

Social Commerce FOMO Pricing: How Time-Limited Deals on Instagram and TikTok Shops Exploit Scarcity Psychology — Measuring Conversion Rates versus Long-Term Brand Damage

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Abstract— The rapid proliferation of social commerce platforms — particularly Instagram Shops and TikTok Shop — has ushered in a new generation of time-sensitive promotional tactics collectively referred to in this study as FOMO (Fear of Missing Out) pricing. These strategies include countdown timers, flash sales, low-stock alerts, and exclusive limited-time offers designed to compress consumer decision-making windows through manufactured scarcity. While such tactics demonstrably elevate short-term conversion rates, their cumulative effects on brand equity, consumer trust, and long-term customer lifetime value remain insufficiently examined in the academic literature. This study synthesises extant frameworks in behavioural economics, consumer psychology, and digital marketing to construct an evaluative model that juxtaposes the immediate transactional gains of FOMO pricing against its broader reputational externalities. Drawing on secondary data from industry reports, published experimental studies, and platform analytics, this paper argues that while FOMO pricing is effective as an acquisition mechanism, its uncalibrated use generates measurable erosion in brand authenticity, repeat purchase intention, and consumer goodwill — particularly among digitally sophisticated younger cohorts. The paper concludes by proposing a Strategic Scarcity Calibration Framework (SSCF) that enables brands to deploy urgency-based pricing responsibly without sacrificing long-term equity. This research contributes to the nascent literature at the intersection of platform economics, behavioural marketing, and digital brand management.

Keywords—FOMO pricing, social commerce, scarcity psychology, brand equity, TikTok Shop, Instagram Shop, consumer trust, conversion rate, digital marketing, behavioural economics

I. INTRODUCTION

The convergence of social media and e-commerce has produced a commercial environment fundamentally distinct from conventional retail. Platforms such as Instagram and TikTok have evolved beyond their original identities as content-sharing networks to become fully integrated transactional ecosystems.

As of 2024, TikTok Shop had surpassed USD 20 billion in global gross merchandise value (GMV), while Instagram's shopping features were estimated to influence purchasing decisions for over 130 million users monthly (eMarketer, 2024; ByteDance, 2024). Within this ecosystem, a distinct class of pricing tactics has emerged — one that weaponises psychological urgency to accelerate purchase decisions.

FOMO pricing, as conceptualised in this paper, refers to the deliberate deployment of time-scarcity cues — including countdown timers, flash sale banners, limited-quantity indicators, and exclusive member-only windows — to manufacture a sense of urgency that overrides deliberate consumer reasoning. The term FOMO (Fear of Missing Out) was originally coined in the social psychology literature by Przybylski et al. (2013) to describe a pervasive apprehension that others might be having rewarding experiences from which one is absent. Digital marketers have systematically operationalised this construct as a commercial lever, exploiting the affective discomfort of potential loss to compress decision-making timescales.

From a purely transactional standpoint, the efficacy of such tactics is well-evidenced. Flash sales on TikTok Shop have been reported to generate conversion spikes of 30-60% above baseline during active promotion windows (Influencer Marketing Hub, 2023). However, the strategic calculus of FOMO pricing extends well beyond the conversion event. A mounting body of evidence in marketing science suggests that manipulative pricing cues — particularly those perceived as artificial or deceptive — engender post-purchase dissonance, erode brand authenticity, and suppress repeat purchase intention (Aggarwal & Vaidyanathan, 2003; Cialdini, 2009). The paradox is thus acute: the very tactic that elevates short-term revenue may systematically undermine the long-term relational equity upon which brand value is built.

This paper addresses a research gap in the social commerce literature, which has, to date, disproportionately focused on the mechanics of conversion optimisation while neglecting the downstream reputational consequences of urgency-based pricing. Three principal research questions guide this inquiry:



RQ1: Through what psychological mechanisms does FOMO pricing influence consumer purchase behaviour on social commerce platforms?

RQ2: What is the quantifiable impact of FOMO pricing tactics on short-term conversion rates on Instagram Shop and TikTok Shop?

RQ3: How does sustained deployment of FOMO pricing affect long-term brand equity, consumer trust, and repeat purchase behaviour?

The paper is structured as follows: Section 2 reviews the theoretical foundations; Section 3 examines short-term conversion dynamics; Section 4 analyses long-term brand equity implications; Section 5 introduces the Strategic Scarcity Calibration Framework; and Section 6 presents conclusions, limitations, and directions for future research.

II. THEORETICAL FRAMEWORK

2.1 Scarcity Theory and Perceived Value

The psychological foundations of FOMO pricing are deeply rooted in Brock's (1968) Commodity Theory, which posits that objects become more desirable as their availability decreases. This principle was empirically validated by Worchel, Lee, and Adewole (1975) in the seminal cookie jar experiment, demonstrating that perceived scarcity consistently elevates perceived value irrespective of intrinsic product characteristics. In digital commerce contexts, this manifests as the inflation of perceived product value through artificial supply constraints — countdown timers signal temporal scarcity, while low-stock notifications communicate quantitative scarcity.

Cialdini's (2009) foundational work on influence identifies scarcity as one of six universal principles of persuasion, operating through two intersecting mechanisms: the heuristic that rare items are inherently more valuable, and the loss aversion bias established by Kahneman and Tversky (1979) in Prospect Theory. The latter is particularly operative in FOMO pricing contexts, as the framing of a limited-time offer renders inaction as a prospective loss — psychologically more aversive than an equivalent prospective gain of similar magnitude.

2.2 Fear of Missing Out (FOMO) as a Marketing Construct

Przybylski et al. (2013) define FOMO as a pervasive apprehension that others might be having rewarding experiences from which one is absent, characterised by the desire to stay continually connected with what others are doing. Abel, Buff, and Burr (2016) extend this into the consumption domain, arguing that FOMO in commercial contexts is specifically triggered by the perception that a favourable opportunity will be irreversibly foreclosed.

Social commerce platforms amplify this mechanism by rendering peer purchasing behaviour visible in real time — TikTok's live shopping events display concurrent viewer counts and purchase notifications, creating a social proof overlay on scarcity cues.

The dual-process framework (Kahneman, 2011) provides a complementary explanatory lens. FOMO pricing is explicitly designed to engage System 1 cognition — fast, affective, heuristic-driven processing — while bypassing the deliberative System 2 reasoning that would otherwise prompt a more measured evaluation of product necessity, price fairness, and brand authenticity. The suppression of deliberative cognition is particularly consequential for post-purchase evaluation: consumers who subsequently engage System 2 reasoning may experience regret, perceive manipulation, and attribute negative affect to the brand.

2.3 Brand Equity and the Trust-Authenticity Nexus

Keller's (1993) Customer-Based Brand Equity (CBBE) model conceptualises brand equity as the differential effect of brand knowledge on consumer response to marketing activity. Urgency-based pricing tactics introduce specific associations: promotional opportunism, price instability, and manufactured pressure. Yoo, Donthu, and Lee (2000) demonstrate empirically that promotional intensity is negatively correlated with perceived brand quality, suggesting that excessive price promotion degrades the perceived value signal that brands invest substantially to build.

In the social commerce context, brand authenticity — defined by Beverland (2006) as the perception that a brand acts in accordance with its stated values and maintains consistency between identity and commercial behaviour — assumes particular salience. Digital natives, who constitute the primary demographic of Instagram and TikTok Shop users, exhibit elevated sensitivity to perceived inauthenticity (Gilmore & Pine, 2007). When FOMO tactics are perceived as manipulative contrivances rather than genuine value propositions, they register as violations of the implicit authenticity contract between brand and consumer — with measurable consequences for trust and loyalty.

III. FOMO PRICING MECHANISMS ON SOCIAL COMMERCE PLATFORMS

3.1 Taxonomy of FOMO Pricing Tactics

Social commerce platforms deploy FOMO pricing through four principal tactical modalities, each exploiting distinct dimensions of scarcity:

(i) *Temporal Scarcity Cues*: Countdown timers, flash sale windows (typically 24-72 hours), and expiring discount codes create time-bound urgency. TikTok Shop's live auction format compresses decision windows to seconds, bypassing rational price evaluation entirely.

(ii) *Quantitative Scarcity Cues*: Low-stock warnings ('Only 3 left!'), sell-out notifications, and waitlist mechanisms exploit supply-side anxiety. Amazon's early adoption of this tactic has been widely replicated across social commerce platforms (Aggarwal & Vaidyanathan, 2003).

(iii) *Social Proof Amplification*: Real-time purchase notifications ('Sarah from London just bought this'), concurrent viewer counters, and public sales figures leverage normative social influence, compounding the effect of scarcity cues with herd behaviour mechanisms.

(iv) *Exclusivity Framing*: Influencer-only codes, follower-exclusive access windows, and platform-specific drops construct an identity-based dimension of scarcity — positioning purchase as access to a privileged in-group.

3.2 Short-Term Conversion Efficacy

The short-term effectiveness of FOMO pricing on social commerce platforms is extensively documented. A 2023 study by Bazaarvoice found that limited-time offers increased add-to-cart rates by an average of 47% across fashion and beauty categories on Instagram Shop, while TikTok Shop's internal analytics (as reported by TechCrunch, 2023) indicated that live shopping events with countdown elements generated 3.2 times higher conversion rates than standard product listings. Urgency cues also demonstrably reduce cart abandonment: Statista (2024) reports average cart abandonment rates of 68% for standard e-commerce listings compared to 44% for countdown-equipped social commerce listings.

The mechanism is well-explained by temporal self-appraisal theory (Wilson & Ross, 2001), which suggests that anticipated future regret is a powerful motivator of present action. When consumers perceive that inaction will result in a foreclosed opportunity, they experience prospective regret — an affective state that mobilises purchasing behaviour with considerably more urgency than positive utility maximisation alone. This is consistent with Loomes and Sugden's (1982) regret theory, which posits that decision-makers actively seek to minimise anticipated regret.

However, the conversion gains of FOMO pricing are not uniformly distributed. Perceived genuineness of the scarcity claim is a moderating variable of considerable significance.

Eisend (2008) demonstrates that when consumers perceive scarcity cues as manipulative contrivances — increasingly common among digitally literate younger consumers — the urgency mechanism backfires, producing reactance rather than compliance (Brehm, 1966). This psychological reactance effect represents a boundary condition on the short-term conversion thesis and prefigures the longer-term brand equity consequences examined in the following section.

IV. LONG-TERM BRAND EQUITY IMPLICATIONS

4.1 The Promotional Saturation Effect

The theoretical relationship between promotional intensity and brand equity degradation was first systematically documented by Yoo, Donthu, and Lee (2000), whose structural equation modelling across multiple product categories established a statistically significant negative relationship between frequency of price promotions and consumer-perceived brand quality. The mechanism is attributable to what Wathieu and Desai (2007) term the 'quality signal erosion' dynamic: frequent discounting communicates to consumers that the regular price represents an artificial inflation of actual value, undermining the reference price anchor that premium brands depend upon.

In the social commerce context, this dynamic is intensified by two platform-specific characteristics. First, the algorithmic amplification of high-engagement content creates a feedback loop in which brands are incentivised to perpetually escalate promotional intensity to maintain visibility — a phenomenon documented by Lambrecht and Tucker (2019) as the 'promotional arms race' in attention economy contexts. Second, the participatory and transparent nature of social commerce means that consumers are continuously exposed to others' promotional experiences, accelerating the normalisation of discounted pricing and the consequent erosion of full-price reference points.

4.2 Consumer Trust Degradation and Perceived Manipulation

Schoorman, Mayer, and Davis (2007) conceptualise consumer trust as a three-dimensional construct comprising ability, benevolence, and integrity. FOMO pricing tactics most directly threaten the integrity dimension — the perception that the brand adheres to acceptable principles and acts in the consumer's interest. When artificial scarcity claims are subsequently revealed as exaggerated, the perceived violation of integrity produces what Bitner (1990) terms a 'critical incident' — a discrete trust-damaging event with disproportionate and lasting effects on brand relationship quality.



A significant and growing body of consumer sentiment data corroborates this theoretical prediction. A 2024 Edelman Trust Barometer report found that 61% of Gen Z consumers reported purchasing less frequently from brands they perceived as using manipulative urgency tactics, and 43% stated they had explicitly warned peers against such brands on social media. This word-of-mouth amplification of negative sentiment constitutes a second-order brand damage mechanism that extends the reach of individual trust violations far beyond the originally affected consumer.

4.3 Customer Lifetime Value Implications

The financial translation of brand equity degradation is most precisely captured through its effects on Customer Lifetime Value (CLV). Gupta et al. (2006) demonstrate that a 1% improvement in customer retention generates a 5% improvement in CLV, underscoring the disproportionate financial significance of post-purchase loyalty behaviour relative to acquisition metrics. FOMO pricing, by optimising for acquisition at the expense of post-purchase satisfaction and trust, represents a systematic misallocation of marketing investment when evaluated through a CLV lens.

Furthermore, the demographic profile of social commerce consumers — predominantly Millennials and Gen Z, characterised by high switching propensity and lower brand loyalty relative to older cohorts (Deloitte, 2023) — means that trust damage associated with perceived manipulation translates more rapidly into churn than in traditional retail contexts. The combination of high switching propensity and social amplification of negative sentiment creates a compound risk profile for brands that over-rely on FOMO pricing as a growth strategy.

V. STRATEGIC SCARCITY CALIBRATION FRAMEWORK (SSCF)

The foregoing analysis establishes that FOMO pricing occupies a strategic paradox: it is demonstrably effective as a short-term conversion mechanism and simultaneously corrosive to the long-term brand equity upon which sustainable commercial performance depends. Resolving this paradox requires not the abandonment of urgency-based pricing, but its strategic calibration — a framework for deploying scarcity cues in ways that generate conversion gains without incurring disproportionate equity costs.

The Strategic Scarcity Calibration Framework (SSCF) proposed in this paper rests on four operational principles:

1. *Authenticity Principle:* Scarcity claims must correspond to genuine supply or temporal constraints. Manufactured scarcity — increasingly visible to digitally sophisticated consumers — constitutes both a brand risk and, in several jurisdictions, a potential consumer protection violation. Authentic scarcity, conversely, reinforces brand credibility.

2. *Frequency Calibration Principle:* FOMO pricing should be deployed as a periodic amplifier of baseline commercial activity, not as a continuous operational mode. High promotional frequency normalises urgency cues, reducing their efficacy while simultaneously accelerating reference price erosion.

3. *Value Framing Principle:* Urgency communications should foreground genuine consumer benefit rather than threat-based loss framing. The distinction between 'Get exclusive early access' and 'You will miss out if you do not act now' is meaningful — the former activates approach motivation, the latter avoidance motivation, with measurably different downstream effects on post-purchase sentiment.

4. *Post-Purchase Investment Principle:* FOMO-acquired customers represent an elevated churn risk and should be the subject of disproportionate post-purchase retention investment — personalised communications, loyalty incentives, and quality guarantee programmes — to convert transaction-motivated acquisition into relationship-motivated retention.

VI. CONCLUSION

This paper has examined the phenomenon of FOMO pricing in social commerce — a strategically significant and academically underexplored dimension of digital commercial behaviour. The analysis demonstrates that urgency-based pricing tactics on platforms such as Instagram Shop and TikTok Shop function as highly effective short-term conversion accelerators, operating through well-established psychological mechanisms including loss aversion, scarcity perception, social proof amplification, and temporal regret anticipation.

However, the paper also establishes that the efficacy of these tactics is subject to meaningful boundary conditions — principally, the moderating effect of perceived authenticity — and that their sustained deployment generates measurable long-term costs in the form of brand equity erosion, consumer trust degradation, and reduced customer lifetime value.

The paradox of FOMO pricing is that it optimises for the metric most immediately visible to practitioners (conversion rate) at the expense of the metric most financially consequential over time (brand equity and customer retention).

The Strategic Scarcity Calibration Framework introduced in this paper offers a practical pathway through this paradox, enabling brands to retain the conversion advantages of urgency-based pricing within a strategic architecture that preserves authenticity, calibrates frequency, and invests in post-purchase relationship quality. Future research should empirically validate the SSCF through longitudinal field experiments in social commerce settings, and should extend the analysis to emerging live commerce channels in Southeast Asian markets where FOMO pricing is evolving with particular speed.

This study is subject to several limitations. The reliance on secondary data and published industry analytics introduces potential reporting bias, as platform-released metrics may selectively reflect favourable outcomes. Future research employing primary consumer panels and experimental designs will be necessary to establish causal relationships between FOMO pricing exposure and brand equity outcomes with greater precision. Additionally, the cultural specificity of FOMO responses — which may vary significantly across individualist and collectivist cultural contexts — warrants dedicated cross-cultural investigation.

Notwithstanding these limitations, this paper makes three substantive contributions to the literature: it establishes a conceptual distinction between authentic and manufactured scarcity as operationally and ethically meaningful categories in social commerce; it synthesises cross-disciplinary evidence to articulate the dual-horizon economics of FOMO pricing; and it proposes an actionable strategic framework for responsible urgency deployment. These contributions advance the scholarly understanding of platform commercial dynamics and have direct practical relevance for brand managers, digital strategists, and platform regulators operating in the evolving social commerce landscape.

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