



Article Title

Only one room left! How scarcity cues affect booking intentions on hospitality platforms

Citation

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Abstract

Communication of scarcity has emerged as a fundamental marketing principle in electronic commerce and for hospitality platforms in particular. We investigate the effect of scarcity cues on consumer behavior. First, we explore actual market data from Airbnb and Booking.com, and find that scarcity cues are used differently by hotel versus peer-based hospitality platforms. Second, we conduct an online experiment on consumer perceptions of scarcity. Specifically, we find support for two distinct effect paths, along which scarcity perceptions lead to increased booking intentions through urgency (the get-it-before-it's-gone effect) and value (the must-be-good effect). We discuss practical implications of our results as well as the potential for the misuse of scarcity claims for unfair competition.

Conclusion

The results of the study managerial implications with regard to hospitality platform operators and the broader platform economy landscape. First of all, platform operators can in fact leverage the notion of scarcity to stimulate booking intentions. This finding is already mirrored by few platforms' practices (e.g. Airbnb, Booking.com, Wimdu, Hotels.com), but many other platforms do not explicitly employ the idea of scarcity yet (e.g. Homestay). It is explicitly stated in the study that scarcity cues should thereby always build on actual data. Abusing scarcity cues for deceptive marketing is unethical and, in many cases, violates fair competition laws.

Research increasingly considers how private providers on platforms themselves may advertise and communicate their offers. Not only the platforms' marketing, but also private providers could thus make use of scarcity cues when describing their products or services.

For instance, private providers could use the description section of their profile to communicate that their product or service is in high demand or has proven very popular in the past. Further, using the platform's built-in communication tools, providers may emphasize that other consumers are also interested in buying or booking for the same or an overlapping time frame and that priority will be given to the first one to book.

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