Analysis of the Impact of L'Oréal's Scarcity Marketing on Brand Premium Capability

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Abstract. Some high-end cosmetic brands have begun to use scarcity marketing in recent times to create a sense of urgency for consumers and boost the demand for their products. L'Oréal Paris is a well-known mass-market beauty brand, and this paper will investigate how scarcity marketing devices, such as holiday-limited gift sets, joint-brand drop collaborations, and time-limited flash sales, affect its brand premium capacity. Time-limited and quantity-restricted offers can increase the demand for purchase by creating a sense of urgency (FOMO) and making the limited items more desirable social status symbols in the short run. However, this study has also shown some serious long-term problems: frequent alterations in the surface packaging, a deviation from L'Oréal's core scientific identity, and controversial "faux-scarcity" behaviour will inevitably lead to scarcity fatigue and a loss of consumer trust. To address the above problems and avoid the controversy of an "IQ tax", this paper proposes some feasible optimisation directions: align scarcity campaigns with the company's core values, innovate experiential scarcity through digital integration, and build a transparent tiered pricing system. In short, the above measures can help beauty brands continuously use the concept of scarcity to build brand value without damaging the brand image.

Keywords: Scarcity marketing, L'Oréal, brand premium, consumer behaviour

1. Introduction

The contemporary cosmetics industry is characterized by product homogenization and fierce market competition. To grab the attention of the public and increase the popularity of beauty brands, many have been using scarcity marketing, such as limited-edition releases, flash sales, co-branded products and seasonal editions. By artificially limiting the availability of products in terms of time or quantity, the brand hopes to create a sense of psychological urgency and thus prompt consumers to buy. L'Oréal is a typical case of a mass-market beauty company that has used the above strategies extensively. The brand continuously launches various limited-edition marketing campaigns during core consumption nodes, such as Valentine's Day, Mother's Day, and the "Double 11" shopping festival, encompassing multiple formats including holiday gift boxes, cross-brand collaborations, and limited-time live-streaming discounts. Given the development of live-streaming e-commerce, limited-time promotions have been introduced to motivate consumers to buy now [1]. While such marketing campaigns can drive short-term sales growth, the academic community has begun to dialectically analyze their comprehensive effects: on the one hand, recognizing their value in customer acquisition, and on the other hand, pointing out that long-term, superficial marketing can damage the high-end brand image.

At the bottom of this study is the classic scarcity principle; that is to say, people are more likely to be motivated by the desire for a scarce opportunity or object [2]. Hamilton and others have shown that a sense of scarcity will affect consumers' desire to buy all the time in their purchasing process by changing their perception of value [3]. When a limited-edition product has an extraordinary appearance, special ingredients or commemorative value, a time-limited and quantity-restricted model will easily give consumers a sense of missing out (FOMO). Recently, scholars have pointed out that FOMO serves as a strong psychological mediator in the demand for purchase and willingness-to-pay among consumers in the market for collectible or limited-edition goods [4]. Scarcity online also makes people feel that it will be unavailable soon, so they buy more urgently.

Scarcity marketing is also related to why people want a particular brand. The demand for a higher price is often related to emotions and the desire for social status, rather than solely practical needs for use [5]. In order to add some emotion and a sense of exclusivity to the products, many high-end brands have released limited-edition editions that are popular on social media [6]. However, there are also some defects in the above strategies for academic research. Once the unethical behaviour of deliberately creating a fake inventory or artificially manipulating scarcity by the brand is revealed, there will be a substantial loss of consumer trust; if a compensation plan is not introduced in time, this loss of user trust will be prolonged [7]. This phenomenon of false scarcity and excessive commercialisation reduces the sense of specialness and thus damages the brand's high-end image.

Several ways will be employed in this study to explore how L'Oréal applies scarcity marketing. Several typical scarcity campaigns organised by L'Oréal are selected as subjects for analysis in this paper, including specific holiday gift boxes, co-branded limited-edition products, and time-limited discount activities during the Double 11 festival. Extract and analyse user feedback from popular social media and e-commerce platforms to collect text data that contains keywords such as "limited", "exclusive", "sold out" and "snapped up", and thus assess consumer sentiment and psychological reactance. Draw a horizontal comparison chart of the prices for the standard product line and the "scarce" edition of L'Oréal, and determine whether consumers' willingness to pay has increased, and what value they believe is being provided.

In addition, this paper will also investigate why the short-term premium has been rising and what the long-term risks to the brand are. L'Oréal is taken as the case study subject at the micro level to provide detailed theoretical support for the beauty industry to distinguish between an "effective scarcity premium" (consumers are willing to pay more for genuine uniqueness) and a "faux-scarcity backlash" (consumers feel deceived) and thus refine the general limited-edition marketing framework. The above divisions will help the brand manager optimise the pricing system and distribute marketing funds wisely to avoid harming the long-term value of the brand due to a temporary promotional increase.

2. Specific impact of L'Oréal's scarcity marketing on brand premium capability

2.1. Using time windows and quantity limits to create perceived scarcity and increase short-term premium space

L'Oréal has used a limited-time, quantity-restricted method to create a sense of scarcity and thus increase the short-term price of its products. By establishing a narrow sales window, such as the highly competitive first two hours of the "Double 11" shopping festival, and explicitly limiting the available inventory (e.g., marketing a product as "strictly limited to 50,000 units globally" or offering a "region-exclusive 1,000 pieces"), the brand intentionally increases the psychological pressure on potential buyers. Explicit sales rules, such as a global quantity limit and a time-limited live stream, increase consumers' purchase anxiety and prompt a sense of urgency to buy due to the FOMO; they are concerned that the goods will be sold out. According to the theoretical model, scarcity makes people feel that they need to buy soon and therefore reduces the time available for rational financial decision-making [8]. With the increase in dynamism and interactivity of live-streaming e-commerce, a time-limited promotional system can be introduced to create a sense of urgency through a real-time countdown and motivate viewers to buy. Therefore, due to a strong FOMO, consumers are willing to pay a higher price for non-standardised products than they would for general-purpose goods. This is particularly obvious in the release of festival-themed gift boxes; at the beginning of this period, the total consumption scale of the brand's gift box category has risen sharply, and both segments of consumers interested in high-end commemorative products and those with reasonable gifting needs have been addressed.

2.2. Leveraging holiday emotional resonance to convert scarcity into emotional premium and social currency

Scarcity marketing by L'Oréal also aims to appeal to people's emotions and is not solely focused on statistics. Scarcity is the cause of urgency, and cultural resonance continuously adds a premium to this state. At the time of major cultural events, such as Valentine's Day, Mother's Day and the Spring Festival, L'Oréal has released special editions of gift boxes with themed blessings, festive colours and personalised unboxing experiences. In this way, the psychological significance of the holiday is linked to the actual goods, and thus scarcity becomes a feeling of lack rather than just a problem of supply.

Adding these emotional factors to the Design and Marketing of products is a well-known way to create a high-end brand effect; therefore, some brands have moved away from competing solely with the functions of cosmetics and started to vie for emotional connections and symbols. In addition, these manufactured rare goods are also considerably more exclusive in appearance. In a gifting scenario, the unique appearance and scarcity attributes of limited-edition gift boxes, coupled with their holiday commemorative significance, transform them into social consumption carriers ideal for social sharing and gifting. It can help people feel good about themselves by making them feel superior to others in terms of aesthetics and having the ability to obtain exclusive goods. L'Oréal's limited-edition brand collaborations serve the same purpose outside of the traditional holiday season. They enable consumers to use the scarce items to project a sense of higher social status and thus enhance the brand's high-value perception among the public.

2.3. Attract price-insensitive consumer groups to enhance general price acceptance

A relatively less well-known structural effect of scarcity marketing is that it can significantly change the age and income of the consumers, thus altering the demand elasticity of the brand as a whole. L'Oréal regularly releases high-profile limited-edition drops and holiday-only collections to attract a large number of non-routine consumers. The expanded group of people includes gift-givers, those looking for seasonal newness and serious collectors of limited-edition items. First, the decision-making process of these particular groups of consumers is substantially affected by the environment of scarcity and, therefore, differs in its conception of and valuation of money.

As the main purpose for these consumers is to obtain the rare item successfully for a particular occasion (e.g., to acquire a Valentine's gift), consumers purchasing for gifting or collection purposes exhibit lower sensitivity to the product's base price, with their decision-making focus shifting toward successfully acquiring the limited edition; however, they will still abandon the purchase if the price premium is excessively high. Many of the new users have their first experience with L'Oréal through these high-end, limited-edition products. Therefore, the first transaction has set a higher psychological price anchor for the brand. Therefore, after these consumers have been exposed to L'Oréal's standard product line, they are more willing to pay a higher price for the brand. This way, the company will be able to support and defend its relatively high prices for all products in the long run.

3. Current challenges and risks in L'Oréal's scarcity marketing

3.1. Homogenisation of scarcity tactics and "scarcity fatigue" diluting premium justification

Scarcity appeals are effective in creating a sense of urgency for immediate consumption; however, they may lose their initial appeal after repeated use or if they are not novel [9]. Currently, a large number of L'Oréal's scarcity campaigns are overly uniform. Only the packaging is changed several times, and there is no distinction in the products themselves. Most limited-edition campaigns are merely changes in the appearance of the gift box and the addition of a short-term tag; no adjustments are made to the product formula or main volume, and only a small number of co-branded editions include exclusive samples or custom fragrances. Therefore, more consumers are beginning to be aware of this "labeling as limiting" tactic. Repeatedly exposed to the same promotional stimuli, people have become "scarcity-fatigued" and are no longer motivated by the offer. When there is no longer a difference between a regular product and a limited-edition one, it will be less attractive to consumers. If there are no significant innovations in the content or experience for consumers, there will be little motivation to pay a higher price; thus, consumers will be reluctant to pay more for a familiar product in a different form.

3.2. Misalignment with the core brand identity causes cognitive confusion and value dilution

Only if the marketing story aligns with the overall image of the company will a high-end price be reasonable. L'Oréal Paris has continuously promoted the main brand image of "professionalism, scientific innovation and elegance" over a long period through patented active ingredients, such as Pro-Xylane. However, a serious problem occurs when some scarcity campaigns give too much priority to short-term cultural trends over this established scientific identity. The outer packaging of some holiday limited-edition gift boxes only displays general festive patterns and does not showcase the main patented skincare ingredients, such as Pro-Xylane; as a result, L'Oréal's brand image of scientific research has been diluted.

Therefore, there is a contradiction in the consumer's mind. When a well-known brand with strong clinical effects releases too few limited-edition drops that are overly commercialised and aesthetically driven, or worse, conducts a low-price clearance sale under the pretext of a "time-limited offer", it may appear cheap or like marketing exaggeration. A single, short-lived holiday limited edition will not move the brand's position, and extended scarcity marketing that is not connected to its scientific research foundation will diminish consumers' sense of L'Oréal as a professional skincare company.

3.3. Faux-scarcity and unwarranted premiums lead to suspicion and damage trust

Under the current scarcity model, the most serious risk for L'Oréal is an ethical problem of price-fixing and inventory manipulation. Several times, consumers have pointed out that the price of the holiday-edition gift box is much higher than that of the same product combination in regular packaging. After determining the actual cost-to-volume ratio, consumers often post complaints on social media, referring to the price difference as an unreasonable "holiday tax" or an "IQ tax" (a slang term for consumer exploitation), and believe that the cost of cardboard packaging is too high for the value of the cosmetics inside.

The feeling of financial exploitation is further intensified by "faux-scarcity"; that is, brands artificially create a sense of stock shortage by not releasing inventory they have ample supplies of, or suddenly increase supply immediately after claiming that a "strict" limited edition run has ended. Such behaviour is no longer psychological influence but rather artificial manipulation; therefore, it is unethical marketing. When consumers discover that a brand claims a product is limited but continuously replenishes its inventory, their initial purchase anxiety (FOMO) transforms into resistance; the more frequent false scarcity occurs, the stronger the negative perception becomes and the belief that they have been misled. Fundamentally, all brand premiums are based on good relationships between brands and consumers at the level of consumption. After the Faux-scarcity, consumers' trust has been broken, and the legitimacy of all subsequent scarcity initiatives will be compromised. This loss of credibility will reduce the effectiveness of follow-up promotion and may cause serious and long-term damage to the entire brand power and high-end positioning of L'Oréal.

4. Optimization strategies for L'Oréal's scarcity marketing

4.1. Design scarcity around the core brand value to prevent arbitrary restriction

Gradually raise public awareness of high quality without alienating them by avoiding artificial scarcity and limiting marketing to only a few editions of products that align with the core values of the brand. Every scarce product should be used to present the professional and scientific advantages of L'Oréal, not just as cosmetic containers. The two groups of scarce products under the brand strategy are as follows [10]. The first is "ritualistic scarcity", and it concerns emotions. Although the purpose is to offer aesthetic and emotional comfort, some subtle visual cues of L'Oréal's science can also be added, such as pictures of its own components, Pro-Xylane. The second is "functional scarcity", and technologically advanced, limited-edition formulations or new active ingredients are released in small quantities. Besides being technologically advanced and numerically rare, L'Oréal also has professional skincare positioning as a core strength. Therefore, it does not need to rely too heavily on high-frequency holiday limited-edition marketing to attract traffic and can reduce the frequency of superficial packaging-based limited editions moderately.

4.2. Innovating experiential scarcity to forge differentiated premium points

The brand should not only use different external packaging and add "limited edition" labels to create a sense of scarcity but also introduce diversified benefits at the level of product formulation and exclusive digital services simultaneously. To justify the high price, new products and better services for consumers need to be released. For the content of the products, L'Oréal could offer exclusive sensory experiences, such as holiday-themed cosmetic colours, limited-edition perfumes, and personalised engraving services unavailable to the public. In addition, people should move away from the idea of "quantitative scarcity" and create an "experiential scarcity" through technological and service innovation in the unboxing ritual. For example, add augmented reality (AR) blessing animations via QR codes, provide interactive voice greeting cards, and design eco-friendly and collectible inner packaging to enhance the sense of value. Grant exclusive early-purchase rights or organise virtual product launch events in private traffic channels in the digital space to enhance the sense of privilege. Optimising the consumer's decision path through exclusive digital and physical interactions and then justify the high price by offering scarce products and an excellent service system.

4.3. Building an open and multi-tiered pricing system to protect consumer confidence

L'Oréal can change the price and stock release plan to avoid psychological reactance and the "IQ tax". First, the brand can introduce a multi-level price system for some items. Set up multiple price ranges, from entry-level limited editions to high-end exclusive packages, and offer products at various price points to reduce the collective refusal caused by a single, high-priced premium product.

Second, the amount of goods should be reasonable; otherwise, it will appear that there is a shortage during the fake shortage promotion. L'Oréal should regularly post updates on how many limited-edition products have been released, how many are still in stock, and a real-time countdown timer. If a product is to be permanently limited, then the inventory policy should be clearly communicated through all channels; if there are any future plans for re-release, an official announcement will be released in advance so as not to make consumers believe it is genuinely scarce. Do not increase inventory in an effort to reduce the sense of shortage artificially. Finally, employ scarcity marketing for the brand's membership and loyalty program to create a sense of urgency and encourage members to stay longer. Have the members use their loyalty points to book the desired time slots and enjoy exclusive off-sale privileges; thus, the promotion will be more attractive and the negative emotions of anxiety and frustration that some people feel during a chaotic flash sale on an online platform will be reduced.

5. Conclusion

This paper systematically explores how L'Oréal Paris employs scarcity marketing, including limited-edition releases, co-branding and time-limited e-commerce sales, to boost the brand's premium perception. Based on the above results, scarcity has successfully raised the short-term premium by triggering a FOMO and transforming physical products into desirable social currency, especially during major cultural holidays such as the Spring Festival and Valentine's Day. In addition, the above campaigns have successfully attracted non-routine, price-insensitive consumers and increased the overall price level of the brand.

However, the study points out serious defects in L'Oréal's present system. Too many rounds of superficial packaging have resulted in a "scarcity fatigue" of the market. When the promotional campaign deviates from L'Oréal's fundamental scientific basis, or when it is revealed to be a manipulative "false scarcity" (frequently referred to as an unreasonable "IQ tax" by highly rational contemporary consumers), it will arouse strong public distrust. The decline in trust will cause continuous damage to the brand's long-term premium power and thus threaten the well-established mass-prestige position it has achieved in a competitive market.

To build a long-lasting premium model, L'Oréal should substitute arbitrary quantitative restrictions with value-oriented "experiential scarcity". Strictly align the limited-edition release with the brand's core identity, introduce a new digital form, and set up an open multi-level pricing system to gain public support. Finally, the above strategic adjustments are required by L'Oréal; at the same time, they also offer a general model for other beauty companies that need to balance promotion and long-term brand building. Future research will attempt to empirically quantify the premium difference between time-limited and quantity-limited marketing, concurrently investigate the scarcity strategies employed by domestic beauty brands, and explore further the premium potential of metaverse-based virtual cosmetics and digital limited-edition collectibles.

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