

## **The Nature of Exclusivity**

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*In marketing literature, discussions of exclusivity often center on certain classes of products (e.g. luxury goods) or distribution practices. However, an examination of the marketplace reveals a much broader use of exclusivity and exclusive promotional techniques (e.g. timed exclusivity, exclusive promotions, exclusive products, etc.) This article seeks to remedy this gap in the literature by examining the use of exclusivity and exclusive promotions in the marketplace, defining exclusivity in a consumer behavior context, and providing a typology of managerial exclusivity strategies. Emphasis is given to the emerging trend of advertised-as-retailer-exclusive-products (AREPs), which have received little recognition in the marketing literature.*

Exclusivity, as a unique concept, has rarely been studied in marketing literature, and therefore, there have been few, if any, attempts at defining it. Often, exclusivity is used as a description for certain goods (e.g. luxury goods) or distribution practices. However, a recent examination of the ads and aisles of local mass market retailers (Best Buy, Wal-Mart, Target, Toys R Us, etc.) revealed dozens of exclusive products, from exclusive DVD's and Blu-Rays, to exclusive clothing items, toys, glasses, cell phones, vacuum cleaners, and straightening irons. The number and variety of products using exclusivity promotions is expansive. Many of these products are physically labeled as exclusive. To substantiate these claims, a small sampling of these products and ads can be seen in Appendix A. Almost all these products are advertised or labeled as "exclusive" in some fashion in promotional materials, on product packaging, or both.

This retailing trend of exclusive promotions has been largely ignored by the marketing literature. A clear gap between retailer practices and academic theory has developed. Despite a call by the Journal of Retailing to investigate exclusive product assortments as a growing "innovation in retail" (Sorescu et al., 2011), no developed stream of "exclusivity" literature exists in regards to product assortment or any other marketing concept. Popular press articles have picked up on the trend, but little theoretical work has probed this development (Zimmerman<sup>ab</sup>, 2012; Pamar, 2010; Zacks Equity Research, 2013). Thus, this article provides a clear definition of exclusivity from a consumer behavior perspective, discusses what constitutes an "exclusive" product or promotion, and gives a typology demonstrating how exclusive products and promotions are used in the marketplace.

## A REVIEW OF THE CONCEPT OF EXCLUSIVITY

The online Merriam-Webster Dictionary gives several definitions for the root word “exclusive.” These definitions include:

1. a: excluding or having the power to exclude. b: limiting or limited to possession, control, or use by a single individual or group.
2. a: excluding others from participation. b: snobbishly aloof.
3. a: accepting or soliciting only a socially restricted patronage (as of the upper class). b: stylish, fashionable. c: restricted in distribution, use, or appeal because of expense.
4. a: single, sole <exclusive jurisdiction>. b: whole, undivided <his exclusive attention>.

Overall, the definitions of exclusivity are broad, but carry the common themes of limitations, restrictions, and connotations of style, expense, and social class. In the context of marketing, this suggests that exclusivity carries connotations of scarcity perceived by the buyer, whether limited in quantity, distribution, or in time of availability. Often, as discussed later, exclusive offers are associated with recently released products or products that have a heightened hedonic appeal. The perception of uniqueness, too, often accompanies exclusivity. For example, an exclusive product might be perceived to have some implicit or explicit difference from competing products that adds to the consumers’ perceived value, whether hedonic or utilitarian. However, while exclusivity often connotes luxury or elevated social status, evidence from the marketplace suggests that exclusivity can span the entire spectrum of goods and services. Therefore, the marketing definition of exclusivity should encompass luxury as well as non-luxury products.

At its core, the idea of exclusivity is based on differentiation. For example, Ford dealerships have a monopoly on selling new Ford vehicles. New Fords are “exclusive” to Ford dealerships, and this fact is but one of the many differentiating factors between car dealerships. In this example, a firm has little reason to advertise the “exclusivity” of its products. Following Edward Chamberlin’s notion of “monopolistic competition,” each firm has a “monopoly” or exclusive control and rights over certain elements of its operation (Chamberlin, 1933). The brand name and the exclusivity of products bearing a particular brand name are inextricably linked together. Perhaps, from a marketing perspective, this form of exclusivity might best be called “implicit exclusivity,” or to follow Chamberlin’s language, perhaps “monopolistic exclusivity.” Consumers have long been conditioned to understand such relationships between a sales franchise and a manufacturer or branding agent. Store brands, too, are functionally similar to this notion of exclusivity.

### Retailer Exclusive Products

However, many forms of “exclusivity” exist. Reasons for product or service exclusivity may include, but are not limited to: regional/geographic availability, scarcity or limited supply, store brands, price and/or cost, and contractual obligations (e.g. contractually timed exclusivity). In recent years, a distinct form of “retailer exclusive goods,” perhaps best called “advertised as retailer exclusive products” (AREPs) has gained popularity. These goods are specific product lines, sometimes unique, or sometimes only marginally different from pre-existing product lines, often produced at the request of retailers for the purpose of combatting price competition. In fact, the *Wall Street Journal* points out that retailers have begun investing heavily in “exclusive products that are less vulnerable to price competition,” particularly price competition from the Internet (Zimmerman<sub>b</sub>, 2012; Zimmerman<sub>a</sub>, 2012).

Academic literature, too, has identified companies such as Target and Trader Joe’s as using a strategy of leveraging exclusive products. For example, Sorescu et al. (2011) point out that exclusive products are but one of several innovative retail strategies becoming popular in recent years. Exclusive branding, too, continues to grow as a competitive strategy (Dekimpe et al., 2011). In regards to product exclusivity, Sorescu et al. (2011, p. S8) consider “customer lock-in” as the design theme of an exclusive product strategy, and summarize the primary principle of the strategy as follows: “Product assortment is unique, inimitable and contains products with a clear and strong value proposition”.

Such products, retailer exclusive versions, can best be categorized into two varieties: unadvertised retailer-exclusive products and advertised retailer-exclusive products. Wal-Mart, for example, carries

Samsung televisions that are similar to those sold at other retailers, but their model number may differ by one or two characters, and the televisions themselves may have only a small variation in the features offered at other establishments. In this situation, the retailer exclusivity of the television is often not advertised or emphasized on the showroom floor.

Causes for a lack of emphasis on retail exclusivity may vary. In some cases, a retailer may simply sell a product or brand that is unavailable elsewhere due to manufacturer requests. Or, the retailer may request production of an exclusive version of a product that may have slightly fewer features than the standard model of the product found elsewhere. In this case, the retailer may order a slightly cheaper, lower quality product that is very similar to the manufacturer's regular product, but still price and present the product as though it is of equal quality to the standard models found at other retailers. Hence, the similarity of the products would enable brick and mortar (B&M) retailers with non-advertised exclusive product lines to better compete on price with online or other B&M retailers who sell the standard product at a reduced cost. Without close examination of the product feature sets, consumers may not notice a difference, other than price, between the unadvertised retailer-exclusive model and the standard model. Also, the exclusive-model would prevent consumer's use of price-matching policies, further decreasing direct price competition.

### **Timed Exclusivity and Advertised Exclusivity**

However, the labeling and advertising of retailer exclusives are more recent innovations. Such products typically come in two types: timed exclusives and specially produced products. Timed exclusives are often used to drive traffic to a retailer and provide a competitive advantage. AT&T's timed exclusivity of the original iPhone is an example of a widely known advertised exclusive (Siegler, 2010; Appendix A).

Another example of an AREP would be a retailer offering an exclusive version of a newly-released, popular, DVD or Blu-ray (Appendix B). This version of the AREP may be identical to most other versions, but might include a version of the film that has an additional cut, extra deleted scenes, unique packaging, or other qualities and content that is unavailable at other retailers. The product would also plainly be labeled as an "exclusive." In addition to DVD's and Blu-rays, Target, for example, has released several limited-edition, retailer-specific, designer clothing items (Wohl, 2011; Zimmerman<sup>b</sup>, 2012; Sorescu et al., 2011). Generally, such exclusive items are relatively well advertised, with retailers occasionally issuing press releases for exclusive items or putting stickers on packaging denoting the exclusive nature of the product (Target<sup>a</sup>, 2012; Target<sup>b</sup>, 2012). Wal-Mart, BestBuy, and Target have all used retailer-exclusive versions of DVD and Blu-ray films (Appendix C). Often, the exclusivity of these items is signaled using a variety of phrases such as "Exclusively at," "Only at," the retailer name or logo followed by "exclusive", or in the case of designer clothing, items will use the designer's name followed by "for" and the retailer name (Appendix A). Such exclusivity language cues are common with AREPs.

To be clear, AREPs arose as a B&M competitive strategy specifically aimed at stifling price competition from online retailers. Online price comparisons may make consumers more price sensitive (Pan et al., 2002), and with easy access to online price comparisons, some consumers now engage in "showrooming behavior," in which a customer physically inspects a product in a B&M store but buys the product at a cheaper price online. The *Wall Street Journal* reported that Target "in an urgent letter to vendors [...] suggested that suppliers create special products that would set it apart from competitors and shield it from the price comparisons that have become so easy for shoppers to perform on their computers and smartphones" (Zimmerman<sup>b</sup>, 2012). Indeed, the end of the letter, signed by Target's Chief Executive and Executive Vice President of Merchandising, states: "What we aren't willing to do is let online-only retailers use our brick-and-mortar stores as a showroom for their products and undercut our prices without making investments, as we do, to proudly display your brands" (Zimmerman<sup>b</sup>, 2012). Toys R Us Vice President Troy Peterson has also stated his company's strategy as: "It is our strategic position to offer products that you can't find anywhere [else] or be compared on price" (Zimmerman<sup>c</sup>, 2012; Wharton University, 2012). Best Buy's CEO has echoed similar sentiments, stating that exclusive products were one of a variety of ways to strategically work with suppliers (Skariachan, 2012). Exclusive products make

price comparisons difficult and fight the potential for “showrooming,” but online retailers such as Amazon.com soon followed this example and have released numerous retailer exclusives of their own. Amazon even has an entire web page dedicated to Amazon exclusive products (Appendix C).

## **EXCLUSIVITY’S APPEAL**

Perhaps, the best description of exclusive value comes from Groth and McDaniel’s (1993) discussion of exclusive brands. That is, similar to exclusive brands, exclusive products meet the criteria for the “exclusive value principle” in that they offer exclusive features, which may offer additional value to customers. Per Groth and McDaniel (1993, p. 10), “Customer perception of exclusive value can allow effective use of prestige pricing”. Therefore, in addition to making direct product comparisons across retailers more difficult, retailer exclusive products may help justify slightly higher prices or make the product less vulnerable to discounting competition. While prestige pricing is normally associated with luxury brands, the concept of charging more for an “exclusive,” but non-luxury item, would be conceptually similar. Also, exclusive product offers may increase retail traffic.

Similar to the exclusive value principle, Phau and Prendergrast (2000) point out that exclusivity is a key component of luxury goods, and part of the “rarity effect”. They point out that luxury goods compete, in part, on their ability to “evoke exclusivity” (p. 123). The appearance of luxury decays when ownership of a brand or product becomes commonplace. Exclusive products, even lower priced goods, evoke rarity in that they are only available at a limited number of retail chains – one. Rather than the product being rare or scarce, the number of retailers supplying the unique product is scarce. While the retail chain may have numerous locations, the perception of “exclusivity” attempts to encourage the perception of rarity.

### **Product Uniqueness**

Most exclusive products have unique designs, colors, content, or other features, typically superficial or minor in nature, which are exclusive to a specific retailer. Possibly, these features, or the idea of exclusivity itself may be “trivial” attributes. According to Brown and Carpenter (2000, p. 372), trivial attributes are “those attributes with a trivial and/or subjective relationship to perceived quality as well as objectively irrelevant attributes.” More generally, they refer to them as “attributes that do not create a meaningful difference in the brand’s performance” (p. 372).

As Carpenter et al. (1994) pointed out, even clearly trivial attributes may be valuable to some consumers “under certain conditions” (p. 339). In the case where a consumer may have an existing bias toward a particular color, or any hedonic, subjectively valued trivial attribute (including the notion of exclusivity), the presence of the attribute may enhance the consumer’s perceived value. The effect of trivial attributes seems to be strong, with Carpenter et al. (1994) demonstrating that even when trivial attributes are disclosed as irrelevant before product exposure, consumers may still affect consumer value judgments.

Labeling a product as “exclusive” gives it one more attribute than its non-exclusive counterpart. For some consumers, an increasing number of minor attributes, even seemingly insignificant attributes, may lead to an increasing interest or positive valuation of the product (Carpenter et al., 1994; Brown & Carpenter, 2000). Depending upon the context, consumers may find irrelevant, meaningless, or “trivial” attributes “relevant and valuable under certain conditions” (Carpenter et al. 1994, p. 339). That is, useless features may be perceived as “ambiguously positive” by the consumer (Brown & Carpenter 2000, p. 375). Discussed as a product differentiation strategy, Carpenter et al (1994, p. 340) suggest that trivial attributes attempt “to create a valuable product difference[s], but in fact, [do] not.” However, if a “trivial” feature distracts from the intended purpose of a product, the effects may be harmful to product impressions (Simonson et al., 1993, 1994; Brown and Carpenter 2000, p. 373).

Overall, while the effect of trivial attributes on product valuations is subjective and context sensitive, the evidence indicates that trivial attributes can influence consumer behavior. Thus, even if the attributes

associated with an exclusive product are “trivial” in nature, they often still affect consumer behavior. The “exclusivity” label in isolation, too, might be seen as an attribute that adds value to a product.

#### *Exclusivity's Appeal: Unique Product Assortments*

While exclusive products are increasingly common, some risk may be associated with increasing the number of unique in-store items. Prior research has shown that increasing the number of unique products in-store can make consumers more price conscious because they cannot directly price match with other retailers (Kukar-Kinney et al., 2007). Cognizant of this fact, a cautious approach to increasing the number of retailer exclusive items might be prudent. Indeed, the notion of product-assortment as a competitive advantage has been a doubtful proposition. Typically, retailers do not produce products – manufacturers do. Thus, a competitive advantage built around exclusive goods, a form of enhanced product assortment, is usually seen as unlikely or difficult to achieve (Sorescu et al., 2011). Since this strategy defies convention, studying firms that have successfully implemented an exclusive products approach to gain a competitive advantage is of both practical and academic interest.

#### *Exclusivity's Appeal: Exclusive Promotions*

The notions of exclusivity in distribution management, franchising, production, and business-to-business commerce, are common and are often legally protected due to contractual obligations or business arrangements. A franchisee, for example, may have the exclusive contractual/legal right to market a brand in a particular geographic area, and new products may see exclusive distribution (e.g. Peres & Van den Bulte, 2014). Since these concepts are familiar to most marketing scholars and managers, this discussion will focus on lesser known aspects of exclusivity and consumer reactions to exclusivity.

Other work in “exclusivity” in the context of products and consumer perceptions to such exclusive branding has focused on exclusive prices or deals (Barone & Roy, 2010<sub>ab</sub>), limited edition products (Balachander & Stock, 2009), or luxury brands (Truong et al., 2009; Phau & Prendergast, 2000; Tynan et al., 2010).

Baron and Roy (2010<sub>b</sub>) conducted an experiment to examine the “social considerations” of “deal exclusivity” in which some subjects received an exclusive offer, while others did not. They found that when subjects saw themselves as part of an exclusive audience (individuals offered an invitation-only promotion), they assessed exclusive promotions more favorably than inclusive promotions (Barone & Roy, 2010<sub>b</sub>). Grewal et al. (2011, p. S47) summarize Baron and Roy’s work by stating that such offers “have the greatest appeal to consumers who adopt an independent rather than collectivist self-construal”. Indeed, Barone and Roy found that subjects high in “need for uniqueness” found the greatest appeal in exclusive promotions. However, the exclusive offer’s capacity to evoke more positive assessments was “mediated by the offer’s ability to enable the recipient to engage in self-enhancement” (p. 78).

In a second article, Barone and Roy (2010<sub>a</sub>) reaffirm that consumers’ evaluations of exclusive promotions were driven by the need for self-enhancement. Exclusive deals can help consumers with an independent self-construal and high need for uniqueness by allowing them to “attain values related to autonomy” (p. 129). By attaining these values, consumers participate in self-enhancement (Barone and Roy, 2010<sub>a</sub>; Brewer, 1991). However, consumers who held collectivist self-construal views might find exclusive and inclusive offers equally appealing, or even find the exclusive offer slightly less appealing. An inclusive offer could “confirm their desire to maintain harmony with others” (Barone and Roy, 2010<sub>a</sub>, p. 129). In other words, an exclusive offer could alienate consumers who seek conformity. In summary, exclusive “invitation only” promotions appeal to some customers, but potentially alienate others. Barone and Roy also found that men, provided that they had a prior relationship with the marketer, were more positively affected by exclusive promotions than women who had a prior relationship with the marketer (2010<sub>a</sub>).

### *Exclusivity's Appeal: Luxury Brands, AREPs, and Perceived Scarcity*

Luxury brands, whose literature is often conceptually related to the notion of retailer exclusive products, are usually exclusive “in terms of both accessibility and price” and are strongly associated with prestige (Truong et al., 2009). To paraphrase Godey et al. (2009, p. 527), the distribution of luxury goods is typically “selective if not exclusive”. Yet, a universal definition of “luxury” goods and brands has been elusive (Tynan et al., 2010; Godey et al., 2009) due to its subjective nature. Similarly, discussions focused on the various forms of “exclusivity” are rare.

Definitions of luxury range from “anything unnecessary” (Sekora, 1977) to marketing terminology for a “tier or offer” of products or services (Bernard et al., 2005; Vigneron & Johnson, 1999), to the common economist classification “as goods for which demand rises either in proportion with income or in greater proportion than income (i.e. where the income elasticity of demand is equal or greater than 1” (Tynan et al., 2010, p. 1157). However, the economic definition does not fit for marketing purposes as demand for goods is not solely driven by economic progress or income level (Dubois & Duquesne, 1993; Van Kempen, 2007). Kapferer (1997) and Vigneron and Johnson (2004) perhaps give the most generalizable definition of luxury, which is “goods for which the simple use or display of a particular branded product brings esteem on the owner, apart from any functional utility” (Vigneron & Johnson, 2004, p. 486). Thus, for Vigneron and Johnson, psychological benefits and self-enhancement are the primary determinants of luxury.

According to Hudders (2012, p. 609), luxury goods are “brands associating with a premium quality and/or an aesthetically appealing design.” Hudders continues “In addition, luxury brands are exclusive, which implies expensiveness and/or rarity” (p. 609). For this reason, luxury brands are especially susceptible to damage from counterfeiting, which harms the impression of exclusivity (Tynan et al., 2010). Hence, exclusivity is a key feature of luxury goods as well as AREPs. And, regarding the connotation of “exclusivity,” they may operate similarly in the consumer’s mind. Individuals may derive hedonic value (e.g. personal satisfaction), subjective intangible benefits, and personal prestige from luxury goods (Tynan et al., 2010; Vigneron & Johnson, 1999, 2004). Luxury brands, in particular, (and possessions in general per Belk, 1988) are associated with self-expression and the “ideal self” (Vigneron & Johnson, 1999, 2004).

While the prices of luxury products are part of their exclusivity, the perceived value of any “exclusive” product may arguably offer similar benefits (Smith & Colgate, 2007). Much like consumers who seek out luxury goods partially for their exclusivity, consumers may seek out exclusive goods of a non-luxury nature for similar mentally appealing reasons. And, similar to high price as a sign of luxury, the typically higher price of exclusive goods may signal slightly better quality than non-exclusive, cheaper versions of the same products. After all, price is a well-established cue for quality, especially when other information cues have limited availability (Zeithaml, 1988; Rao & Monroe, 1989; Dodds et al., 1991). Simply put, when information is limited, price may function as a shortcut for making quality judgments, and therefore, high price can make some products and services more attractive (Rao & Monroe, 1989; Erickson & Johansson, 1985; Lichtenstein et al., 1988). In particular, high price can be a sign of luxury (Lichtenstein et al., 1993<sub>ab</sub>). Other extrinsic cues may function similarly in the absence of clear intrinsic cues (Zeithaml, 1988).

In the case of AREPs, as an extrinsic cue, the label “exclusive” or “only at” likely gives several embedded extrinsic meanings beyond what price alone would give. For example, retailers who use an AREP strategy advertise products as “exclusive” only do so if the label represents some positive quality about a product because emphasizing a poor quality product as “exclusive” could harm the retailer’s image. As with luxury goods, the connotations carried by AREPs are likely similar. These meanings may include product scarcity, product quality, prestige, uniqueness, or a variety of other benefits.

Furthermore, it should be noted that luxury brands are sometimes carried at big-box retailers. Limited edition, exclusive runs of designer clothing, luggage, and similar products at specific retailers are more similar to pure “luxury” goods in that designer names are likely embedded with the notion of exclusivity. By offering luxury branded items at lower prices, big-box retailers can offer the consumer more value for their money. Gierl & Huettl (2010, p. 227) specifically address this example in their discussion of types

of scarcity by stating: “Sometimes, collections designed by famous fashion designers are distributed by standard retail chains, which only offer a limited number of items. If customers buy such products, they can signal their good taste and be admired by their friends.” Much the same way, if a designer produces a limited design exclusively for a specific retailer, then the scarcity is even further enhanced.

As an example, Target has made great use of this strategy by hiring several different designers over the last few years. In 2011, demand for Target’s exclusive set of limited edition products by Italian designer Missoni caused [www.target.com](http://www.target.com) to crash, but was hailed as both a sales and publicity success (Dishman, 2011). The introduction of the retailer exclusive, limited edition line generated large amounts of web traffic, greater than those reported on Black Friday, and long lines at Target stores. Additionally, the products sold out in hours and some media outlets reported the lines, opening of the store, and ensuing rush as having Black Friday-like conditions (Grinberg, 2011; Howell, 2011; Associated Press, 2014). In this example, the product brand was luxurious, the designs were exclusive to one retailer, and the products were limited edition. Hence, the company successfully created high demand for the products using a combination of exclusivity and scarcity strategies.

### *Theoretical Support for Exclusivity’s Appeal*

Brock’s (1968, p. 246) discussion of commodity theory suggests “that any commodity will be valued to the extent that it is unavailable”, where a commodity is defined as “anything that can be possessed, is useful to its possessor, and is transferable from one person to another” (Lynn, 1991), or in more general terms, a “useful and transferable object” (Gierl & Huettl, 2010, p. 227; Brock & Mazzocco, 2004). This broad definition of commodities would apply to most exclusive goods, and the notion that a product is “unavailable”, at least in a limited sense, is embedded in the idea of exclusivity. However, the true scarcity of an AREP could be great or negligible. Through labeling and advertising, retailers attempt to give the impression of product scarcity, when a more accurate interpretation of the perceived scarcity is that the number of retailers selling the product is limited to one exclusive retailer. Thus, in the sense that AREPs attempt to increase value by giving the perception of limited availability, they would work well within the confines of commodity theory.

Exclusivity and scarcity, while related concepts, are not identical. Exclusive products are not always scarce, at least, not in the sense that they are limited in supply, and scarce products are not always exclusive to one retailer or region. Furthermore, while some firms may choose to limit production and create product scarcity for business reasons (e.g. to create the impression of high demand and induce “buying frenzy”) (DeGraba, 1995; Brown, 2001), scarcity is most often seen as a natural marketplace condition related to supply, demand, or distribution limitations.

From the consumer perspective, scarcity messages come in two types: limited-time scarcity (LTS) and limited-quantity scarcity (LQS) (Aggarwal et al., 2011). Aggarwal et al. (2011) point out that scarcity messages typically have a “positive impact on the evaluation of and attitude toward the object of the message” and that such messages have generally been effective across cultures (p. 19). In their own work, Aggarwal et al. (2011) found that LQS messages were more effective than LTS messages, and that this effect was heightened for symbolic brands, which are associated with hedonic appeals, expression of self-concept or self-image, and consumer self-enhancement (p. 21).

Exclusivity may be used as a simple advertising technique with little regard to actual scarcity. However, how AREPs fit into the LTS and LQS paradigm is unclear. For example, AREPs can often be found in abundance at a specific retailer and may not be scarce in the overall marketplace. Yet, the number of firms selling the AREP is scarce, or limited to one. AREPs are unique in that no pre-specified time of availability (LTS) or limited quantity (LQS) is emphasized.

Thus, exclusive products may or may not be scarce, but the perception of scarcity implied by advertised “exclusivity” has become a common marketing tool. The *Harvard Business Review*, in a discussion of retromarketing, supports this assertion, saying that “customers crave *exclusivity* [emphasis in original]” and that implied scarcity (e.g. “get it while supplies last”) is “one of the oldest arrows in the marketing quiver” (Brown, 2001, p. 84-85). When customers buy an exclusive product, they believe they



are “lucky” or part of the “discerning elite” (Brown, 2001, p. 85). In many ways, the idea of exclusivity can be seen as a re-framing of classic, implied scarcity promotions.

In summary, while the exclusive products may differ in perceived prestige and pricing levels, they may be quite similar in their appeal on several psychological bases. These might include meeting a need for uniqueness and its accompanying self-enhancement (through meeting a psychological need for independent self-construal). For example, AREPs and luxury goods also attempt to be less vulnerable to discounting pressure through their perceived uniqueness. While luxury goods may use prestige pricing, the concepts held in the “exclusive value principle” would also likely apply to AREPs (Groth & McDaniel, 1993). That is, an element of perceived scarcity is common to AREPs and luxury goods and may play a role in price evaluations. Both product types may also offer enhanced hedonic and utilitarian value to consumers beyond what is found in “typical” non-exclusive products. Exclusive promotions, too, have been shown to appeal on a hedonic basis (Baron and Roy, 2010<sub>ab</sub>).

## **EXCLUSIVITY DEFINED**

From relatively inexpensive items such as DVD’s and Blu-rays to expensive items such as luxury goods, the term “exclusive” seems to encompass an extremely broad spectrum of products and associated promotional strategies. Exclusivity may be explicitly stated through promotions, or it may be implicit. However, some elements are common to connotations of “exclusivity” in a marketing context. Perhaps, chief among these is the perception of scarcity. Whether through retail distribution, as in the case of AREPs, or difficulty in acquiring the money to purchase an item, as is often the case with luxury goods, exclusivity carries the common theme that a product is somewhat more difficult to acquire than it would be if it were non-exclusive. Thus, the authors suggest the following definition for the term “exclusive” within a consumer behavior context:

Exclusive: The perception, whether due to explicit advertising or implicit understanding, such as with luxury goods, that a consumer’s capacity to acquire a product is limited. This limitation may be due to a variety of factors, including but not limited to distribution restrictions (e.g. regional, channel, contractual, governmental, etc.), expense, scarcity (real or perceived), or social restrictions. Typically, the idea of an “exclusive” product or service carries a positive connotation.

With this definition and preceding discussion of exclusivity in mind, a typology of exclusivity is presented below. Whereas the definition focused on consumer perceptions of exclusivity, the typology focuses on managerial uses of exclusivity. Please note that some forms of exclusivity are extremely similar to others. For example, private label brands, franchise brands, and manufacturer brands are all exclusive in their distribution because they are protected by trademarks and other legal remedies. However, the owner of an intellectual property has a variety of ways in which they may choose to distribute a product or brand. In some cases, the types of exclusivity may overlap.

Also, rather than discuss exclusivity as “advertised” or “unadvertised,” the typology discusses exclusivity from the perspective of “implicit” or “explicit” exclusivity. For implicitly exclusive items, such as luxury goods, these more precise terms give a better indication of the product’s connotation than simply saying that the product is “unadvertised”. Refer to Table 1 for the typology of exclusivity.



**TABLE 1**  
**A TYPOLOGY OF EXCLUSIVITY**

<b>Implicit or Explicit?</b>	<b>Description</b>	<b>Example</b>	<b>Associated Strategy</b>
Implicit Exclusivity (due to trademarks, patent laws, etc.)	Private Label Brands: (retailing definition) A brand name or label name attached to or used in the marketing of a product other than by the product manufacturers; usually by a retailer. If owned by the retailer, these are commonly called “store brands”.	“Sam’s Choice” products are exclusive to Wal-Mart owned business entities.	Price Competition
	Franchise Brands: Products are distributed through exclusive contracts with franchise licensees that meet certain qualifications.	Only McDonald’s franchises can sell “McNuggets.”	Price Competition; Customer Lock-in; Franchise Branding
	Wholesaler Exclusivity: A wholesaler controls the distribution of a product or brand.	Under Michigan law, beer wholesalers are granted exclusive distribution rights to sell beer produced out of state (Michigan Department of Licensing & Regulatory Affairs, 2012).	May vary, depending upon the franchise
	Manufacturer Exclusivity: A manufacturer controls the production and distribution of its products; often similar to franchise exclusivity.	Ford Motor Co. exclusively owns the Ford brand, manufactures Ford vehicles, and controls their distribution.	Customer Lock-in
Implicit Exclusivity (due to the unique nature of the product)	Implied Exclusivity: Luxury brands/products; the price, promotion, quality, brand history, or perceived scarcity imply “exclusivity” to the consumer.	Gucci	Build brand prestige; Prestige Pricing
	Disguised Exclusivity: Retailers have contractually exclusive versions of a product that are unavailable elsewhere. These products are not advertised or labeled as “exclusive.” Typically, they have fewer features or a cheaper price than comparable products models available elsewhere.	Samsung televisions sold at Wal-Mart sometimes have unique UPC codes. At a glance, they may appear identical to more expensive Samsung televisions at other retailers. However, upon closer inspection, they often have slightly diminished feature sets.	Price competition and avoidance of price-matching guarantees
Either Implicit or	Channel Exclusivity: A product is only distributed through a single channel, sometimes through a single firm.	Jerry Seinfeld’s web-only TV series, “Comedians in Cars Getting Coffee.”	Customer Lock-in

<b>Implicit or Explicit?</b>	<b>Description</b>	<b>Example</b>	<b>Associated Strategy</b>
Explicit Exclusivity	Regional Exclusivity: Products are exclusive to one geographic region. This may be due to supply constraints, distribution difficulties, legal reasons, differing regional market needs, or a wide variety of other business concerns.	In 2015, Ford plans to launch the Vignale line of luxury vehicles in Europe. This line is designed for the European market and is not planned for sale in North America.	May vary, depending on the type of product and competitive environment
Explicit Exclusivity	Timed Exclusivity: Retailers or service providers gain contractually exclusive rights to distribute a product, brand or service for a specified period of time.	The Apple iPhone was exclusive to AT&T stores upon its launch.	Customer Lock-in
	Retailer Exclusive Versions of Products (Explicit): Retailers have contractually exclusive versions of a product that are unavailable elsewhere. These products are advertised or labeled as retailer “exclusive.”	Exclusive versions of dvd’s/Blu-rays; a wide variety of other low to moderately priced products (Appendix A).	Customer Lock-in
	Exclusive promotions for specific subgroups of customers or customers who meet certain criteria (e.g. the customer received an “exclusive offer” in his/her mail).	Amazon offers exclusive discounts on some products for orders through the “Amazon Echo” or other devices using Amazon’s Alexa voice technology; alternatively, a company may send an “exclusive offer” to its best customers.	Targeting consumer subgroups; Customer Lock-in

## DISCUSSIONS AND CONTRIBUTIONS

Inspired by the *Journal of Retailing*'s (Sorescu et al., 2011) call to investigate exclusive products as an innovation in retailing, this paper offers an in-depth examination of exclusivity in the marketplace and discusses how consumers may react to exclusivity. The concept of “exclusive” is discussed in terms of what it suggests and implies to both consumers and retailers. Further, the notion of “exclusive” in a consumer behavior setting is defined. More significantly, a typology of retailer exclusivity is presented where the concept is identified as being either implicit or explicit.

The definition of “exclusive” within a consumer behavior context identifies the core components of exclusivity, and summarizes what the word “exclusive” implies to the consumer. The definition may form the foundation from which future research into exclusivity can progress. At a minimum, researchers now have a starting point to confirm, disprove, or modify. Previously, discussions of exclusivity were wide-ranging, usually within the context of other topics, and had no clear commonality. Now, a cohesiveness discussion can develop around the concept of exclusivity as its own topic of interest.

The typology is useful to both academics and managers. Since the forms of exclusivity vary greatly, academics may wish to specify which kind of exclusivity their work involves, and managers can gain a better understanding of when, how, or why exclusivity strategies are commonly used. Exclusive products, particularly advertised-as-retailer-exclusive-products (AREPs), and promotions appear to be a growing

retail trend as evidenced in Appendix A, and the typology identifies the explicit – often labeled or advertised – form of exclusivity becoming more common in the marketplace. Recognizing this distinction is an important step in theory as implicit forms of exclusivity, such as those guaranteed by contract law or product type (e.g. luxury good), are already well-known in marketing academia.

For the practitioner, retailer exclusivity is increasingly becoming a means to differentiate product offerings to consumers who seek value through having products that are unique or special. Exclusivity is also a means to combat showrooming by consumers while providing a potential competitive advantage with features that are entirely unique to a particular manufacturer or retailer. Discouraging direct price competition, discouraging showrooming, and customer lock-in are a few of the numerous strategies associated with exclusivity strategies. The typology attempts to encompass all of these strategies.

Finally, this paper offers a means to identify and understand a common practice that has emerged more recently in retailing that has a particular appeal to millennials who seek individualized attention and want to feel that they are unique and special (Howe and Nadler, 2009; Lindquist, 2008). As millennials continue to age and become an even greater consumer market force, marketers will likely need to find more creative ways to appeal to the millennial generation's desire for unique or non-standard goods/services and the use of exclusivity has the potential to effectively meet that need.

### *Future Research*

Since this work identifies numerous exclusivity strategies, future research should focus on when managers should use a specific exclusivity strategy. For example, despite executive comments and popular press articles about using exclusive products to avoid showrooming and price competition (Zimmerman<sub>ab</sub>, 2012; Pamar, 2010; Zacks Equity Research, 2013), few, if any, academic works have researched this strategy's effectiveness. That is – do exclusive products deter showrooming? And, if so, on what psychological basis are they successful? While some research (e.g Barone & Roy, 2010<sub>ab</sub>) has focused on exclusive promotions, investigation into exclusive products and promotions strategies is underdeveloped.

Exclusivity strategies may operate similarly to other forms of scarcity promotions (e.g. limited edition products, limited time scarcity promotions, etc.), but no data exists to confirm this possibility. Rather, the concept of exclusivity lends itself to numerous contexts (unique product assortments, luxury goods, promotions that are exclusive to subgroups of customers, etc.) and its success as a managerial strategy may be affected by a variety of factors. For example, the retailer offering the exclusive may affect the effectiveness of the appeal. Is a Wal-Mart exclusive more or less appealing than an Amazon exclusive variant of the same product? Also, product category, attributes (including trivial attributes), and a variety of other factors may temper the success of an exclusive promotion or product offering. Future research should clarify when exclusivity strategies should be used, and on what psychological basis exclusivity strategies appeal to consumers. Due to the breadth of exclusivity strategies identified in the typology, the success or failure of these strategies may be highly contextual.

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APPENDIX A: IMAGES OF EXCLUSIVE PRODUCTS

iPhone  
EXCLUSIVELY FROM AT&T AND APPLE

at&t Apple

COMING SOON

Target exclusives.  
a true classic

women's shoes  
men's shoes

INTERCEPT  
EXCLUSIVELY AT BEST BUY  
\$59.99

THE NEON MIXR ONLY AT TARGET

TOSHIBA

BEST BUY EXCLUSIVE

EXTRA LARGE PEPPERONI PIZZA  
Premium Sliced & Diced Pepperoni with a Three Cheese Blend

EXCLUSIVE TRADING CARDS INSIDE \$7.50 VALUE INSIDE!

WORLD TOUR LIVE Speak Now CD+DVD  
ONLY AT TARGET EXCLUSIVE

MISSONI FOR TARGET  
SHOP THE COLLECTION SEPTEMBER 13

BUNNIA BATTLEBOTS  
AGES 4+  
GI JOE THE RISE OF COBRA  
SNAKE EYES™ VS. THE COBRA COMMANDER

EXCLUSIVELY AT THE BLUE EDEN MOUNTAIN

DOORBUSTER  
WHILE QUANTITIES LAST!  
\$269  
SAVE \$130  
Dyson DC28 MULTI FLOOR  
Stick Vacuum Cleaner with Laser Guide

FREE \$20 Gift Card WHEN YOU BUY ANY CHI AIR ITEM LISTED  
9999  
CHI AIR FLAT IRONS  
Quantities limited. No rain checks. Terms and conditions apply to gift cards.

EXCLUSIVE HOLIDAY COLORS INCLUDE FREE THERMAL CLUTCH



## Examples of AREPs

### Row I:

*Screenshot of the AT&T exclusive iPhone.* Screenshot taken from AT&T's home page.

### Row II:

*Converse One Star shoe and clothing collection* ("Target Exclusive" in Fall 2010) Image taken from: <http://www.target.com/c/converse-brand-shop/-/N-5t1kf> on June 10, 2013.

*Gunnar Intercept glasses* (A specific style of Gunnar eyeglasses that are "Exclusively at Best Buy" MSRP \$59.99) Image taken from: <http://www.gunnars.com/news/announcing-the-intercept-a-best-buy-exclusive/> on June 10, 2013.

### Row III:

*Neon Mixr Beats by Dr. Dre headphones* ("Only at Target" Neon Mixrs were a timed exclusive. MSRP \$249.99; Image taken from a promo event and hosted at: <http://prettyconnected.com/exclusive-to-target-beats-goes-neon/> Note: These headphones were advertised on television as a Target exclusive item. Timed exclusivity noted here: <http://www.digitaltrends.com/home-theater/beats-mixr-headphones-go-neon-exclusively-at-target/> Notably, Best Buy signed a timed exclusivity agreement for the "ear buds" version of the same product. <https://www.facebook.com/bestbuy> June 10th, 2013. The ear buds were advertised as "Only at Best Buy" on television during the 2013 NBA finals.

*Toshiba Laptop* – "Best Buy Exclusive" as advertised in their Black Friday 2012 sales paper. Pricing info taken from: <http://us.toshiba.com/computers/laptops/satellite/C870/C875-S7303/>.

*Pizza with an Exclusive Tops baseball card* Image taken by the author, Danny Upshaw, at Wal-Mart Neighborhood Market in April of 2016 in Pineville, LA.

### Row IV:

*Taylor Swift Speak Now Live CD + DVD Deluxe Exclusive edition* ("Only at Target") Image take from: <http://taylorswiftmusicworld.webs.com/Albums/Speak%20Now%20World%20Tour%20Live%20Target%20Exclusive.jpg> The Target exclusive deluxe version currently retails for \$16.99 <http://www.target.com/p/speak-now-deluxe-edition-cd-only-at-target/-/A-12939515>, while the Walmart non-exclusive version currently retails for \$10.99. <http://www.walmart.com/ip/Speak-Now/14945129>

*Missoni designer clothing collection* ("For Target") <http://fashionbombdaily.com/wp-content/uploads/2011/09/missoni-target-ad-570x325.jpg>

*G.I. Joe: The Rise of Cobra action figures* ("Only at Walmart") Image hosted at: <http://www.theterrordrome.com/wp-content/uploads/2009/08/roc-walmart-exclusive-ninja-battles-snake-eyes-vs-storm-shadow-box.jpg>

### Row V:

*Tera PC video game* ("Exclusively at Best Buy, The Blue Roan Mount") Image hosted at: <http://ecx.images-amazon.com/images/I/41lZrKrNhkL.jpg>

*Dyson DC24 floor cleaner* (Target Exclusive Color) Advertised in the 2012 Target "Black Friday" sale paper.

Chi Air Flat Irons (“Target Exclusive Holiday Colors include free Thermal Clutch) Advertised in the 2012 Target “Black Friday” sale paper.

**Not pictured:**

Motorola - DROID RAZR M 4G LTE Mobile Phone – Platinum (“Best Buy Exclusive” – Model # MOTXT907S. Platinum color with blue buttons was a Best Buy Exclusive version.)

Source 1: <http://www.motorola.com/blog/2013/02/04/the-droid-razr-m-by-motorola-is-now-available-in-platinum-exclusively-at-best-buy/>

Source 2: [http://www.bestbuy.com/site/Motorola+-+DROID+RAZR+M+4G+LTE+Mobile+Phone+-+Platinum+%28Verizon+Wireless%29/7457465.p?id=1218846429069&skuId=7457465&contract\\_desc=](http://www.bestbuy.com/site/Motorola+-+DROID+RAZR+M+4G+LTE+Mobile+Phone+-+Platinum+%28Verizon+Wireless%29/7457465.p?id=1218846429069&skuId=7457465&contract_desc=)

Source 3: <http://www.phonedog.com/2013/02/04/motorola-droid-razr-m-hits-best-buy-s-site-with-new-platinum-paint-job-and-blue-buttons/>

Star Trek: Catan (“Target Exclusive” version of the board game Catan) Source:

<http://www.catan.com/news/2012-07-12/star-trek-catan-soon-be-available-usa> This item was also advertised in Target sale papers along with exclusive versions of other board games as “Target Exclusive Games”

**APPENDIX B: EXCLUSIVE AND NON-EXCLUSIVE VERSIONS OF THE SAME PRODUCT**



## APPENDIX C: AMAZON EXCLUSIVES



Seiko

### Seiko Men's SNDF11 Classic "Amazon Exclusive" Casual Watch

★★★★★ 31 customer reviews

List Price: \$319.99

Price: **\$139.99** & **FREE Shipping**. FREE Returns. Details

You Save: **\$180.00 (56%)**

**In Stock.**

Ships from and sold by Amazon.com. Gift-wrap available.

**Want it tomorrow, July 24?** Order within **4 hrs 7 mins** and choose **One-Day Shipping** at checkout. Details

- For high-performance style with unparalleled accuracy, Seiko offers this classic chronograph design in a sleek black-ion finish.
- Japanese quartz movement with analog display
- Protective Hardlex crystal dial window
- Features include black ion finish
- Water-resistant to 100 M (330 feet)

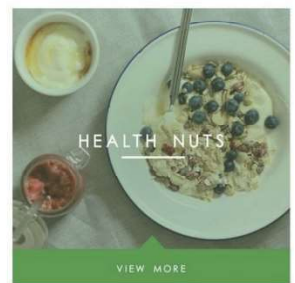
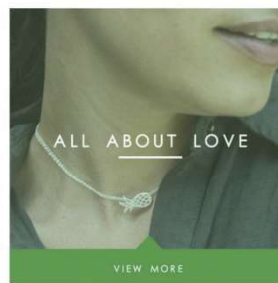
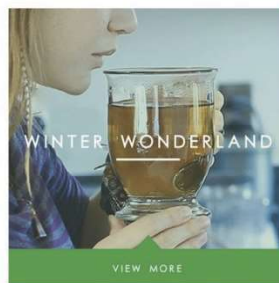
**Warranty:** Seiko Three-Year-Warranty

About watch warranties

[https://www.amazon.com/Seiko-Amazon-Exclusive-Quartz-Stainless/dp/B01IMZGEBI/ref=sr\\_1\\_1?srs=11024013011&ie=UTF8&qid=1485053945&sr=8-1&keywords=Seiko+amazon+exclusive](https://www.amazon.com/Seiko-Amazon-Exclusive-Quartz-Stainless/dp/B01IMZGEBI/ref=sr_1_1?srs=11024013011&ie=UTF8&qid=1485053945&sr=8-1&keywords=Seiko+amazon+exclusive)

[https://www.amazon.com/s/ref=nb\\_sb\\_noss\\_2?url=search-alias%3Daps&field-keywords=amazon+exclusive&nocache=1485048231176](https://www.amazon.com/s/ref=nb_sb_noss_2?url=search-alias%3Daps&field-keywords=amazon+exclusive&nocache=1485048231176)

## AMAZON EXCLUSIVES COLLECTIONS



[https://www.amazon.com/s/ref=nb\\_sb\\_noss\\_2?url=search-alias%3Daps&field-keywords=amazon+exclusive&nocache=1485053841860](https://www.amazon.com/s/ref=nb_sb_noss_2?url=search-alias%3Daps&field-keywords=amazon+exclusive&nocache=1485053841860)