

CERTIFICATE OF RESEARCH IN BUSINESS ADMINISTRATION
BUSINESS SCIENCE INSTITUTE

Relational Compensation under Intentional Scarcity

A Sequential Mediation Model of Relationship Marketing, Relational Benefits,
Satisfaction and Customer Engagement in the Luxury Watch Industry

Pavaris Eam-ekpattana

Doctoral Candidate

Bangkok Cohort 3 | March 2025

Thesis Supervisor: Prof. Dr. Lars Meyer-Waarden



**BUSINESS
SCIENCE
INSTITUTE**

Doctorate of Business Administration

GROUPE IGENSIA EDUCATION





Presentation Outline

- 1 Pain Point & Knowledge Gap
- 2 Research Questions, Justification & Scope
- 3 Context, Object & Subject of Research
- 4 Importance for Stakeholders
- 5 Literature Review & State-of-the-Art
- 6 Conceptual Model & Hypotheses
- 7 Research Methodology
- 8 Expected Results & Limitations
- 9 Impacts & Recommendations
- 10 Timetable
- 11 Conclusion & Questions



The Luxury Watch Industry Paradox

 **CHF 25B+**

Global luxury
watch market

 **40%+**

Asia-Pacific share
of luxury sales

 **75%**

Millennials & Gen Z
by 2025

THE STRATEGIC PARADOX

Luxury brands intentionally frustrate customers with long waitlists to maintain exclusivity.

This transactional denial risks massive churn and revenue loss to the gray market.

Managers rely on Relationship Marketing as a psychological buffer — but this investment is unquantified.

The relationship effectively becomes the primary product, not the watch itself.

Four Gaps in Academic Research

Gap 1: Relational Compensation Mechanism

No empirical test of how relational value compensates for scarcity-induced negative disconfirmation (Oliver, 1980)

Gap 2: Resilience of Trust & Commitment

Boundary conditions of Commitment-Trust Theory (Morgan & Hunt, 1994) untested under intentional scarcity as structural denial

Gap 3: Fairness vs. Special Treatment

Unresolved tension between Special Treatment Benefits and Perceived Allocation Fairness (Tax et al., 1998)

Gap 4: Full Value Chain to Behavioral Engagement

No empirical model linking relational inputs through psychological states to high-effort economic outcomes (Van Doorn et al., 2010)

Research Questions

RQ1: How does interpersonal RM influence perceptions of relational benefits under intentional scarcity?

RQ2: How do relational benefits influence satisfaction and engagement under intentional scarcity?

RQ3: To what extent do satisfaction and commitment sequentially mediate the path to high-effort behavioral engagement?

RQ4: Which psychological mechanism (satisfaction vs. commitment) drives behavioral engagement more strongly?

RQ5: Can the relational compensation mechanism generalize to other scarcity-driven luxury categories?

JUSTIFICATION

- Existing RM models assume product delivery — they fail in intentional denial contexts
Managers lack empirical data to justify clienteling investment effort under scarcity

SCOPE

- Industry: Luxury watches (Waitlist Economy)
Geography: Thailand (APAC high-growth market)
Sample: HNW collectors with waitlist experience
Extension: High jewelry, automobiles, yachts

Research Context & Focus

CONTEXT

The Waitlist Economy

- Luxury brands use intentional scarcity to preserve exclusivity and prestige (Kapferer & Bastien, 2012)
- Brands intentionally restrict product access, creating a structural paradox of transactional denial
- Competitive dynamics have evolved from transactions to relationships to experience co-creation

OBJECT

The Relational Compensation Mechanism

- The sequential value chain: IRM → Relational Benefits → Satisfaction/Commitment → Behavioral Engagement
- How relational value compensates for the frustration of product absence
- The full mediation pathway from relational inputs to economic outcomes (cross-buying)

SUBJECT

Thai Luxury Watch Collectors

- High-Net-Worth individuals with direct Waitlist Economy experience
- Active collectors who have been denied purchases or waited for scarce models
- Thailand as a strategic APAC micro-market with 8-12% annual growth

Why This Research Matters

FOR ACADEMIA

- Applies Relationship Marketing Theory into intentional scarcity contexts — a first empirical test
- Tests boundary conditions of Commitment-Trust Theory (Morgan & Hunt, 1994) under structural denial
- Advances Relational Benefits Theory with the concept of "equitable exclusivity"
- Provides a complete empirical value chain from relational inputs to economic engagement

FOR BRAND MANAGERS

- Empirical framework to justify clienteling and CRM investment — no longer a "weak gamble"
- Identifies which relational behaviors maximize cross-buying under product denial
- Risk management tool: predicts when scarcity strategies trigger trust destruction
- Transforms waiting from a problem into an engagement opportunity that increases CLV

Theoretical Foundations

Commitment-Trust Theory

Morgan & Hunt, 1994

Trust and commitment sustain long-term relationships. In the Waitlist Economy, trust is maintained by practical fairness while affective commitment provides emotional flexibility beyond temporary satisfaction.

Relational Benefits Theory

Gwinner, Gremler & Bitner, 1998

Four benefit types — Confidence, Social, Special Treatment, Community — create psychological currency that compensates for product denial. These benefits become the primary source of perceived value under scarcity.

Customer Engagement Theory

Van Doorn et al., 2010

Psychological connections marked as active behaviors: cross-buying, co-production, event participation. Engagement becomes a structural expectation in the Waitlist Economy, driven by affective commitment.

Relational Benefits & Scarcity Strategy

Confidence Benefits

Reduced anxiety and perceived risk via trusted advisors
(Liang & Wang, 2007)

Social Benefits

Personal recognition and emotional bond with brand representatives

Special Treatment Benefits

Privileged access, exclusive events, early releases — signals status (Vigneron & Johnson, 1999)

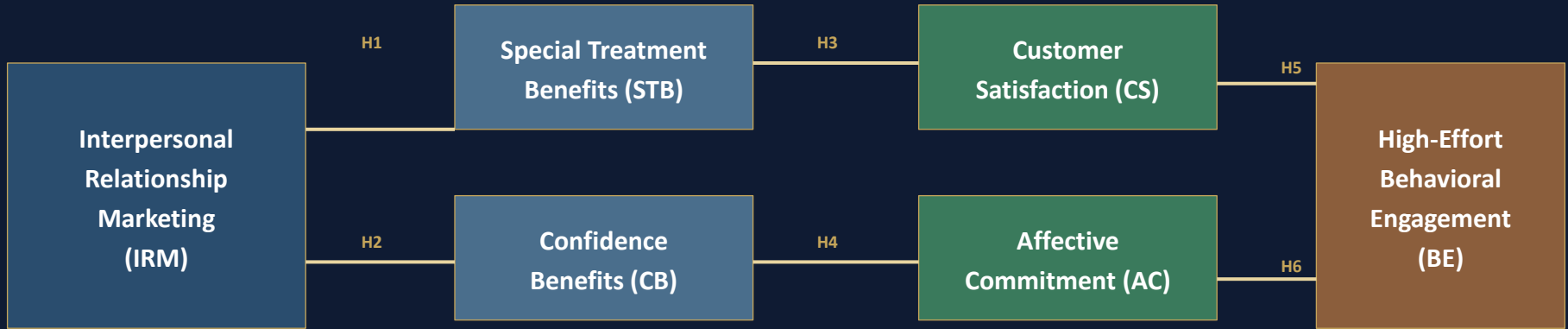
Community Benefits

Belonging to collector networks and brand communities
(Muniz & O'Guinn, 2001)

SCARCITY STRATEGY

Scarcity enhances prestige but excessive scarcity triggers aggression and distrust (Biraglia et al., 2021; Kristofferson et al., 2016). Brands must balance exclusivity with fairness through customized RM (Maxham & Netemeyer, 2003).

Sequential Relational Value Chain



H1-H6: Direct effects | H7: Full mediation IRM → STB/CB → AC | **H8: Sequential mediation IRM → STB/CB → CS/AC → BE**

Core Logic:

Brands fail to deliver the product but succeed by delivering high relational value.

Customers invest effort only when they feel valued, treated fairly, and relationally supported.

Method: Data, Collection & Analysis

DESIGN & ANALYSIS

- Deductive reasoning approach
- Quantitative, cross-sectional survey
- Structural Equation Modeling (SEM)
- Bootstrapped mediation analysis for H7-H8
- Simultaneous estimation of all pathways
- Latent variables to control measurement error

DATA & COLLECTION

- Target: HNW luxury watch collectors, Thailand
- Must have waitlist/scarcity experience
- Purposive sampling via collector networks
- Online forums, social media, brand boutiques
- Target sample: $N \geq 300$
- 7-point Likert scale

Expected Results & Limitations

WHAT WE EXPECT TO FIND

- IRM significantly drives both Special Treatment Benefits and Confidence Benefits , confirming the relational compensation mechanism
- Relational Benefits positively predict Satisfaction and Affective Commitment, re-anchoring calculating criteria on relational quality rather than product access
- Both Satisfaction and Commitment drive High-Effort Behavioral Engagement, with Commitment showing a stronger effect due to emotional durability
- Full sequential mediation (H8) is confirmed: IRM influences High-Effort Behavioral Engagement only through the complete value chain — no direct shortcut

NOVELTY

First empirical model testing relational compensation under intentional scarcity. Introduces "equitable exclusivity" as a theoretical concept.

LIMITATIONS

Cross-sectional design (no causal claims). Single-country sample (Thailand). Self-reported data. Goal-directed sampling limits generalizability.

Impacts & Recommendations

EXPECTED IMPACTS

Relational Compensation Structures

Clienteling & CRM strategies that compensate for denial through emotional tradeoff and transparency

Risk Management Framework

Predict when scarcity triggers trust loss; balance equity and exclusivity via practical transparency

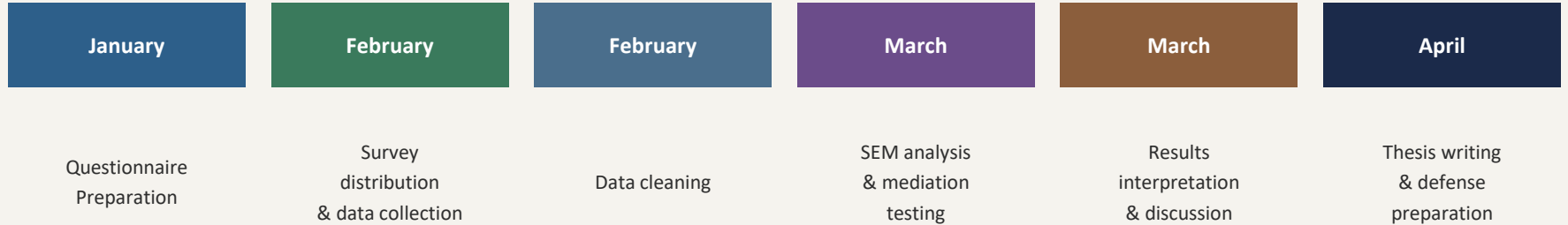
Engagement Ecosystems

Transform waiting into a facilitator for emotional investment, loyalty, and Customer Lifetime Value

RECOMMENDATIONS

- Invest in client advisor training focused on emotional tradeoff, not just product knowledge
- Implement transparent allocation processes to maintain perceived fairness across client base
- Design cross-buying programs that monetize the relationship during waiting periods
- Use AI-driven clienteling to personalize communication while preserving authenticity
- Build collector communities as engagement platforms that replace product access with social belonging
- Monitor trust indicators to detect early signs of scarcity-driven disengagement

Research Timeline



Key Milestones & Deadlines

- **End of January** Questionnaire Preparation
- **End of February** Data collection closed with $N \geq 300$ responses
- **End of March** Full SEM results and mediation tests completed
- **End of May** Thesis submitted for defense

Key Takeaways

- The luxury watch Waitlist Economy creates a strategic paradox where brands must limit their core product access to preserve prestige
 - This research proposes and will test a full sequential mediation model: IRM → Relational Benefits → Satisfaction/Commitment → Behavioral Engagement
 - The central insight: brands fail to deliver the product but can succeed by delivering high relational value
 - Findings will provide the first empirical framework for luxury brand managers to justify and optimize relational investment under scarcity
-

Thank You

Your questions, suggestions, and advice are warmly welcomed.

Pavaris Eam-ekpattana

Doctoral Candidate | BSI Bangkok Cohort 3 | Supervisor: Prof. Dr. Lars Meyer-Waarden

References

- Bain & Company (2024) Global luxury goods market watch. Available at: <https://www.bain.com> (Accessed: 2024).
- Barton, B., Zlatevska, N. and Oppewal, H. (2022) 'Scarcity strategies in marketing: A meta-analysis of the impact of product scarcity on consumer purchase intentions', *Journal of Retailing*. doi: 10.1016/j.jretai.2022.06.003.
- Beckers, S.F.M., van Doorn, J. and Verhoef, P.C. (2018) 'Good, better, engaged? The effect of company-initiated customer engagement behavior on shareholder value', *Journal of the Academy of Marketing Science*, 46(3), pp. 366-383.
- Biraglia, A., Gerrath, M.H.E.E. and Usrey, B. (2021) 'When scarcity backfires: How scarcity promotions can trigger aggression', *Journal of Business Research*, 134, pp. 353-363.
- Burnstine, R. (2025) 'Humanizing luxury AI: Balancing personalization and authenticity in high-end retail', *Journal of Luxury Marketing*, 12(1), pp. 44-59.
- Chen, L. (2024) 'Artificial intelligence-driven personalization in luxury retail: Effects on emotional engagement and trust', *Journal of Retailing and Consumer Services*, 75, 103604.
- Davenport, T.H., Guha, A., Grewal, D. and Bressgott, T. (2023) 'How artificial intelligence will change the future of marketing', *Journal of the Academy of Marketing Science*, 51(1), pp. 1-21.
- Debenedetti, A., Carrier, C. and Rimé, B. (2024) 'Emotional authenticity and AI integration in luxury customer experience', *Journal of Business Research*, 159, 113451.
- De Kerviler, G. and Rodriguez, C. (2019) 'The role of self-expansion in luxury brand experiences and relationship quality for Millennials', *Journal of Business Research*. doi: 10.1016/j.jbusres.2019.01.046.
- Dubois, D., Jung, S. and Ordabayeva, N. (2020) 'The psychology behind buying luxury goods', *Current Opinion in Psychology*, 39, pp. 82-87.
- Grönroos, C. (1994) 'From marketing mix to relationship marketing: Towards a paradigm shift in marketing', *Management Decision*, 32(2), pp. 4-20.
- Gwinner, K.P., Gremler, D.D. and Bitner, M.J. (1998) 'Relational benefits in services industries: The customer's perspective', *Journal of the Academy of Marketing Science*, 26(2), pp. 101-114.
- Hennig-Thurau, T., Gwinner, K.P. and Gremler, D.D. (2002) 'Understanding relationship marketing outcomes: An integration of relational benefits and relationship quality', *Journal of Service Research*, 4(3), pp. 230-247.
- Holbrook, M.B. (1999) *Consumer value: A framework for analysis and research*. London: Routledge.
- Hollebeek, L.D. (2014) 'Demystifying customer brand engagement: Exploring the loyalty nexus', *Journal of Marketing Management*, 30(7-8), pp. 799-832.
- Jain, V. and Singh, P. (2023) 'AI-enabled clienteling and the future of luxury relationship marketing', *International Journal of Retail & Distribution Management*, 51(6), pp. 765-783.

References

- Javornik, A., Filieri, R. and Gumann, R. (2021) The effect of augmented reality on luxury brand experience, *Journal of Business Research*, 130, pp. 737-750.
- Johnson, M.D., Herrmann, A. and Huber, F. (2008) 'The evolution of loyalty intentions', *Journal of Marketing*, 72(3), pp. 122-142.
- Kapferer, J.N. and Bastien, V. (2012) *The luxury strategy: Break the rules of marketing to build luxury brands*. London: Kogan Page.
- Kristofferson, K., McFerran, B., Morales, A.C. and Dahl, D.W. (2016) 'The dark side of scarcity promotions: How exposure to limited-quantity promotions can induce aggression', *Journal of Consumer Research*, 43(5), pp. 683-706.
- Kumar, V. and Pansari, A. (2016) 'Competitive advantage through engagement', *Journal of Marketing Research*, 53(4), pp. 497-514.
- Kumar, V. and Reinartz, W. (2016) 'Creating enduring customer value', *Journal of Marketing*, 80(6), pp. 36-68.
- Liang, C.J. and Wang, W.H. (2007) 'The behavioural sequence of information education services industry in Taiwan', *Measuring Business Excellence*, 11(2), pp. 62-74.
- Maxham, J.G. and Netemeyer, R.G. (2003) 'Firms reap what they sow: The effects of shared values and perceived organizational justice on customers' evaluations of complaint handling', *Journal of Marketing*, 67(1), pp. 46-62.
- Mintel (2023) *Luxury Watches — Global Annual Review 2023*. London: Mintel Group Ltd.
- Morgan, R.M. and Hunt, S.D. (1994) 'The commitment-trust theory of relationship marketing', *Journal of Marketing*, 58(3), pp. 20-38.
- Muniz, A.M. and O'Guinn, T.C. (2001) 'Brand community', *Journal of Consumer Research*, 27(4), pp. 412-432.
- Oliver, R.L. (1980) 'A cognitive model of the antecedents and consequences of satisfaction decisions', *Journal of Marketing Research*, 17(4), pp. 460-469.
- Oliver, R.L. (1997) *Satisfaction: A behavioral perspective on the consumer*. New York: McGraw-Hill.
- Pangarkar, N., Lee, S. and Lee, C. (2022) 'Phygital retailing in luxury: Blending technology and human touch for superior service experience', *Journal of Retailing and Consumer Services*, 69, 103105.
- Pansari, A. and Kumar, V. (2017) 'Customer engagement: The construct, antecedents, and consequences', *Journal of the Academy of Marketing Science*, 45(3), pp. 294-311.
- Prior, D.D. and Bove, L.L. (2019) 'Customer engagement, service value co-creation, and value co-destruction: A conceptual model', *Australasian Marketing Journal*, 27(3), pp. 147-155.

References

- Rather, R.A. and Camilleri, M.A. (2019) 'The effects of service quality and consumer-brand value congruity on hospitality brand loyalty', *Anatolia*, 30(4), pp. 547-559.
- Rather, R.A. et al. (2024) 'Phygital customer engagement in luxury hospitality', *Journal of Service Management*, forthcoming.
- Roy, R. and Sharma, P. (2015) 'Scarcity appeal in advertising: Exploring the moderating roles of need for uniqueness and message framing', *Journal of Advertising*, 44(4), pp. 349-359.
- Sahne, P. and Daronkola, N. (2025) 'The impact of AI-enhanced clienteling on customer experience and loyalty in luxury retail', *Journal of Retailing and Consumer Services*, 78, 103711.
- Shukla, P., Banerjee, M. and Singh, J. (2016) 'Customer commitment to luxury brands: Antecedents and consequences', *Journal of Business Research*, 69(1), pp. 323-331.
- Stathopoulou, A. and Balabanis, G. (2019) 'The influence of cultural value orientation on consumers' perceptions of luxury value', *Journal of Business Research*. doi: 10.1016/j.jbusres.2019.02.053.
- Steinhoff, L. and Palmatier, R.W. (2025) 'Relationship marketing in the digital era: Leveraging AI and analytics for customer engagement', *Journal of the Academy of Marketing Science*, 53(1), pp. 1-23.
- Tax, S.S., Brown, S.W. and Chandrashekar, M. (1998) 'Customer evaluations of service complaint experiences: Implications for relationship marketing', *Journal of Marketing*, 62(2), pp. 60-76.
- Van Doorn, J. et al. (2010) 'Customer engagement behavior: Theoretical foundations and research directions', *Journal of Service Research*, 13(3), pp. 253-266.
- Van Doorn, J. et al. (2021) 'Algorithmic fairness in customer prioritization', *Journal of Service Research*, 24(4), pp. 499-517.
- Vigneron, F. and Johnson, L.W. (1999) 'A review and a conceptual framework of prestige-seeking consumer behavior', *Academy of Marketing Science Review*, 1999(1), pp. 1-15.
- Vivek, S.D., Beatty, S.E. and Morgan, R.M. (2012) 'Customer engagement: Exploring customer relationships beyond purchase', *Journal of Marketing Theory and Practice*, 20(2), pp. 122-146.
- Weidmann, K.A., Hennigs, N. and Siebels, A. (2009) 'Value-based segmentation of luxury consumption behavior', *Psychology & Marketing*, 26(7), pp. 625-651.
- Wu, W.Y., Lu, H.Y., Wu, Y.Y. and Fu, C.S. (2012) 'The effects of product scarcity and consumers' need for uniqueness on purchase intention', *International Journal of Consumer Studies*, 36(3), pp. 263-274.
- Zhang, Y., Xie, H. and Liu, Y. (2022) 'Managing customer satisfaction in luxury online environments: The moderating role of social media', *Journal of Retailing and Consumer Services*, 65, 102879.