such as self-identity, prestige, and fun, to the consumption experience, which fit the emotional consumers' promotion-focused goals. Nevertheless, the effects of limited-edition advertising were only significant for visible luxury products and not for invisible luxury products. Understandably, the positive outcomes of limited-edition advertising (e.g. self-identity

and prestige) can be easily manifested for visible products with a conspicuous nature but not as obvious with invisible products.

In contrast, participants in the cognitive consumption contexts exhibited a very different response pattern towards limited-edition advertising. Participants' PI was lower in the limited-edition advertising condition than in the no limited-edition advertising condition (although insignificant for all conditions except for PI to invisible luxury brands). The results revealed that participants evaluating luxury products in cognitive consumption contexts might hold prevention-focused goals, and limited-edition advertising did not provide them with 'fit outcomes'. Instead, limited-edition advertising may reveal a limited ability of cognitive participants to conduct rational evaluations because only limited information was available in the market. When consumers' purchase purposes are more utilitarian-oriented, limited-edition advertising may not be as effective and could lead to negative responses among those consumers.

The results of Study 1 confirmed that limited-edition advertising was effective only for participants with affective motivations in emotional consumption contexts. Furthermore, Study 1 provided insights that some product attributes, such as visibility, may play moderating roles in the effectiveness of limited-edition advertising. According to previous studies (e.g. Cheah, Zainol, & Phau, 2016; Godey et al., 2012), the image of a country that manufactures a luxury product is also an influential attribute of consumers' purchase decisions. The following study examines whether this product cue can also moderate the effects of limited-edition advertising for luxury brands.

4. STUDY 2

In addition to product visibility, the study argues that the country of origin cue may also moderate the effect of limited-edition advertising in the emotional consumption context. Luxury brands signal a product's high quality and value (Stock & Balachander, 2005), and possessing expensive luxury products with limited editions can further signify consumers' own uniqueness, exclusivity, high social status, and wealth to significant others (Eisend, 2008; Gierl & Huettl, 2010). However, many luxury brands have moved their factories away to developing countries that are perceived to lack the ability to produce high-quality goods. As a result, moving factories to these developing countries may negatively impact consumers' perceptions of these brands (Lee, Phau, & Roy, 2013), and an inferior country image from the 'made in' tag may induce doubts in the luxury brand's ability to signal quality and wealth. As a result, the inferior 'made in' tags can offset the positive effects of limited-edition advertising. By contrast, a favourable image of a country's production site can further enhance the effects of limited editions. Because study 1 found that limited-edition advertising is effective only for participants in the emotional consumption context, we would like to examine the impacts of 'made-in' tags only in this context.

H4: Limited-edition advertising is effective in increasing luxury consumers' purchase intentions for products with favourable 'made in' tags, but not for products with inferior 'made in' tags.

4.1 Method

Study 2 was an extension of Study 1. It examined the impact of country image on the effects of limited-edition advertising under the emotional consumption context for a socially visible luxury product. Study 2, which focuses on a consumption context and a product with high social visibility, was a 2 (Scarcity messages: limited-edition advertising vs no limited-edition advertising) \times 2 (Country image: high vs low) between-subjects design. Consistent with Study 1, the fictitious luxury brand (i.e. Vux) and the visible luxury product (i.e. a bag) were used. Italy was selected as the developed country with a favourable country image and was chosen because it was classified as a high-income country by the World Bank, was a member of the G7 since 1973 and was the typical origin of many famous luxury brands. In contrast, Thailand was used as a developing country with a less favourable country image because it was classified as a middle-income country by the World Bank and was regarded as a newly industrialized developing country.

4.2 Main experiment and measures

Consistent with Study 1, Study 2 only used participants with previous experience purchasing luxury products. In addition, to increase generalizability, we did not use the student sample: all 295 participants were recruited from a metropolitan city in Taiwan using a mall intercept method. All participants received a pen as a gift for participating in this study. The respondents who did not follow the instructions were identified and excluded, resulting in a final sample size of 248. Participants' were aged between 18 and 66 years (average age: 36 years), 46% of them were male, and more than 80% of them had either a bachelor's or a master's degree.

All participants were randomly assigned to one of the experimental conditions. Similar to Study 1, participants read an instruction to imagine that they were going to buy a luxury bag for use at a party, and their consumption goal was to enhance their self-identity, prestige, and fun. Following this instruction, the participants read another scenario that told them that they had found a great luxury brand, Vux, that was selling a delicate bag that was made in Italy (Thailand), which met the favourable (inferior) made-in tag image condition. Participants in the limited-edition advertising condition then read the same text as those in Study 1, describing that the luxury brand Vux was launching a limited-edition activity for the bag with only 500 available globally. However, participants in the control group (i.e. the no limited-edition advertising condition) did not see this limited-edition activity.

After reading the scenarios, all participants responded to the same scales used in Study 1. Study 2 measured the same dependent and control variables as in Study 1. The values of Cronbach's α (in brackets) for purchase intention (0.96), need for uniqueness (0.94), need for status (0.91), and product involvement (0.93) were all higher than the 0.7 threshold.

4.3 Results

A 2 (Scarcity messages: limited-edition advertising vs no limited-edition advertising) \times 2 (Country image: high vs low) between-subjects ANCOVA was conducted on PI. The p-value for

the dependent variable in Levene's Test of Equality of Error Variances was also higher than 0.05.

The two-way interaction between scarcity messages and country image was significant ($F(1, 241) = 5.40, p < 0.05, \eta_p^2 = 0.02$), accompanied by the significant main effects of scarcity messages ($F(1, 241) = 23.41, p < 0.05, \eta_p^2 = 0.09$) and country image ($F(1, 241) = 316.31 < 0.05, \eta_p^2 = 0.57$). Table 3 presents the results of the ANCOVA. The follow-up univariate analyses indicated that in the emotional consumption context, participants showed higher PI in the limited-edition advertising condition than in the no limited-edition advertising condition for socially visible luxury products with favourable country images ($M_{\text{limited-edition advertising}} = 5.59$ versus $M_{\text{no limited-edition advertising}} = 4.82, F(1, 241) = 23.05, p < 0.01$), but only marginally significant for the products with inferior country images ($M_{\text{limited-edition advertising}} = 2.99$ versus $M_{\text{no limited-edition advertising}} = 2.72, F(1, 241) = 3.76, p = 0.054$) (see Figure 2). The results partially supported H4, which states that limited-edition advertising was effective in stimulating luxury consumers' purchase intention when advertising was applied to products with favourable made-in tags. However, the marginally significant effects of a limited edition for products made in inferior countries were opposite, though just slightly, to those proposed by H4.

<Table 3 here>

<Figure 2 here>

5. GENERAL DISCUSSION

5.1 Theoretical implications

This study contributes to the luxury consumption literature by showing that limited-edition advertising is not always effective for luxury brands. Only consumers engaged in emotional consumption contexts respond more positively by increasing their purchase intention. However, these effects disappear for consumers in cognitive consumption contexts. Consistent with previous studies (Kronrod & Danziger, 2013; Roggeveen et al., 2015; Liu & Liu, 2020), the current study agrees that the effectiveness of promotion tactics varies. For example, Roggeveen et al. (2015) found that promotion tactics using a video presentation format for merchandise was much more effective for the hedonically superior (vs the utilitarian superior) option. Kronrod and Danziger (2013) demonstrated that promotion tactics using figurative language in consumer-generated content could lead to more favourable attitudes in hedonic, but not utilitarian, consumption contexts. The current study extends these studies and found that another promotion tactic—limited-edition advertising—differed in different consumption contexts in the luxury market: limited-edition advertising was effective in emotional consumption contexts but negative in cognitive consumption contexts.

Previous studies about limited editions typically used commodity theory (Lynn, 1991) and signalling theory (Gierl & Huettl, 2010) to hypothesize on (and find) the positive effects of scarcity messages. Although these two theories have provided a useful theoretical background for understanding the effects of limited-edition advertising for luxury brands in emotional consumption contexts, they are unable to explain the negative effects of limited-edition advertising in cognitive consumption contexts. The current study examined the negative effects of limited editions on the bases of regulatory focus theory (Higgins, 2002) and regulatory fit theory (Aaker & Lee, 2006) to

fill this theoretical gap. The findings from two experiments substantiate our proposal because they confirmed that the effectiveness of limited-edition advertising by luxury brands depends on whether or not consumers' regulatory focus and consumption context fit. The current study was able to explain why limited-edition advertising was effective in emotional consumption contexts but not in cognitive consumption contexts. Luxury consumers in emotional consumption contexts tend to hold promotion-focused goals and may feel that scarcity can increase prestige and conspicuousness. Therefore, limited-edition advertising well 'fits' with the promotion-focused goals of consumers in emotional consumption contexts. In contrast, for consumers in cognitive consumption, not being able to obtain enough information about limited-edition products for evaluation (because only limited consumers can own and share their experiences with the products) does not 'fit' well with the prevention-focused goals that they hold.

The existing literature treats luxury products the same as conspicuous products (Jang et al., 2015; Ordabayeva & Chandon, 2010), but luxury consumption is not necessarily conspicuous. The current study contributes to the literature by clarifying this point. While many luxury products are socially visible and, thus, conspicuous in nature, some luxury products are socially invisible and inconspicuous, such as delicate closets, fine duvet, and luxury tableware. The study demonstrated that luxury consumers might respond to limited-edition advertising differently for socially visible and invisible products. Specifically, the study found that, for consumers in emotional consumption contexts, if the luxury product was socially visible, the effectiveness of limited-edition advertising was much more obvious. Emotional luxury consumers tend to show stronger purchase intentions for socially visible limited-edition luxury products. In contrast, when the luxury product was socially invisible, limited-edition advertising became less effective for the luxury brands, as indicated by the results of the study: limited-edition advertising failed to increase participants' purchase intentions. One possible explanation according to regulatory fit theory is that consumers' positive responses (e.g. prestige, wealth, and uniqueness) to limited-edition advertising can be signalled only by socially visible luxury products. Accordingly, consumers in emotional consumption contexts have promotion-focused goals that fit better with limited-edition advertising for socially visible products than for socially invisible ones.

In contrast, this study found that, for luxury consumers in cognitive consumption contexts, limited-edition advertising was less effective or even generated negative effects, but socially visible luxury products softened these effects. This finding could be because limited-edition advertising is still able to signal social status and uniqueness to others in a cognitive consumption context. That is, consumers in cognitive consumption contexts primarily hold prevention-focused goals, and buying luxury products can still have the purposes of enhancing self-identity, reputation, or uniqueness. While they responded negatively to limited-edition advertising, the decreasing level may have been somewhat mitigated by the ability to signal to others regarding visible luxury products. Nevertheless, more quantitative or even qualitative studies are required to further investigate the underlying mechanism.

Study 2 examined the moderating effects of the 'made-in' tags on the relationship between limited-edition advertising and consumer responses. Consistent with the literature on the images of the country-of-origin, the results supported the theoretical proposition that, in emotional consumption contexts and for visible luxury products, limited-edition advertising was able to significantly enhance consumers' purchase intentions for luxury products with favourable 'made-in' tags, but not as effective for those with unfavourable ones. This result suggested that favourable 'made-in' tags could provide more positive values to luxury products. These positive values, together with the social visibility of the product, provided positive information that fits

well with the promotion-focused goals of consumers in emotional consumption contexts. This positive information disappeared when the products were ‘made-in’ an inferior country, and its disappearance weakened the effectiveness of limited-edition advertising.

Finally, the small to medium η_p^2 values of the main and interaction effects in both studies (except for the large main effect of country image in study 2) revealed that most of the factors considered in the current research had only small to medium impacts on luxury consumers’ purchase intentions. Therefore, researchers and practitioners need to take some other powerful factors (e.g., brand and country image) into account when evaluating the purchase intentions. Moreover, the higher η_p^2 level of the main effects of scarcity messages in study 2 (compared to that in study 1) also implied that limited-edition advertising of luxury products could be more powerful among general consumers than among students.

5.2 Managerial implications

The study offers several managerial implications. Because the luxury industry faces the ‘new normal’ of slow growth and may last for a long period, many luxury brands such as Mont Blanc and LV started to frequently use the limited-edition strategy to stimulate their sales and simultaneously strengthen the image of rarity and uniqueness. Jang et al. (2015) suggested that luxury brands with a superior and high-end image can implement limited edition in their advertising. The current study extends their recommendation and suggests that luxury brands need to carefully select appropriate products for limited editions. Specifically, luxury brands should use limited editions for socially visible products and not invisible products. Moreover, many luxury brands have started their factories in different developing countries. The current study suggests that those luxury brands should adopt limited editions only for products made in favourable countries. Luxury consumers are not interested in limited-edition products made in less attractive areas. However, if limited-edition luxury products are socially visible and made in a favourable country, the effectiveness of limited-edition advertising could be significantly heightened.

More importantly, luxury brands need to segment the market according to consumers’ consumption contexts before launching limited editions. Marketers of luxury brands considering a limited-edition strategy should target consumers in emotional consumption contexts, which are proven to enhance the effectiveness of limited-edition advertising. For example, a country full of newly-rich social classes could be a good target for luxury brands to use limited editions. In general, those newly-rich consumers tend to be more eager to prove their achievements to their peers and are full of desire to manifest their social status and enhance their reputations. In contrast, if target customers are usually in cognitive consumption contexts, luxury brands should avoid launching limited editions because they may decrease participants’ purchase intentions, as indicated by the results of the current study.

6. LIMITATIONS AND FUTURE RESEARCH

The current study sheds light on the use of limited editions in luxury products. However, unavoidable limitations exist that are worth considering for future investigations. First, both experiments used fictitious brands to control the possible confounding effects of prior brand

knowledge and strength. Although this well-accepted method avoids possible bias and some studies demonstrated indifferent scarcity effects between real and fictitious luxury brands (Gierl et al., 2008), the lack of fictitious brands' established reputation may still lower participants' perception of prestige and uniqueness. Therefore, future research is encouraged to examine the effects of limited-edition advertising using real luxury brands.

Second, the experiments examined only two product categories and two countries. Although simplified stimuli and background helped create pure conditions in an experiment to avoid confounding effect biases, the generalizability of the results could be challenged when applying to a complicated and real market. To increase the generalizability of the results, future research can replicate the experimental settings and use different product categories and countries to test the impacts of limited editions on consumers in the two consumption contexts (Tseng et al., 2018). Moreover, including more countries can further help future studies check the effects of limited-edition advertising for luxury products for which consumers assign different country-of-origin halos and stereotypes.

Third, this study did not consider the possible non-linear scarcity effects. The scarcity perception may differ according to the number of messages contained in limited-edition advertising. If luxury brands launch limited editions with a high number of available products, consumers may perceive that these limited editions lack scarcity. Thus, luxury consumers in emotional and cognitive consumption contexts may react differently to limited-edition advertising from what the current study has argued and supported. Therefore, for scholars to manipulate the scarcity level in limited-edition advertising and examine its impacts on consumers in two consumption contexts may be interesting.

Finally, future studies are encouraged to extend the current research to the field of luxury services. The literature still does not make clear whether limited-edition advertising is effective for luxury services. Because the service sector is becoming increasingly important today, for researchers to make an effort to study this topic in their future works is worthwhile.

To summarize, despite the limitations, this study provides useful insights into limited editions for luxury products. In particular, the current study provides a comprehensive understanding of the effects of limited-edition advertising on luxury brands for consumers in emotional and cognitive consumption contexts by applying regulatory focus theory and regulatory fit theory to the situation, in addition to commodity theory and signalling theory. Moreover, the current study provides advice for marketers of luxury brands on how to select appropriate target markets and products for use in limited editions to enhance their sales and margins.

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Tables

Table 1. Means and Standard Deviation for Pre-test

Product Category	Visibility Mean	SD
Mobile Phone	5.57	1.10
Watch	6.17	0.87
Laptop	4.77	1.25
Bag	6.43	0.94
Automobile	6.57	0.94
Bedside Table	1.40	0.93
Sofa	2.00	1.05
Shoe	5.50	1.07
Perfume	2.53	1.17
Sunglasses	5.80	0.87

Table 2. The ANCOVA Results of Study 1

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial η^2 (η_p^2)
Corrected model	PI	235.538 ^a	10	23.554	12.064	0.000***	0.212
Intercept	PI	25.129	1	25.129	12.871	0.000***	0.028
Product involvement	PI	60.204	1	60.204	30.836	0.000***	0.064
Need for uniqueness	PI	10.300	1	10.300	5.276	0.022**	0.012
Need for status	PI	0.559	1	0.559	0.286	0.593	0.001
Scarcity messages	PI	17.979	1	17.979	9.209	0.003***	0.020
Consumption contexts	PI	49.271	1	49.271	25.237	0.000***	0.053
Visibility	PI	2.082	1	2.082	1.066	0.302	0.002
Scarcity messages * Consumption contexts	PI	48.294	1	48.294	24.736	0.000***	0.052
Scarcity message * Visibility	PI	26.449	1	26.449	13.547	0.000***	0.029
Consumption context * Visibility	PI	1.602	1	1.602	0.820	0.366	0.002
Scarcity messages * Consumption contexts * Visibility	PI	8.344	1	8.344	4.274	0.039**	0.009
Error	PI	876.616	449	1.952			
Total	PI	6971.000	460				
Corrected Total	PI	1112.153	459				

Note: PI = purchase intention;

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$;

a. $R^2 = 0.212$ (Adjusted $R^2 = 0.194$)

Table 3. The ANCOVA Results of Study 2

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial η^2 (η_p^2)
Corrected Model	PI	537.973 ^a	6	89.662	151.537	0.000***	0.790
Intercept	PI	61.956	1	61.956	104.711	0.000***	0.303
Product involvement	PI	0.435	1	0.435	0.735	0.392	0.003
Need for uniqueness	PI	8.361	1	8.361	14.130	0.000***	0.055
Need for status	PI	0.090	1	0.090	0.153	0.696	0.001
Scarcity messages	PI	13.849	1	13.849	23.407	0.000***	0.089
Country image	PI	187.156	1	187.156	316.310	0.000***	0.568
Scarcity messages * Country image	PI	3.192	1	3.192	5.395	0.021**	0.022
Error	PI	142.596	241	0.592			
Total	PI	4731.667	248				
Corrected Total	PI	680.569	247				

Note: PI = purchase intention; WTP = willingness to pay;

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$;

a. R Squared = 0.79 (Adjusted R Squared = 0.785), b. R Squared = 0.759 (Adjusted R Squared = 0.753)

Figure legends

Figure 1. Interaction between scarcity messages and visibility for emotional consumption on PI

Figure 2. Interaction between scarcity messages and country images on PI